

# Agenda

MEETING OF THE  
SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)  
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &  
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

May 24, 2021

**11:00 a.m**

>>>>>>>>>Meeting will be held through webinar<<<<<<<<<

ACTION  
RECOMMENDED

- |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 1. | <u>ROLL CALL</u>                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |
| 2. | <u>APPROVAL OF MINUTES</u> - May 12, 2020                                                                                                                                                                                                                                                                                                                                                                                                           | Approve |
| 3. | <u>Election of Officers</u><br>Action would 1) Elect a Chair and Vice Chair for the SDRBA Commission and; 2) Appoint the SDRBA Clerk of the Board, Dalia Gonzalez or her substitute, as the Secretary of the SDRBA Commission.                                                                                                                                                                                                                      | Elect   |
| 4. | <u>Approve the Amended and Restated Rules and Regulations of the SDRBA and Adopt a Resolution to Set the Annual Meeting Schedule</u><br>Action would 1) Approve the Amended and Restated Rules and Regulations and; 2) Adopt the Resolution setting the SDRBA annual regular meeting schedule.                                                                                                                                                      | Approve |
| 5. | <u>SDRBA Transfer of Title to Parking Structure Parcel to County and MTS</u><br>Action would authorize the Executive Director of the SDRBA to effectuate the transfer of title of the Mills Building Parking Structure land and improvements to the County of San Diego and MTS, according to the respective shares identified in the Lease dated May 1, 2011 between County and the SDRBA.                                                         | Approve |
| 6. | <u>Amendments to Mills Building Ground Lease, Lease and Sublease Agreements</u><br>Action would authorize the Executive Director of the SDRBA to negotiate and execute amendments to the Mills Building Ground Lease and Lease documents that implement the Sublease Agreement changes agreed to by the County and MTS.                                                                                                                             | Approve |
| 7. | <u>Evaluation of Mills Building Lease Structure</u><br>Action would authorize the Executive Officer to negotiate on behalf of SDRBA additional proposed amendments to the (i) Lease; and (ii) Ground Lease. Upon successful negotiation, staff will return to the SDRBA Board with a recommended action for the Board's consideration which would remove SDRBA from any involvement with the James R. Mills Building including its lease structure. | Approve |

8. [James R. Mills Building – Adoption of Operating Budget and Capital Improvement](#) Approve  
Action would 1) Approve the proposed FY 21/22 Operating Budget (Attachment A) and authorize the Executive Officer to approve the expenditures in accordance therewith; and 2) Approve the proposed FY 21/22 Capital Improvement Budget (Attachment B) and authorize the Executive Officer to approve the expenditure of \$1,174,000 from the Capital Reserve Account.
9. PUBLIC COMMENTS  
Limited to five speakers with three minutes per speaker. If you have a report to present, please give your copies to the Clerk.
10. BOARD MEMBER COMMENTS
11. NEXT MEETING DATE: To be determined
12. ADJOURNMENT

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)  
JOINT POWERS AGENCY  
OF THE COUNTY OF SAN DIEGO AND  
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

MINUTES

May 12, 2020

1. Roll Call

Chair Fletcher called the meeting to order at 9:05 a.m. Authority members present included Mr. Cox, Chair Fletcher, and Mr. McClellan.

2. Approval of Minutes

Mr. McClellan moved for approval of the minutes of the October 31, 2019, San Diego Regional Building Authority (SDRBA) meeting. Chair Fletcher seconded the motion, and the vote was 3 to 0 in favor.

3. James R. Mills Building – Adoption of Operating Budget and Capital Improvement Projects for Fiscal Year 2020/2021

Marko Medved, County of San Diego Director of General Services and SDRBA Executive Director, provided a brief update on the adoption of the SDRBA operating budget and capital improvement projects for fiscal year 2020/2021. He noted that there are some shifts in the budget compared to the previous year, due to COVID-19 impacts. Mr. Medved stated that parking revenues have been impacted and the reserve levels that we used to offset the losses. He commented that the capital budget focuses on major maintenance needs for the building and its systems. Mr. Medved stated that the debt service for the Mills Building is now completely paid off, and the County is now paying ground rent to MTS as MTS owns the land underneath the facility. Lastly, Mr. Medved reviewed the major building projects that are underway at the property.

Chair Fletcher stated that the Padres reached out to him regarding their parking lease payments. He asked staff about the process to carry over and credit the Padres for parking space payments, due to the current season being postponed. Mr. Medved replied that he will initiate conversations with the Padres regarding this matter. He also noted that any changes or amendments to the lease with the Padres will need to be approved by the SDRBA, the MTS Board of Directors, the County Board of Supervisors, and the Padres.

Action Taken

Chair Fletcher moved to: (1) Approve the proposed FY 20/21 Operating Budget and authorize the Executive Officer to approve the expenditures in accordance therewith; and (2) Approve the proposed FY 20/21 Capital Improvement Budget and authorize the Executive Officer to approve the expenditure of \$1,281,825 from the Capital Reserve Account; and (3) Approve an increase in the Minimum Rent value to \$2,007,936 annually, effective November 1, 2019, pursuant to Section 3.2.2 of the Amended and Restated Ground Lease DOC # 2011-0225737 and as determined by Jones, Roach & Caringella, Inc. appraisal #2020038 dated April 8, 2020; and (4)

Approve the extension of the Property Management Agreement between Colliers International Real Estate Management Services (CA), Inc. and San Diego Regional Building Authority, by exercising the final 3-year option extending the agreement through December 31, 2023. Mr. McClellan seconded the motion, and the vote was 3 to 0 in favor.

Chair Fletcher noted for the record that Mr. Cox has had audio issues during the meeting, but wanted to note that he has been present for the meeting and approved all items on the agenda.

4. Public Comments

There were no public comments.

5. Next Meeting Date

The next SDRBA meeting will be determined.

6. Adjournment

The meeting adjourned at 9:13 a.m.

/S/ Steve Goble

Chairman

Attachment: Roll Call Sheet

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)  
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &  
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

ROLL CALL

MEETING OF (DATE) May 12, 2020

CALL TO ORDER (TIME) 9:05 a.m.

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

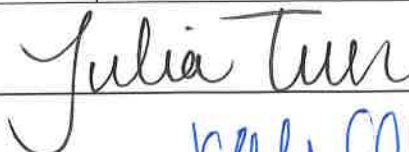
ADJOURN 9:13 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
COX	<input checked="" type="checkbox"/>	9:05 a.m.	9:13 a.m.
FLETCHER	<input checked="" type="checkbox"/>	9:05 a.m.	9:13 a.m.
MCCLELLAN	<input checked="" type="checkbox"/>	9:05 a.m.	9:13 a.m.

OTHER ATTENDEES:

NAME	REPRESENTING
Hugh Rowles	County of San Diego
Leslie Cusworth	Colliers
Rachel Witt	County of San Diego/SDRBA
Samantha Leslie	MTS
Karen Landers	MTS
Sharon Cooney	MTS
Julia Tuer	MTS
Marko Medved	County of San Diego
Joann Delgado	MTS
Jan Gardetto	MTS

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY OFFICE OF THE MTS GENERAL COUNSEL:



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# San Diego Regional Building Authority

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## Agenda Item No. 3

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)  
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &  
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

May 24, 2021

SUBJECT:

ELECTION OF OFFICERS

RECOMMENDATION:

That the Board of Directors:

- 1) Elect a Chair and Vice Chair for the SDRBA Commission and;
- 2) Appoint the SDRBA Clerk of the Board, Dalia Gonzalez or her substitute, as the Secretary of the SDRBA Commission.

Budget Impact

None.

DISCUSSION:

The Joint Powers Agreement establishing the San Diego Regional Building Authority (SDRBA) requires the SDRBA Commission to elect a Chair and Vice Chair. The San Diego Metropolitan Transit System (MTS) Clerk of the Board has traditionally acted as the Secretary/Clerk of the Board for the SDRBA. Article III, Section 2 of the SDRBA Rules and Regulations states that the "Chairman, Vice Chairman and Secretary shall be chosen annually by the Commission."

Today's action would formally appoint a Chair, Vice Chair, and Secretary for the SDRBA. Note that under Agenda Item No. 4 of today's meeting, proposed revisions to the SDRBA Rules and Regulations would revise this section to include gender neutral language and to remove the requirement that these Chair, Vice Chair, and Secretary elections take place annually.

SDRBA Commissioner Nathan Fletcher served as SDRBA Chair in 2019 and 2020. SDRBA Commissioners Steve Goble and Nora Vargas were appointed to the SDRBA Commission beginning in 2021. This May 24, 2021 meeting is the SDRBA's first meeting in calendar year 2021.

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# San Diego Regional Building Authority

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## Agenda Item No. 4

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)  
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &  
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

May 24, 2021

### SUBJECT:

APPROVE THE AMENDED AND RESTATED RULES AND REGULATIONS OF THE  
SDRBA AND ADOPT A RESOLUTION TO SET THE ANNUAL MEETING SCHEDULE

### RECOMMENDATIONS:

1. Approve the Amended and Restated Rules and Regulations and;
2. Adopt the Resolution setting the SDRBA annual regular meeting schedule.

### DISCUSSION:

In 1987, MTS and County created the SDRBA joint powers authority to jointly finance, construct and manage the Mills Building property located at 1255 Imperial Avenue and to finance other public capital improvements. Section 2.04 (a) of the Joint Powers Agreement requires the SDRBA to have one regular meeting each year. The date, hour and place of the holding of regular meetings must be fixed by resolution.

Section 5 of the SDRBA Rules and Regulations, last amended on March 18, 2010, provides that the SDRBA establish a regular meeting schedule, once per month, and states the meeting may be canceled if there is no business.

Today's action will: 1) approve the Amended and Restated Rules and Regulations to provide that the SDRBA meet at least annually and make other clean up changes; and 2) adopt a resolution to set the annual meeting each year.

### Attachments:

- A. Amended and Restated Rules and Regulations
- B. Resolution 2021-1

**AMENDED AND RESTATED**  
**RULES AND REGULATIONS**  
**OF**  
**SAN DIEGO REGIONAL BUILDING**  
**JOINT POWERS AUTHORITY**

***ARTICLE I***  
**DEFINITIONS; OFFICES AND SEAL**

**Section 1. Definitions.** All capitalized terms used herein shall have the respective meanings given such terms in the Joint Powers Authority Agreement establishing the Authority (the "Agreement").

**Section 2. Offices.** The principal office of the Authority for the transaction of business shall be 1255 Imperial Avenue, Suite 1000, San Diego, California 92101. The Commission may, however, fix and change from time to time the principal office from one location to another within the City of San Diego by noting the change of address in the minutes of the meeting of the Commission at which the address was fixed or changed. The fixing or changing of such address shall not be deemed an amendment to these Rules and Regulations.

**Section 3. Seal.** The Authority shall have a seal consisting of two (2) concentric circles with the words "San Diego Regional Building Authority" and with the date of establishment of the Authority.

***ARTICLE II***  
**COMMISSION**

**Section 1. Powers.** Subject to the limitations of the Agreement, the terms of these Rules and Regulations, and the laws of the State of California, the powers of this Authority shall be vested in and exercised by and its property controlled and its affairs conducted by the Commission of the Authority.

**Section 2. Number.** The Commission shall have three (3) Commissioners. The number of Commissioners may be changed by an amendment of the Agreement.

**Section 3. Election. Tenure of Office and Vacancies.** Pursuant to the Agreement, the Commission shall consist of two (2) Commissioners appointed by the Board of Supervisors of the County, and one (1) Commissioner appointed by the Board of Directors of MTDB, and shall serve at the pleasure of the Member which appointed such Commissioner. Vacancies on the Commission shall be filled by the respective appointing Members.



**Section 4. Compensation.** Commissioners shall serve without compensation but each Commissioner may be reimbursed his or her necessary and actual expenses, including travel incident to his services as Commissioner, pursuant to resolution of the Commission. Any Commissioner may elect, however, to decline said reimbursement.

**Section 5. Regular Meetings.** The Commission ~~shall establish~~ shall hold -at least one a regular meeting each year on the date that coincides with the County Board of Supervisors first Land Use session (Wednesday) meeting in May of each year. meeting schedule of one meeting per month. In the event that there is no business to attend to at the scheduled quarterly meeting, it shall be cancelled by the Clerk of the Board may set additional meetings as may be needed from time to time. No notice of any regular meeting of the Commission need be given to the Commissioners. Nothing in this section shall prevent the Commission from adopting a regular meeting schedule at any time.

**Section 6. Special Meetings.** Special meetings of the Commission shall be held whenever called by the Chair~~man~~, ~~any~~ Vice Chair~~man~~, or by a majority of the Commission.

**Section 7. Public Meetings: Notice of Meetings.** All proceedings of the Commission shall be subject to the provisions of the Ralph M. Brown Act, constituting Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code, and notice of the meetings of the Authority shall be given in accordance with such Act.

**Section 8. Quorum.** A quorum shall consist of a majority of the members of the Commission unless a greater number is expressly required by statute, by the Agreement, or by these Rules and Regulations. Every act or decision done or made by at least two of the Commissioners present at a meeting duly held at which a quorum is present, shall be the act of the Commission.

**Section 9. Order of Business.** The order of business at the regular meeting of the Commission and, so far as possible, at all other meetings of the Commission, ~~shall be essentially~~ may occur as follows, except as otherwise determined by the Commissioners at such meeting:

- (a) Report on the number of Commissioners present in person in order to determine the existence of a quorum.
- (b) Reading of the notice of the meeting and proof of the delivery or mailing thereof, or the waiver or waivers of notice of the meeting then filed, as the case may be.
- (c) Reading of unapproved minutes of previous meetings of the Commission and the taking of action with respect to approval thereof.
- (d) Presentation and consideration of reports of officers and committees.
- (e) ~~Unfinished business.~~ Public Comment.

(f) ~~New business.~~

~~(g)~~ Adjournment.

**Section 10. Resignation and Removal of Commissioners.** Any Commissioner may resign at any time by giving written notice to the Chair~~man~~ or to the Commission. Such resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any Commissioner may be removed by the Commission with or without cause at any regular meeting or at any special meeting of the Commission, the notice of which, among other things, indicates that the removal of one or more Commissioners identified therein shall be considered at such meeting.

**Section 11. Nonliability for Debts.** The private property of the Commissioners shall be exempt from execution or other liability for any debts, liabilities or obligations of the Authority and no Commissioner shall be liable or responsible for any debts, liabilities or obligations of the Authority.

**Section 12. Indemnity by Authority for Litigation Expenses of Officer, Commissioner or Employee.** Should any Commissioner, officer or employee of the Authority be sued, either alone or with others, because he is or was a director, officer or employee of the Authority, in any proceeding arising out of his alleged misfeasance or nonfeasance in the performance of his duties or out of any alleged wrongful act against the Authority or by the Authority, indemnity for his reasonable expenses, including attorneys' fees incurred in the defense of the proceedings, may be assessed against the Authority or its receiver by the court in the same or a separate proceeding if the person sued acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The amount of such indemnity shall equal the amount of the expenses, including attorneys' fees, incurred in the defense of the proceeding.

### ARTICLE III OFFICERS

**Section 1. Officers.** The officers of the Authority shall be a Chair~~man~~, a Vice Chair~~man~~, a Secretary and such other officers as the Commission may appoint. When the duties do not conflict, one person, other than the Chair~~man~~, may hold more than one of these offices.

**Section 2. Election of Officers.** The Chair~~man~~, Vice Chair~~man~~ and Secretary shall be chosen ~~annually~~ by the Commission and each shall hold office until he ~~or she~~ shall resign or shall be removed, shall resign or otherwise shall be disqualified to serve or his ~~or her~~

successor shall be elected and qualified to serve.

**Section 3. Subordinate Officers.** The Commission may elect or authorize the appointment of such other officers than those hereinabove mentioned as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Rules and Regulations, or as the Commission from time to time may authorize or determine.

**Section 4. Removal of Officers.** Any officer may be removed, either with or without cause, by a majority of the Commissioners then in office at any regular or special meeting of the Authority, or, except in the case of an officer chosen by the Commission, by any officers upon whom such power of removal may be conferred by the Commission. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Commission may delegate the powers and duties of such office to any officers or to any Commissioners until such time as a successor for said office has been elected or appointed.

**Section 5. Chairman.** The Chairman shall preside at all meetings of the Commission and exercise and perform such other powers and duties as may be from time to time assigned to him or her by the Commission or be prescribed by these Rules and Regulations.

The Chairman shall also be the chief corporate officer of the Authority and shall, subject to the control of the Commission, have general supervision, direction and control of the business and officers of the Authority. The Chair He shall preside at all meetings of the Commission. The Chair He shall be *ex officio* member of all standing committees, and shall have the general powers and duties of management usually vested in the office of Chairman of a public corporation and shall have such other powers and duties as may be prescribed by the Commission or by these Rules and Regulations.

**Section 6. Vice Chairman.** In the absence or disability of the Chairman, the Vice Chairman shall perform all the duties of the Chairman and when so acting shall have all the powers of and be subject to all of the restrictions upon the Chairman. The Vice Chairman shall have such other powers and perform such other duties as may from time to time be prescribed for them, respectively, by the Commission or by these Rules and Regulations.

**Section 7. Secretary.** The Secretary shall keep or cause to be kept a book of minutes at the principal office or at such other place as the Commission may order, of all meetings of the Commissioners, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Commissioners' meetings and the proceedings thereof. The Secretary shall give or cause to be given notice of all meetings of the Commission of the Authority, shall keep the corporate records in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Commission or these Rules and Regulations.

## **ARTICLE IV**

## OBJECTS AND PURPOSES

**Section 1. Nature of Objects and Purposes.** The business of this Authority is to be operated and conducted in the promotion of its objects and purposes as set forth in the Agreement.

**Section 2. Distribution of Assets During Continuance of Authority.** During the continuance of the Authority, it may distribute any of its assets to the Members of the Authority. If for any reason the Members are unable or unwilling to accept the assets of the Authority, said assets shall be distributed to the Federal Government, or to a state or local government for public purposes, or to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes.

**Section 3. Dissolution.** The Authority may, with the approval of all of the Members, be dissolved if at the time of such dissolution the Authority has no outstanding indebtedness and is not a party to any outstanding material contracts. Upon the dissolution or termination of this Authority, and after payment or provision for payment, all debts and liabilities, the assets of this Authority shall be distributed to the Members of the Authority. If for any reason the Members are unable or unwilling to accept the assets of the Authority, said assets will be distributed to the Federal Government or to a state or local government for public purposes; or to a nonprofit fund, foundation, or corporation which is organized and operated for charitable purposes.

## ARTICLE V GENERAL PROVISIONS

**Section 1. Payment of Money. Signatures.** All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Authority and any and all securities owned by or held by the Authority requiring signature for transfer shall be signed or endorsed by the Auditor and Treasurer.

**Section 2. Execution of Contracts.** The Commission, except as in the Agreement or in the Rules and Regulations otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any contract or execute any instrument in the name of and on behalf of the Authority and such authority may be general or confined to specific instances and unless so authorized by the Commission, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

**Section 3. Construction of Public Capital Improvements.** The Commission shall cause Public Capital Improvements to be acquired and constructed pursuant to contracts awarded competitively or on a negotiated basis, whichever the Commission determines is in the best

| Adopted [Insert Date]

interests of the Authority, its members, or other local public agencies, which determination shall be final and incontestable

**Section 4. Fiscal Year.** The fiscal year of the Authority shall commence on the 1st day of July of each year and shall end on the 30th day of June of the next succeeding year.

**Section 5. Amendment of Rules and Regulations.** These Rules and Regulations may be amended at any time and from time to time by majority vote of the Commission.

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I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of a document of the San Diego Regional Building Authority, passed and adopted by the Authority.

RESOLUTION NO. 2021-1

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF  
THE SAN DIEGO REGIONAL BUILDING AUTHORITY  
SETTING THE ANNUAL MEETING AND AUTHORIZING THE  
CLERK OF THE BOARD TO SCHEDULE ADDITIONAL  
MEETINGS

WHEREAS, the San Diego Regional Building Authority (the "Authority") is joint powers authority the County of San Diego (the "County") and San Diego Metropolitan Transit System (the "MTS"); created to jointly finance, construct and manage the Mills Building property located at 1255 Imperial Avenue and a means to finance other public capital improvements for its members; and

WHEREAS, section 2.04 (a) of the Joint Powers Agreement requires the Authority to have one regular meeting each year. The date, hour and place of the holding of regular meetings must be fixed by resolution;

WHEREAS, section 5 of the Authority Amended and Restated Rules and Regulations, last amended on March 18, 2010, provides that the Authority establish a regular meeting schedule, once per month, and states the meeting may be canceled if there is no business; and

WHEREAS, there is a desire to amend section 5 of the Authority Amended and Restated Rules and Regulations to provide for an annual meeting and authorizes the Clerk of the Board to schedule additional meetings as may be needed from time to time.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE SAN DIEGO REGIONAL BUILDING AUTHORITY AS FOLLOWS:

1. The Authority annual meeting shall coincide with the Board of Supervisors first Land Use session (Wednesday) meeting in May of each year at 8:00 A.M. and be held at 1600 Pacific Highway, Room 335, San Diego, CA 92101 or such other location designated in the Notice of Meeting by the Clerk of the Board;

2. The Clerk of the Board may set additional meetings as may be needed from time to time; and
3. The Authority may amend its regular meeting schedule at any time.

PASSED and ADOPTED this 24<sup>th</sup> day of May 2021.

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Chairman

ATTESTED:

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Secretary / Clerk of the Board

Resolution No. 2021-1

CERTIFICATION:

The undersigned Secretary of the San Diego Regional Building Authority, does hereby certify that the foregoing Resolution No. 2021-01 was duly adopted by the San Diego Regional Building Authority at a meeting thereof held on May 24, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Secretary / Clerk of the Board

Resolution No. 2021-1



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# San Diego Regional Building Authority

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## Agenda Item No. 5

### SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA) JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO & THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

May 24, 2021

#### SUBJECT:

SDRBA TRANSFER OF TITLE TO PARKING STRUCTURE PARCEL TO COUNTY AND MTS

#### RECOMMENDATION:

That the SDRBA Board of Directors authorize the Executive Director of the SDRBA to effectuate the transfer of title of the Mills Building Parking Structure land and improvements to the County of San Diego and MTS, according to the respective shares identified in the Lease dated May 1, 2011 between County and the SDRBA.

#### Budget Impact

None.

#### DISCUSSION

San Diego Metropolitan Transit System (MTS) and the County of San Diego (County) jointly own and occupy the Mills Building located at 1255 Imperial Avenue through a joint powers agency formed in 1987, the San Diego Regional Building Authority (SDRBA).

The Mills Building construction was completed in 1989. The office building was constructed on property owned by MTS and ground leased to the SDRBA.<sup>1</sup> The SDRBA separately purchased the parking structure parcel. The SDRBA then leased the entire project, including the office building and the Parking Structure, to the County.<sup>2</sup> Finally, the County subleased portions of the project to MTS, including: the 1<sup>st</sup> floor retail spaces, 9<sup>th</sup> floor, 10<sup>th</sup> floor, and the right to use up to 220 parking spaces in the garage.<sup>3</sup>

Construction of the project was funded jointly by MTS and County, through a series of certificates of participation (COP) transactions. The COPs were paid off in November 2019.

Under the Ground Lease, Lease, and Sublease, MTS and County have assigned various cost and ownership shares to each party.

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<sup>1</sup> See Amended and Restated Ground Lease dated as of May 1, 2011 between MTS and SDRBA, recorded in the Official Records of San Diego County as Document No. 2011-0225737.

<sup>2</sup> See Lease dated as of May 1, 2011 between County and SDRBA, recorded in the Official Records of San Diego County as Document No. 2011-0225739.

<sup>3</sup> See Sublease dated as of May 1, 2011 between County and MTS, recorded in the Official Records of San Diego County as Document No. 2011-0225740.

The current underlying real property & improvement ownership shares are as follows:

	<b>MTS Share</b>	<b>County Share</b>
<b>Office Building and Rail Facilities</b>  (subject to County's rights to use Office Building under Ground Lease/Lease transaction)	100%	0%
<b>Parking Structure</b>  (defined in Lease as "the parking structure having 1002 designated spaces and which is located on the parcel(s) described in Exhibit A-2 hereto, including the land upon which it is located.")	21.96%	78.04%

The Lease expressly contemplates untangling the SDRBA from the ownership of the property and improvements once the COPs were paid off. Section 3.01 of the Lease states that, upon the earlier of the (a) Lease expiration date, or (b) the last payment of the bonds used to finance the construction, that "(i) title to the County Improvements<sup>4</sup> and any improvements thereon or additions thereto shall be transferred to the County, or its successors and assigns, (ii) title to the MTDB Improvements<sup>5</sup> and any improvements thereon or additions thereto shall be transferred to MTDB, or its successors or assigns, subject only to the rights of the County [under the Lease] for the remaining term of this Lease." (emphasis added.)

Today's action would authorize the Executive Director of the SDRBA to effectuate this title transfer to County and MTS, according to the respective shares listed above. Grant Deeds and/or quitclaim deeds will be prepared after consultation with legal counsel and title professionals.

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<sup>4</sup> The Lease defines "County Improvements" as "an undivided 78.04% interest in the Parking Structure.

<sup>5</sup> The Lease defines "MTDB Improvements" as "the Office Building, the Third Rail, and a 21.96% undivided interest in the Parking Structure."

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# San Diego Regional Building Authority

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## Agenda Item No. 6

### SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA) JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO & THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

May 24, 2021

#### SUBJECT:

AMENDMENTS TO MILLS BUILDING GROUND LEASE, LEASE AND SUBLEASE  
AGREEMENTS

#### RECOMMENDATION:

That the SDRBA Board of Directors authorize the Executive Director of the SDRBA to negotiate and execute amendments to the Mills Building Ground Lease and Lease documents that implement the Sublease Agreement changes agreed to by the County and MTS, in substantially the same format as Attachment A and Attachment B.

#### Budget Impact

No direct SDRBA budget impact. The revised Ground Lease, Lease, and Sublease will cause the County and MTS shares of Mills Building operating and capital project costs to be adjusted.

#### DISCUSSION

San Diego Metropolitan Transit System (MTS) and the County of San Diego (County) jointly own and occupy the Mills Building located at 1255 Imperial Avenue through a joint powers agency formed in 1987, the San Diego Regional Building Authority (SDRBA).

The Mills Building construction was completed in 1989. The office building was constructed on property owned by MTS and ground leased to the SDRBA.<sup>1</sup> The SDRBA separately purchased the parking structure parcel. The SDRBA then leased the entire project, including the office building and the Parking Structure, to the County.<sup>2</sup> Finally, the County subleased portions of the project to MTS, including: the 1<sup>st</sup> floor retail spaces, 9<sup>th</sup> floor, 10<sup>th</sup> floor, and the right to use up to 220 parking spaces in the garage.<sup>3</sup>

Construction of the project was funded jointly by MTS and County, through a series of certificates of participation (COP) transactions. The COPs were paid off in November 2019.

Under the Ground Lease, Lease, and Sublease, MTS and County have assigned various cost and ownership shares to each party, to be paid as rent.

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<sup>1</sup> See Amended and Restated Ground Lease dated as of May 1, 2011 between MTS and SDRBA, recorded in the Official Records of San Diego County as Document No. 2011-0225737.

<sup>2</sup> See Lease dated as of May 1, 2011 between County and SDRBA, recorded in the Official Records of San Diego County as Document No. 2011-0225739.

<sup>3</sup> See Sublease dated as of May 1, 2011 between County and MTS, recorded in the Official Records of San Diego County as Document No. 2011-0225740.

The current cost share terms are as follows:

	<b>Rental Rate Calculation</b>	<b>2019-2024 annual rental rate:</b>	<b>MTS Share</b>	<b>County Share</b>
<b>Ground Lease</b>  MTS to SDRBA  Mills Bldg parcel only	Rate adjusted to market effective November 2019; 8% (annually) of 70% fair market value of vacant land (thereafter: CPI adjustment every 5 years until next market adjustment in 2042).  <i>Cost Shares were determined based on allocated square footage upon building completion in 1989.</i>	\$2,007,936	26.6%	73.4%
<b>Lease</b>  SDRBA to County  Mills Bldg Parcel and Parking Structure Parcel	In addition to assigning responsibility for Ground Lease Payments, it requires County to pay Operating Costs for the Mills Building property  <i>Cost Shares are based on a 1992 merger of operating budgets for parking structure (21.57%/78.43%) and office building (26.6%/73.4%).</i>	Annual Operating Cost & CIP Budget prepared by Staff- FY 21:  \$4,028,967 plus \$1,051,443 Direct County Costs (special projects)  Total FY 21 Budget: \$5,080,410	24.95%	75.05%
<b>Sublease</b>  County to MTS  1 <sup>st</sup> Floor Retail, 9 <sup>th</sup> & 10 <sup>th</sup> Floors, 220 Parking Spaces	Commits MTS to paying 24.95% share of Operating costs from Lease; MTS and County pay full costs of special projects in occupied space.	Annual Operating Cost & CIP Budget prepared by Staff- FY 21	\$1,029,256	\$4,051,153 <sup>4</sup>

During the COVID-19 pandemic, MTS and County have re-evaluated their space needs. In addition to providing additional online options for interfacing with HHSA staff, County shifted its Center City Family Resources Center clinic, where the public interacts with HHSA staff, from the 5<sup>th</sup> Floor to MTS's vacant retail space on the 1<sup>st</sup> floor, including the outdoor patio.

<sup>4</sup> This figure includes \$1,051,443 in direct costs for special County projects.

With the Mid-Coast trolley expansion set for opening in November 2021, and additional transit expansion projects anticipated in the coming years, MTS has concluded that additional office space is required. Upon consultation with the County, County agreed that it could reallocate office assignments such that it could vacate a portion of the 8<sup>th</sup> Floor, including the transfer to MTS of some custom furniture that was designed for the 8<sup>th</sup> Floor spaces. Under the proposal, the following shifts would take place:

<b>To MTS</b>	<b>To County</b>
<u>1<sup>st</sup> Floor Garage Space</u> <ul style="list-style-type: none"> <li>• 1,499 sf</li> <li>• MTS took over this space from County in 2012 in exchange for SD Sheriff warrant office space (411 sf); warrant space to be returned by County</li> </ul>	<u>1<sup>st</sup> Floor Retail Space</u> <ul style="list-style-type: none"> <li>• 1,078 sf</li> <li>• plus 1,250 sf patio</li> </ul>
<u>8<sup>th</sup> Floor</u> <ul style="list-style-type: none"> <li>• Suite 820 (1,651 sf)</li> <li>• Suite 850 (10,854 sf)</li> <li>• Portion of Teledata Room (approximately 180 sf)</li> </ul>	

MTS and County staff propose that the sublease be amended, effective July 1, 2021, to reflect the above shift in square footage, with the cost share percentages being revised on a pro rata square footage basis:

Ground Lease Rent (currently 26.6%/73.4%): MTS – 34.87%; County 65.13%

Operating Cost Share (currently 24.95%/75.05%): MTS – 33.22%; County 66.78%

#### Parking Structure Revenue Normalization

The cost shares above do not account for the different set of ownership shares for the Mills Building Parking Structure. The ownership shares for the Parking Structure are described in the lease and sublease as follows:

	<b>MTS Ownership Share</b>	<b>County Ownership Share</b>
<b>Parking Structure</b>  (defined in Lease as “the parking structure having 1002 designated spaces and which is located on the parcel(s) described in Exhibit A-2 hereto, including the land upon which it is located.”)	21.96%	78.04%

Although Parking Structure revenue was significantly impacted in FY21 due to the COVID-19 pandemic, the facility normally provides a significant revenue stream from Padres game day and special event revenue. Since approximately 1992, MTS and County have applied this

parking revenue to the offset the Mills Building and Parking Structure operating expenses according to the 24.95% (MTS) vs. 75.05% (County) cost share.

As part of this proposed Sublease amendment, MTS and County staff propose that the parking garage revenue credit be applied AFTER the Operating Budget pro-rata cost shares have been calculated, with County receiving a credit equal to 75.05% of the parking structure revenue, and MTS receiving a credit equal to 24.95% of this revenue. This will ensure that MTS does not receive an unjust share of the parking revenue without having made an additional capital contribution to increase its ownership percentage of the parking structure.

Based on the current draft FY 22 Mills Building Budget, this would reflect the following change:

	<b>Combined</b>	<b>County</b>	<b>MTS</b>
Total OpEx (66.78%/33.22%)	\$ 3,587,821	\$ 2,395,947	\$ 1,191,874
Total CIP (66.78%/33.22%)	\$ 1,174,000	\$ 783,997	\$ 390,003
Restore Op Reserve (75.05%/24.95%)	\$ 143,493	\$ 107,691	\$ 35,802
Direct Owner	\$ 1,232,341	\$ 1,187,448	\$ 44,893
<b>TOTAL EXPENSES</b>	<b>\$ 6,137,655</b>	<b>\$ 4,475,084</b>	<b>\$ 1,662,571</b>
Less Parking Revenue (75.05%/24.95%)	\$ 417,319	\$ 313,198	\$ 104,121
<b>TOTAL NET COSTS</b>	<b>\$ 5,720,336</b>	<b>\$ 4,161,886</b>	<b>\$ 1,558,450</b>

On May 13, 2021 (AI 19), the MTS Board of Directors approved the above Sublease changes. The proposed Sublease Amendment is scheduled to be considered by the County Board of Supervisors at its regular meeting on June 29, 2021. A copy of the current draft Sublease Amendment is in Attachment C.

The proposed Sublease Amendment would require changes to the Ground Lease and the Lease in order to revise the cost share ratios in each of those agreements to conform to the new Sublease terms. Today's proposed action would have the SDRBA Board of Directors authorize the Executive Director to execute amendments to the Ground Lease and Lease that do the following:

1. Ground Lease between SDRBA and MTDB (in substantially the same format as Attachment A):
  - a. Deletes obsolete information related to the bond indebtedness payments, since those were fully paid in November 2019.
  - b. Revises the County's Share of Minimum Ground Lease rent from 73.4% to 65.13%.
  - c. Revises MTDB's Share of Minimum Ground Lease rent from 26.6% to 34.87%.
  - d. Update Ground Lease Exhibit B to include the new MTDB/County space allocation and the current Ground Lease Minimum Rent Amount and summarize the various adjustment dates specified in the Ground Lease.
2. Lease between SDRBA and County (in substantially the same format as Attachment B):
  - a. Deletes obsolete information related to the bond indebtedness payments, since those were fully paid in November 2019.

- b. Revises the County's Proportionate Share (of Common Costs) from 75.05% to 66.78%.
- c. Revises MTDB's Proportionate Share (of Common Costs) from 24.95% to 33.22%.
- d. Update Lease Exhibit B to include the new MTDB/County space allocation and the current Ground Lease Minimum Rent Amount and summarize the various adjustment dates specified in the Ground Lease.

Attachments:

- A. Draft Ground Lease Amendment between MTDB and SDRBA
- B. Draft Lease Amendment between SDRBA and County
- C. Draft Sublease Amendment between County and MTDB

**Amendment No. 1 to**  
**Amended and Restated Ground Lease dated as of May 1, 2011**  
**by and between the**  
**SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**  
**and the**  
**SAN DIEGO REGIONAL BUILDING AUTHORITY**

This Amendment No. 1 to the Amended and Restated Ground Lease ("Amendment"), is executed and entered into as of July 1, 2021, by and between the SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, an agency duly organized and existing under and by virtue of the laws of the State of California (the "MTDB"), and the SAN DIEGO REGIONAL BUILDING AUTHORITY, a joint powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority").

**RECITALS**

A. The Authority is a joint powers agency created by MTDB and County of San Diego ("County") in 1987 for the purpose of funding, financing, and constructing the Office Building, its neighboring Parking Structure, and other public facilities.

B. Pursuant to a ground lease dated November 1, 1987, MTDB leased certain land to the Authority for the construction of the James R. Office Building located at 1255 Imperial Avenue in San Diego, CA ("Office Building"). The ground lease was amended and/or restated over subsequent years, with the current operative document dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225737 ("Ground Lease"). The Ground Lease obligates the Authority to pay ground rent for use of the Office Building land and recognizes that a portion of the ground rent is paid and received by MTDB, leaving a 73.4% County share to be paid through a sublease rent credit or direct payment to MTDB.

C. The Authority completed construction of the Office Building and Parking Structure in 1989 (the Office Building and Parking Structure are collectively referred to as the "Facilities"). Upon initial occupancy, the County occupied the 2<sup>nd</sup> through 8<sup>th</sup> Floors of the Office Building and had the right to use approximately 78.04% of the Parking Structure. MTDB occupied the 1<sup>st</sup> Floor retail space, 9<sup>th</sup> and 10<sup>th</sup> Floors of the Office Building, the Rail Facilities, and had the right to use approximately 220 spaces in the Parking Structure. These occupancy rights were documented in the Sublease described in Paragraph E.

D. At that time, the Authority leased the Facilities to the County. The Lease between the Authority and the County dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225739 is the current operative lease document ("Lease"). The Lease obligates County to pay to the Authority all costs related to (1) the County's proportional share of ground rent owed to MTDB under the Ground Lease; (2) the debt service for the construction of the Facilities, (3) the operating costs for the Facilities, and (4) other costs incurred by Authority related to the Facilities.



E. County then subleased the 1<sup>st</sup> Floor retail space, 9<sup>th</sup> and 10<sup>th</sup> Floors of the Office Building, the Rail Facilities, and approximately 220 spaces in the Parking Structure to MTDB. The current operative sublease between County and MTDB is dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225740 (Sublease). The Sublease obligates MTDB to pay to County a proportionate share of the costs owed to the Authority under the Lease, including (1) the debt service for the construction of the Facilities, (2) the operating costs for the Facilities, and (3) other costs incurred by Authority related to the Facilities.

F. MTDB and the Authority also acknowledge that Certificates, as defined in the Ground Lease, have been fully paid as of November 1, 2019, and that various rental obligations related to the payments of the Certificates or other debt service no longer apply.

G. MTDB and County have re-evaluated their space needs. MTDB will be taking approximately 12,685 square feet of additional office space on the 8<sup>th</sup> Floor and 1,499 square feet of 1<sup>st</sup> Floor garage space and County will be taking 1,078 square feet of 1<sup>st</sup> Floor retail space and an exterior patio.

H. MTDB and the Authority desire to amend the Ground Lease to adjust the proportionate share of the ground rent in alignment with a change in occupancy of the Office Building.

## **AGREEMENT**

MTDB and the Authority agree to amend the Ground Lease as follows:

1. Section 3.1 Minimum Rent is revised to read as follows:

3.1.1 The minimum rent amount for this Restated Ground Lease ("Minimum Rent") is set forth in Section 3.1.2 below and periodically adjusted pursuant to Section 3.2. All Outstanding Certificates have been paid off and therefore no Sublease Base Rental Payments are due under the Sublease as of November 1, 2019.

3.1.2 On November 1, 2019, in accordance with the Ground Lease, the annual Minimum Rent for the Premises has been adjusted to \$2,007,936. Commencing November 1 of each Lease Year, the Authority shall pay to MTDB in advance, without offset, for the remainder of the lease term, County's share of the Minimum Rent as shown on Exhibit B attached hereto. Minimum Rent shall be adjusted periodically pursuant to Section 3.2 below. As determined by the County and MTDB based on the occupancy of the Office Building, the County's share of the Minimum Rent is equal to 65.13%. MTDB, as the lessor under this Ground Lease, acknowledges the receipt of MTDB's share of the Authority's Minimum Rent, which is equal to 34.87% of the Minimum Rent. MTDB acknowledges this receipt for the term of this Ground Lease without further obligation of the Authority to make such payment.

3.1.3 Minimum Rent shall be payable on or before the first day of each calendar month. Minimum Rent for any fractional part of a calendar month at the beginning or end of the lease term shall be a proportionate part of the Minimum Rent for a full calendar month and shall be payable, with respect to any fractional month at the beginning of the lease term, on the first day of the first full calendar month during the

lease term, and, with respect to any fractional month at the end of the lease term, on the first day of such month.

2. Exhibit B is replaced in its entirety by the attached revised Exhibit B.
3. MTDB and the Authority agree that except as amended in this Amendment, the Ground Lease shall remain in full force and effect. In the event of a conflict between the provisions of the Ground Lease and the provisions of this Amendment, the provisions of this Amendment shall control. This Amendment will be binding upon an inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

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

SAN DIEGO METROPOLITAN TRANSIT  
DEVELOPMENT BOARD, as lessor

SAN DIEGO REGIONAL BUILDING  
AUTHORITY, as lessee

By: \_\_\_\_\_  
Sharon Cooney  
Chief Executive Officer

By: \_\_\_\_\_  
Marko Medved  
Executive Officer

APPROVED AS TO FORM:

County Counsel

By: \_\_\_\_\_  
Karen Landers  
MTDB General Counsel

By: \_\_\_\_\_  
Rachel H. Witt  
Chief Deputy County Counsel  
Counsel for SDRBA

REVISED GROUND LEASE EXHIBIT B

**GROUND LEASE AMENDMENT - EXHIBIT B-1**  
**OFFICE BUILDING SPACE ALLOCATION & PROPORTIONATE SHARE**  
**effective July 1, 2021**

Square Footage by Tenant upon Completion	Floor	MTDB	County	Rentable Square Footage (9% add on)	%
	10	17,844		19,450	11.42%
	9	17,844		19,450	11.42%
	8 - Ste 820	1,651		1,800	1.06%
	8 - Ste 850	10,854		11,831	6.95%
	8 - Ste 861		3,137	3,419	2.01%
	8 - Break Room		720	785	0.46%
	8 - Teledata	tbd	800	872	0.51%
	8 - other		682	743	0.44%
	7		17,844	19,450	11.42%
	6		17,844	19,450	11.42%
	5		17,844	19,450	11.42%
	4		17,844	19,450	11.42%
	3		16,845	18,361	10.78%
	2		7,094	7,732	4.54%
	1	4,784	1,078	6,390	3.75%
	Lab Space	1,499		1,634	0.96%
	Useable SF Total	54,476	101,732	156,208	100.00%
	Rentable SF Total	59,379	110,888	170,267	100.00%
	Total % Allocation	34.87%	65.13%		
	Old Rentable SF	45,290			
	Increase in RSF	14,089			8.27%

**Ground Floor Rentable SF**

County Bubble		1,175	1,175	0.69%
Transit Store	1,474		1,474	0.87%
Convenience Store	1,778		1,778	1.04%
Cashland	1,376		1,376	0.81%
Bldg Mgmt	177		177	0.10%
County (Sheriff)	411		411	0.24%
	5,215		6,390	3.75%

Extra: 1250 SF Patio on Ground Floor

**Ground Lease Minimum Rent Proportionate Shares:**

	Pre-July 1, 2021 <i>Original %</i>	Post-July 1, 2021 <i>plus/minus 8.27%</i>
MTS	26.60%	34.87%
County	73.40%	65.13%
Total	100.00%	100.00%

**Common Cost Proportionate Shares:**

MTS	24.95%	33.22%
County	75.05%	66.78%
Total	100.00%	100.00%

GROUND LEASE AMENDMENT - EXHIBIT B-2  
UPDATED GROUND LEASE MINIMUM RENT SCHEDULE & COUNTY/MTDB SHARES  
effective July 1, 2021

Mills Building Ground Lease Rent - as modified by Sublease Amendment effective July 1, 2021					
Pre- July 1, 2021: County Share 73.4%; MTDB Share 26.6%			Post-July 1, 2021: County Share 65.13%; MTDB Share 34.87%		
Note that Ground Lease, Lease, and Sublease terms begin November, but MTDB and County budget process on July-June Fiscal Year Basis.					
Common Cost Budget process and annual invoicing set on the Fiscal Year Basis					
- 2011 COPs have been fully paid - November 1, 2019 First Market Adjustment Date Analysis Completed					
Ground Lease Year Beginning	Annual Ground Lease Rent	County Share	MTDB Share		Monthly Ground Lease Rent
11/1/2019	\$ 2,007,936.00	\$ 1,473,825.02	\$ 534,110.98		\$ 167,328.00
11/1/2020	\$ 2,007,936.00	\$ 1,418,472.92	\$ 589,463.08		\$ 167,328.00
11/1/2021	\$ 2,007,936.00	\$ 1,307,768.72	\$ 700,167.28		\$ 167,328.00
11/1/2022	\$ 2,007,936.00	\$ 1,307,768.72	\$ 700,167.28		\$ 167,328.00
11/1/2023	\$ 2,007,936.00	\$ 1,307,768.72	\$ 700,167.28		\$ 167,328.00
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2024		\$ -	\$ -		\$ -
11/1/2025		\$ -	\$ -		\$ -
11/1/2026		\$ -	\$ -		\$ -
11/1/2027		\$ -	\$ -		\$ -
11/1/2028		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2029		\$ -	\$ -		\$ -
11/1/2030		\$ -	\$ -		\$ -
11/1/2031		\$ -	\$ -		\$ -
11/1/2032		\$ -	\$ -		\$ -
11/1/2033		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2034		\$ -	\$ -		\$ -
11/1/2035		\$ -	\$ -		\$ -
11/1/2036		\$ -	\$ -		\$ -
11/1/2037		\$ -	\$ -		\$ -
11/1/2038		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2039		\$ -	\$ -		\$ -
11/1/2040		\$ -	\$ -		\$ -
11/1/2041		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2042		\$ -	\$ -		\$ -
11/1/2043		\$ -	\$ -		\$ -
11/1/2044		\$ -	\$ -		\$ -
11/1/2045		\$ -	\$ -		\$ -
11/1/2046		\$ -	\$ -		\$ -
11/1/2047		\$ -	\$ -		\$ -
11/1/2048		\$ -	\$ -		\$ -
11/1/2049		\$ -	\$ -		\$ -
11/1/2050		\$ -	\$ -		\$ -
11/1/2051		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2052		\$ -	\$ -		\$ -
11/1/2053		\$ -	\$ -		\$ -
11/1/2054		\$ -	\$ -		\$ -
11/1/2055		\$ -	\$ -		\$ -
11/1/2056		\$ -	\$ -		\$ -
11/1/2057		\$ -	\$ -		\$ -
11/1/2058		\$ -	\$ -		\$ -
11/1/2059		\$ -	\$ -		\$ -
11/1/2060		\$ -	\$ -		\$ -
11/1/2061		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2062		\$ -	\$ -		\$ -
11/1/2063		\$ -	\$ -		\$ -
11/1/2064		\$ -	\$ -		\$ -
11/1/2065		\$ -	\$ -		\$ -
11/1/2066		\$ -	\$ -		\$ -
11/1/2067		\$ -	\$ -		\$ -
11/1/2068		\$ -	\$ -		\$ -
11/1/2069		\$ -	\$ -		\$ -
11/1/2070		\$ -	\$ -		\$ -
11/1/2071		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2072		\$ -	\$ -		\$ -
11/1/2073		\$ -	\$ -		\$ -
11/1/2074		\$ -	\$ -		\$ -
11/1/2075		\$ -	\$ -		\$ -
11/1/2076		\$ -	\$ -		\$ -
11/1/2077		\$ -	\$ -		\$ -
11/1/2078		\$ -	\$ -		\$ -
11/1/2079		\$ -	\$ -		\$ -
11/1/2080		\$ -	\$ -		\$ -
11/1/2081		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2082		\$ -	\$ -		\$ -
11/1/2083		\$ -	\$ -		\$ -
11/1/2084		\$ -	\$ -		\$ -
11/1/2085		\$ -	\$ -		\$ -

**Amendment No. 1 to**  
**Lease dated as of May 1, 2011**  
**by and between the**  
**SAN DIEGO REGIONAL BUILDING AUTHORITY**  
**and the**  
**COUNTY OF SAN DIEGO**

This Amendment No. 1 to the Lease ("Amendment"), is executed and entered into as of July 1, 2021, by and between the SAN DIEGO REGIONAL BUILDING AUTHORITY, a joint powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority") and COUNTY OF SAN DIEGO, a political subdivision duly organized and existing under the Constitution and laws of the State of California (the "County").

**RECITALS**

A. The Authority is a joint powers agency created by MTDB and County in 1987 for the purpose of funding, financing, and constructing the Office Building, its neighboring Parking Structure, and other public facilities.

B. Pursuant to a ground lease dated November 1, 1987, the San Diego Metropolitan Transit Development Board (the "MTDB") leased certain land to the Authority for the construction of the James R. Office Building located at 1255 Imperial Avenue in San Diego, CA ("Office Building"). The ground lease was amended and/or restated over subsequent years, with the current operative document dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225737 ("Ground Lease"). The Ground Lease obligates the Authority to pay ground rent for use of the Office Building land and recognizes that a portion of the ground rent is paid and received by MTDB, leaving a 73.4% County share to be paid through a sublease rent credit or direct payment to the Authority.

C. The Authority completed construction of the Office Building and Parking Structure in 1989 (the Office Building and Parking Structure are collectively referred to as the "Facilities"). Upon initial occupancy, the County occupied the 2<sup>nd</sup> through 8<sup>th</sup> Floors of the Office Building and had the right to use approximately 78.04% of the Parking Structure. MTDB occupied the 1<sup>st</sup> Floor retail space, 9<sup>th</sup> and 10<sup>th</sup> Floors of the Office Building, the Rail Facilities, and had the right to use approximately 220 spaces in the Parking Structure. These occupancy rights were documented in the Sublease described in Paragraph E.

D. At that time, the Authority leased the Facilities to the County. The Lease between the Authority and the County dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225739 is the current operative lease document ("Lease"). The Lease obligates County to pay to the Authority all costs related to (1) the County's proportional share of ground rent owed to MTDB under the Ground Lease; (2) the debt service for the construction of the Facilities, (3) the operating costs for the Facilities, and (4) other costs incurred by Authority related to the Facilities.

E. County then subleased the 1<sup>st</sup> Floor retail space, 9<sup>th</sup> and 10<sup>th</sup> Floors of the Office Building, the Rail Facilities, and approximately 220 spaces in the Parking Structure to MTDB. The current operative sublease between County and MTDB is dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225740 ("Sublease"). The Sublease obligates MTDB to pay to County a proportionate share of the costs owed to Authority under the Lease, including (1) the debt service for the construction of the Facilities, (2) the operating costs for the Facilities, and (3) other costs incurred by Authority related to the Facilities.

F. The Authority and County also acknowledge that Certificates, as defined in the Ground Lease, have been fully paid as of November 1, 2019, and that various rental obligations related to the payments of the Certificates or other debt service no longer apply.

G. MTDB and County have re-evaluated their space needs. MTDB will be taking approximately 12,685 square feet of additional office space on the 8<sup>th</sup> Floor and 1,499 square feet of 1<sup>st</sup> Floor garage space and County will be taking 1,078 square feet of 1<sup>st</sup> Floor retail space and an exterior patio.

H. The Authority and County desire to amend the Lease to adjust the proportionate share of the ground rent and operating costs for the Facilities in alignment with a change in occupancy of the Office Building.

## **AGREEMENT**

The Authority and County agree to amend the Lease as follows:

1. Section 1.01 Definitions. The following definitions are hereby amended and restated as:

### County Proportionate Share

"County Proportionate Share" means 66.78%.

### Ground Lease

"Ground Lease" means that certain Amended and Restated Ground Lease dated as of May 1, 2011, by and between MTDB and the Authority, as amended effective July 1, 2021, and as it may be further amended from time to time.

### Lease

"Lease" means the Lease executed and entered into as of May 1, 2011, by and between the County and the Authority, as amended by this Amendment, and as it may be further amended from time to time.

### MTDB Proportionate Share

"MTDB Proportionate Share" means 33.22%.

### Sublease

"Sublease" means the Sublease executed and entered into as of May 1, 2011, by and between MTDB, as sublessee, and the County, as sublessor, under which MTDB is

leasing the Subleased Facilities, as amended effective July 1, 2021, and as it may be further amended from time to time.

2. Section 5.01(a) Base Rental is revised to read as follows:

(a) Base Rental. All Outstanding Certificates have been paid off and therefore no Base Rental Payments are due as of November 1, 2019.

(i) The County shall pay to the Authority the County's 65.13% share of the Minimum Rent, as defined in Section 3.1.2 of the Ground Lease. Such payments shall commence on November 1 of each Lease Year and shall be payable monthly in advance, all as provided in the Ground Lease, ending with the Expiry Date.

(ii) In addition to paying to the Authority County's 65.13% share of the Minimum Rent, as defined in Section 3.1.2 of the Ground Lease, the County shall pay Base Rental at the rate of \$1.00 per Lease Year, or portion thereof, which shall be payable to the Authority on the first Business Day of each Lease Year.

3. Section 5.01(c) Consideration is revised to read as follows:

(c) Consideration.

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

4. Exhibit B is replaced in its entirety by the attached revised Exhibit B.

5. The Authority and County agree that except as amended in this Amendment, the Lease shall remain in full force and effect. In the event of a conflict between the provisions of the Lease and the provisions of this Amendment, the provisions of this Amendment shall control. This Amendment will be binding upon an inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

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



SAN DIEGO REGIONAL BUILDING  
AUTHORITY, as lessor

COUNTY OF SAN DIEGO, as lessee

By: \_\_\_\_\_  
Marko Medved  
Executive Officer

By: \_\_\_\_\_  
Marko Medved  
Director  
Department of General Services

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

County Counsel

County Counsel

By: \_\_\_\_\_  
Rachel H. Witt  
Chief Deputy County Counsel  
Counsel for SDRBA

By: \_\_\_\_\_  
Inna Zazulevskaya  
Senior Deputy County Counsel

REVISED LEASE EXHIBIT B

**LEASE AMENDMENT - EXHIBIT B-1**  
**OFFICE BUILDING SPACE ALLOCATION & PROPORTIONATE SHARE**  
**effective July 1, 2021**

Square Footage by Tenant upon Completion	Floor	MTDB	County	Rentable Square Footage (9% add on)	%
	10	17,844		19,450	11.42%
	9	17,844		19,450	11.42%
	8 - Ste 820	1,651		1,800	1.06%
	8 - Ste 850	10,854		11,831	6.95%
	8 - Ste 861		3,137	3,419	2.01%
	8 - Break Room		720	785	0.46%
	8 - Teledata	tbd	800	872	0.51%
	8 - other		682	743	0.44%
	7		17,844	19,450	11.42%
	6		17,844	19,450	11.42%
	5		17,844	19,450	11.42%
	4		17,844	19,450	11.42%
	3		16,845	18,361	10.78%
	2		7,094	7,732	4.54%
	1	4,784	1,078	6,390	3.75%
	Lab Space	1,499		1,634	0.96%
	Useable SF Total	54,476	101,732	156,208	100.00%
	Rentable SF Total	59,379	110,888	170,267	100.00%
	Total % Allocation	34.87%	65.13%		
	Old Rentable SF	45,290			
	<b>Increase in RSF</b>	<b>14,089</b>			<b>8.27%</b>

**Ground Floor Rentable SF**

County Bubble		1,175	1,175	0.69%
Transit Store	1,474		1,474	0.87%
Convenience Store	1,778		1,778	1.04%
Cashland	1,376		1,376	0.81%
Bldg Mgmt	177		177	0.10%
County (Sheriff)	411		411	0.24%
	5,215		6,390	3.75%

Extra: 1250 SF Patio on Ground Floor

**Ground Lease Minimum Rent Proportionate Shares:**

	Pre-July 1, 2021 <i>Original %</i>	Post-July 1, 2021 <i>plus/minus 8.27%</i>
MTS	26.60%	34.87%
County	73.40%	65.13%
Total	100.00%	100.00%

**Common Cost Proportionate Shares:**

MTS	24.95%	33.22%
County	75.05%	66.78%
Total	100.00%	100.00%

LEASE AMENDMENT - EXHIBIT B-2  
UPDATED GROUND LEASE MINIMUM RENT SCHEDULE & COUNTY/MTDB SHARES  
effective July 1, 2021

Mills Building Ground Lease Rent - as modified by Sublease Amendment effective July 1, 2021					
Pre- July 1, 2021: County Share 73.4%; MTDB Share 26.6%			Post-July 1, 2021: County Share 65.13%; MTDB Share 34.87%		
Note that Ground Lease, Lease, and Sublease terms begin November, but MTDB and County budget process on July-June Fiscal Year Basis.					
Common Cost Budget process and annual invoicing set on the Fiscal Year Basis					
- 2011 COPs have been fully paid - November 1, 2019 First Market Adjustment Date Analysis Completed					
Ground Lease Year Beginning	Annual Ground Lease Rent	County Share	MTDB Share		Monthly Ground Lease Rent
11/1/2019	\$ 2,007,936.00	\$ 1,473,825.02	\$ 534,110.98		\$ 167,328.00
11/1/2020	\$ 2,007,936.00	\$ 1,418,472.92	\$ 589,463.08		\$ 167,328.00
11/1/2021	\$ 2,007,936.00	\$ 1,307,768.72	\$ 700,167.28		\$ 167,328.00
11/1/2022	\$ 2,007,936.00	\$ 1,307,768.72	\$ 700,167.28		\$ 167,328.00
11/1/2023	\$ 2,007,936.00	\$ 1,307,768.72	\$ 700,167.28		\$ 167,328.00
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2024		\$ -	\$ -		\$ -
11/1/2025		\$ -	\$ -		\$ -
11/1/2026		\$ -	\$ -		\$ -
11/1/2027		\$ -	\$ -		\$ -
11/1/2028		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2029		\$ -	\$ -		\$ -
11/1/2030		\$ -	\$ -		\$ -
11/1/2031		\$ -	\$ -		\$ -
11/1/2032		\$ -	\$ -		\$ -
11/1/2033		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2034		\$ -	\$ -		\$ -
11/1/2035		\$ -	\$ -		\$ -
11/1/2036		\$ -	\$ -		\$ -
11/1/2037		\$ -	\$ -		\$ -
11/1/2038		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2039		\$ -	\$ -		\$ -
11/1/2040		\$ -	\$ -		\$ -
11/1/2041		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2042		\$ -	\$ -		\$ -
11/1/2043		\$ -	\$ -		\$ -
11/1/2044		\$ -	\$ -		\$ -
11/1/2045		\$ -	\$ -		\$ -
11/1/2046		\$ -	\$ -		\$ -
11/1/2047		\$ -	\$ -		\$ -
11/1/2048		\$ -	\$ -		\$ -
11/1/2049		\$ -	\$ -		\$ -
11/1/2050		\$ -	\$ -		\$ -
11/1/2051		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2052		\$ -	\$ -		\$ -
11/1/2053		\$ -	\$ -		\$ -
11/1/2054		\$ -	\$ -		\$ -
11/1/2055		\$ -	\$ -		\$ -
11/1/2056		\$ -	\$ -		\$ -
11/1/2057		\$ -	\$ -		\$ -
11/1/2058		\$ -	\$ -		\$ -
11/1/2059		\$ -	\$ -		\$ -
11/1/2060		\$ -	\$ -		\$ -
11/1/2061		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2062		\$ -	\$ -		\$ -
11/1/2063		\$ -	\$ -		\$ -
11/1/2064		\$ -	\$ -		\$ -
11/1/2065		\$ -	\$ -		\$ -
11/1/2066		\$ -	\$ -		\$ -
11/1/2067		\$ -	\$ -		\$ -
11/1/2068		\$ -	\$ -		\$ -
11/1/2069		\$ -	\$ -		\$ -
11/1/2070		\$ -	\$ -		\$ -
11/1/2071		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2072		\$ -	\$ -		\$ -
11/1/2073		\$ -	\$ -		\$ -
11/1/2074		\$ -	\$ -		\$ -
11/1/2075		\$ -	\$ -		\$ -
11/1/2076		\$ -	\$ -		\$ -
11/1/2077		\$ -	\$ -		\$ -
11/1/2078		\$ -	\$ -		\$ -
11/1/2079		\$ -	\$ -		\$ -
11/1/2080		\$ -	\$ -		\$ -
11/1/2081		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2082		\$ -	\$ -		\$ -
11/1/2083		\$ -	\$ -		\$ -
11/1/2084		\$ -	\$ -		\$ -
11/1/2085		\$ -	\$ -		\$ -

**Amendment No. 1 to**  
**Sublease dated as of May 1, 2011**  
**by and between the**  
**COUNTY OF SAN DIEGO**  
**and the**  
**SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**

This Amendment No. 1 to Sublease (Amendment), is executed and entered into as of July 1, 2021, by and between the COUNTY OF SAN DIEGO, a political subdivision duly organized and existing under the Constitution and laws of the State of California (the "County") and the SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, an agency duly organized and existing under and by virtue of the laws of the State of California (the "MTDB").

**RECITALS**

A. Pursuant to a ground lease dated November 1, 1987, MTDB leased certain land to the San Diego Regional Building Authority (Authority) for the construction of the James R. Office Building located at 1255 Imperial Avenue in San Diego, CA (Office Building). The ground lease was amended and/or restated over subsequent years, with the current operative document being dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225737 (Ground Lease). The Ground Lease obligates the Authority to pay ground rent for use of the Office Building land and recognizes that a portion of the ground rent is paid and received by MTDB, leaving only a 73.4% County share to be paid through a sublease rent credit or direct payment to MTDB.

B. The Authority is a joint powers agency created by MTDB and County in 1987 for the purpose of funding, financing, and constructing the Office Building, its neighboring Parking Structure, and other public facilities.

C. The Authority completed construction of the Office Building and Parking Structure in 1989 (the Office Building and Parking Structure are collectively referred to as the "Facilities"). Upon initial occupancy, the County occupied the 2<sup>nd</sup> through 8<sup>th</sup> Floors of the Office Building and had the right to use approximately 78.04% of the Parking Structure. MTDB occupied the 1<sup>st</sup> Floor retail space, 9<sup>th</sup> and 10<sup>th</sup> Floors of the Office Building, the Rail Facilities, and had the right to use approximately 220 spaces in the Parking Structure. These occupancy rights were documented in the Sublease described in Paragraph E.

D. At that time, the Authority leased the Facilities to the County. The Lease between the Authority and the County dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225739 is the current operative lease document (Lease). The Lease obligates County to pay to the Authority all costs related to (1) the County's proportional share of ground rent owed to MTDB under the Ground Lease; (2) the debt service for the construction of the Facilities, (3) the operating costs for the Facilities, and (4) other costs incurred by Authority related to the Facilities.

E. County then subleased the 1<sup>st</sup> Floor retail space, 9<sup>th</sup> and 10<sup>th</sup> Floors of the Office Building, the Rail Facilities, and approximately 220 spaces in the Parking Structure to MTDB. The current operative sublease between County and MTDB is dated May 1, 2011 and recorded in the Official Records of the San Diego County Recorder's Office as Document No. 2011-0225740 (Sublease). The Sublease obligates MTDB to pay to County a proportionate share of the rent owed to Authority under the Lease, including costs related to (1) the debt service for the construction of the Facilities, (2) the operating costs for the Facilities, and (3) other costs incurred by Authority related to the Facilities.

F. County and MTDB also acknowledge that Certificates, as defined in the Ground Lease, have been fully paid as of November 1, 2019, and that various rental obligations related to the payments of the Certificates or other debt service no longer apply.

G. County and MTDB desire to amend the Sublease to increase the space occupied by MTDB and to transfer certain space to County, and adjust the rental obligations accordingly.

### **AGREEMENT**

County and MTDB agree to amend the Sublease as follows:

1. Section 1.01 Definitions. The following definitions are hereby amended and restated as:

#### MTDB Proportionate Share

"MTDB Proportionate Share" means 33.22%.

#### MTDB Sublease Rent Credit

"MTDB Sublease Rent Credit" means County's share of the Ground Lease Minimum Rent, which is an amount equal to 65.13% of the Minimum Rent, as such term is defined in Section 3.1.2 of the Ground Lease.

#### Sublease

"Sublease" means the Sublease executed and entered into as of May 1, 2011, by and between MTDB, as sublessee, and the County, as sublessor, under which MTDB is leasing the Subleased Facilities, as amended by this Amendment.

#### Subleased Facilities

"Subleased Facilities" means Suite 820, Suite 850, and approximately 180 square feet of the Teledata Room on Floor 8, Floor 9 and Floor 10 in the Office Building; retail units on the first floor of the Office Building *with the exception of the 1,078 square feet space designated as Unit \_\_\_\_ plus the connected 1,250 square foot patio*; the lab space adjacent to the Parking Structure; the Third Rail; the right to use and occupy 220 spaces in the Parking Structure; and rights of ingress and egress to the Office Building common areas and elevators so that employees, guests, and licensees may have access to the Office Building floors being leased to MTDB hereunder and to the Parking Structure so as to use and occupy Subleased Facilities therein. The assigned Subleased Facilities, and the Office Building space retained by County are itemized in Exhibit A to this Amendment.

2. Section 5.01 Rental Payments is revised to read as follows:

Section 5.01. Rental Payments. The parties acknowledge that the Rental Payments due under this Section 5.01 are a compilation of each party's share of various revenues and costs under the Ground Lease, Lease, and this Sublease. In any given year, this may result in a payment from MTDB to County, or conversely, a payment from County to MTDB. MTDB agrees to pay to the County, its successors or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the Subleased Facilities, the following amounts at the following times:

(a) Base Rental. All Outstanding Certificates have been paid off and therefore no Sublease Base Rental Payments are due as of November 1, 2019.

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

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

With respect to Common Costs attributable to MTDB:

(i) During the last month of each Lease Year, or as soon thereafter as practicable, MTDB and County shall mutually agree on the budget estimate of the amounts payable as Common Costs for the following Lease Year. In the event of disagreement between MTDB and County on the budget estimate, the Authority shall set the budget amount. The proposed Common Costs budget shall then be presented to the Authority for approval consistent with the Authority's rules and procedures. County shall issue an invoice to MTDB on or before the first day of each month during the following Lease Year, and MTDB shall pay to the County one-twelfth (1/12th) of the MTDB Proportionate Share of such estimated amounts; provided, however, that if the new Lease Year's budget estimate has not been finalized by the last month of the prior Lease Year, then MTDB shall continue to pay on the basis of the prior Lease Year's budget estimate until the first day of the calendar month next succeeding the date the new Lease Year's budget is established. If at any time or times it is determined that the amounts payable as Common Costs for the current Lease Year vary from its earlier budget estimate, the County, by notice to MTDB, shall provide to MTDB the revised budget estimate for such Lease Year, and subsequent payments by MTDB for such shall be based upon such revised estimate.

(ii) MTDB and County agree that *after* the Common Costs have been calculated and the MTDB Proportionate Share of such costs has been calculated, any revenue generated from the Parking Structure shall be applied to reduce the Common Costs owed by MTDB and County according to the following shares:

<b>Parking Structure Revenue Share</b>	
<b>MTDB</b>	<b>County</b>
24.95%	75.05%

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

(c) Consideration.

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

(d) Payment; Credit. Each installment of Sublease Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the County, or such other place as the County shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall remain due and payable until received by the County, and to the extent permitted by law shall bear interest at the rate of ten percent per annum from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between MTDB and the County, MTDB shall make all rental payments when due, without deduction or offset of any kind, other than as expressly provided herein, and shall not withhold any



rental payments pending the final resolution of any such dispute. In the event of a determination that MTDB was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of MTDB, be credited against subsequent rental payments due hereunder or be refunded at the time of such determination.

(e) County Ground Lease Rent. MTDB and County agree that the County's share of Ground Lease Rent owed to MTDB, as set forth in Exhibit B and the Lease, shall be reduced from 73.4% to 65.13%, consistent with the adjustment to Subleased Facilities set forth in Exhibit A.

3. Exhibit B is replaced in its entirety by the attached revised Exhibit B.
4. Effective July 1, 2021, this Sublease Amendment supersedes, replaces, and terminates the following additional agreements between MTDB and County related to the Mills Building:
  - (i) MTS Document No. G0006.3-90 to G0006.5-90. MTDB Sublease of Suite 180 and a portion of Suite 190 (comprised of 411 square feet of offices space) to County. County is vacating this space and returning it to MTDB control.
  - (ii) MTS Document No. G2408.0-20. Memorandum of Understanding (MOU) Regarding County's Use of a portion of Metropolitan Transit System's Subleased Facilities dated June 18, 2020. This Sublease Amendment permanently transfers the property under this MOU to County.

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

SAN DIEGO METROPOLITAN TRANSIT  
DEVELOPMENT BOARD, as sublessee

COUNTY OF SAN DIEGO, as sublessor

By: \_\_\_\_\_  
Sharon Cooney  
Chief Executive Officer

By: \_\_\_\_\_  
Marko Medved  
Director  
Department of General Services

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

APPROVED AS TO FORM:  
County Counsel

By: \_\_\_\_\_  
Karen Landers  
MTDB General Counsel

By: \_\_\_\_\_  
Inna Zazulevskaya  
Senior Deputy County Counsel

EXHIBIT A

OFFICE BUILDING SPACE ALLOCATION UNDER "SUBLEASED FACILITIES" DEFINITION

**SUBLEASE AMENDMENT - EXHIBIT A**  
**OFFICE BUILDING SPACE ALLOCATION & PROPORTIONATE SHARE**  
**effective July 1, 2021**

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	9	17,844		19,450	11.42%
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	Rentable SF Total	59,379	110,888	170,267	100.00%
	Total % Allocation	<b>34.87%</b>	<b>65.13%</b>		
	Old Rentable SF	45,290			
	<b>Increase in RSF</b>	<b>14,089</b>			<b>8.27%</b>

**Ground Floor Rentable SF**

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Transit Store	1,474		1,474	0.87%
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Bldg Mgmt	177		177	0.10%
County (Sheriff)	411		411	0.24%
	5,215		6,390	3.75%

Extra: 1250 SF Patio on Ground Floor

**Ground Lease Minimum Rent Proportionate Shares:**

	Pre-July 1, 2021 <i>Original %</i>	Post-July 1, 2021 <i>plus/minus 8.27%</i>
MTS	26.60%	34.87%
County	73.40%	65.13%
Total	100.00%	100.00%

**Common Cost Proportionate Shares:**

MTS	24.95%	33.22%
County	75.05%	66.78%
Total	100.00%	100.00%

EXHIBIT B  
GROUND LEASE MINIMUM RENT SCHEDULE

SUBLEASE AMENDMENT - EXHIBIT B  
UPDATED GROUND LEASE MINIMUM RENT SCHEDULE & COUNTY/MTDB SHARES  
effective July 1, 2021

Mills Building Ground Lease Rent - as modified by Sublease Amendment effective July 1, 2021					
Pre- July 1, 2021: County Share 73.4%; MTDB Share 26.6%			Post-July 1, 2021: County Share 65.13%; MTDB Share 34.87%		
Note that Ground Lease, Lease, and Sublease terms begin November, but MTDB and County budget process on July-June Fiscal Year Basis.					
Common Cost Budget process and annual invoicing set on the Fiscal Year Basis					
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CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2024		\$ -	\$ -		\$ -
11/1/2025		\$ -	\$ -		\$ -
11/1/2026		\$ -	\$ -		\$ -
11/1/2027		\$ -	\$ -		\$ -
11/1/2028		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2029		\$ -	\$ -		\$ -
11/1/2030		\$ -	\$ -		\$ -
11/1/2031		\$ -	\$ -		\$ -
11/1/2032		\$ -	\$ -		\$ -
11/1/2033		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2034		\$ -	\$ -		\$ -
11/1/2035		\$ -	\$ -		\$ -
11/1/2036		\$ -	\$ -		\$ -
11/1/2037		\$ -	\$ -		\$ -
11/1/2038		\$ -	\$ -		\$ -
CPI Adjustment Date - Ground Lease 3.2.3					
11/1/2039		\$ -	\$ -		\$ -
11/1/2040		\$ -	\$ -		\$ -
11/1/2041		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2042		\$ -	\$ -		\$ -
11/1/2043		\$ -	\$ -		\$ -
11/1/2044		\$ -	\$ -		\$ -
11/1/2045		\$ -	\$ -		\$ -
11/1/2046		\$ -	\$ -		\$ -
11/1/2047		\$ -	\$ -		\$ -
11/1/2048		\$ -	\$ -		\$ -
11/1/2049		\$ -	\$ -		\$ -
11/1/2050		\$ -	\$ -		\$ -
11/1/2051		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2052		\$ -	\$ -		\$ -
11/1/2053		\$ -	\$ -		\$ -
11/1/2054		\$ -	\$ -		\$ -
11/1/2055		\$ -	\$ -		\$ -
11/1/2056		\$ -	\$ -		\$ -
11/1/2057		\$ -	\$ -		\$ -
11/1/2058		\$ -	\$ -		\$ -
11/1/2059		\$ -	\$ -		\$ -
11/1/2060		\$ -	\$ -		\$ -
11/1/2061		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2062		\$ -	\$ -		\$ -
11/1/2063		\$ -	\$ -		\$ -
11/1/2064		\$ -	\$ -		\$ -
11/1/2065		\$ -	\$ -		\$ -
11/1/2066		\$ -	\$ -		\$ -
11/1/2067		\$ -	\$ -		\$ -
11/1/2068		\$ -	\$ -		\$ -
11/1/2069		\$ -	\$ -		\$ -
11/1/2070		\$ -	\$ -		\$ -
11/1/2071		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2072		\$ -	\$ -		\$ -
11/1/2073		\$ -	\$ -		\$ -
11/1/2074		\$ -	\$ -		\$ -
11/1/2075		\$ -	\$ -		\$ -
11/1/2076		\$ -	\$ -		\$ -
11/1/2077		\$ -	\$ -		\$ -
11/1/2078		\$ -	\$ -		\$ -
11/1/2079		\$ -	\$ -		\$ -
11/1/2080		\$ -	\$ -		\$ -
11/1/2081		\$ -	\$ -		\$ -
Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4					
11/1/2082		\$ -	\$ -		\$ -
11/1/2083		\$ -	\$ -		\$ -
11/1/2084		\$ -	\$ -		\$ -
11/1/2085		\$ -	\$ -		\$ -

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# San Diego Regional Building Authority

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## Agenda Item No. 7

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)  
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &  
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

May 24, 2021

### SUBJECT:

EVALUATION OF MILLS BUILDING LEASE STRUCTURE

### RECOMMENDATION:

That the SDRBA Board of Directors authorize the Executive Officer to negotiate on behalf of SDRBA additional proposed amendments to the (i) Lease; and (ii) Ground Lease. Upon successful negotiation, staff will return to the SDRBA Board with a recommended action for the Board's consideration which would remove SDRBA from any involvement with the James R. Mills Building including its lease structure.

#### Budget Impact

None. This action simply authorizes staff to evaluate the Mills Building lease structure and come back to the SDRBA Board of Directors with a proposal for future action.

### DISCUSSION

For over 30 years the SDRBA has successfully served as a financing vehicle and provided a joint powers agreement under which County and MTS operate. With the final repayment of the construction bonds in 2019, and after the anticipated conveyance of the Parking Structure and Land in FY 21/22, there is no reason for SDRBA to be involved in the ongoing day-to-day operations of the Mills Building. MTS and County currently wish to explore the potential restructuring of the leases to remove the SDRBA from participation in the James R. Mills Building property. The goal would be to simplify the relationship and administrative procedures and allow for greater efficiency. Should County and MTS reach agreement on the amendments required to extract SDRBA from the organizational structure, the parties would return to the SDRBA Board for approval of those agreements.

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# San Diego Regional Building Authority

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## Agenda Item No. 8

SAN DIEGO REGIONAL BUILDING AUTHORITY (SDRBA)  
JOINT POWERS AGENCY OF THE COUNTY OF SAN DIEGO &  
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

May 24, 2021

### SUBJECT:

JAMES R. MILLS BUILDING – ADOPTION OF OPERATING BUDGET AND CAPITAL  
IMPROVEMENT PROJECTS FOR FISCAL YEAR 2021/2022 (FY21/22)

### RECOMMENDATIONS:

1. Approve the proposed FY 21/22 Operating Budget (Attachment A) and authorize the Executive Officer to approve the expenditures in accordance therewith; and
2. Approve the proposed FY 21/22 Capital Improvement Budget (Attachment B) and authorize the Executive Officer to approve the expenditure of \$1,174,000 from the Capital Reserve Account.

### DISCUSSION:

The James R. Mills Building located at 1255 Imperial Avenue (Mills Building) is jointly operated by the County of San Diego (County) and San Diego Metropolitan Transit System (MTS) through ground lease, lease, and sublease agreements with the San Diego Regional Building Authority (SDRBA). The SDRBA is a joint powers authority created by the County and MTS to fund, construct, maintain and operate the Mills Building. Under the lease agreements, MTS controls the trolley infrastructure and station areas, the first-floor retail space and the ninth through tenth floor office areas. The County controls the office areas on the second through eighth floors. The parking garage is shared proportionately by the County and MTS. County and MTS pay for individual monthly employee parking spaces, and additional revenue is generated from the garage for daily and special event parking, including an agreement with the Padres for 300 spaces during each Padres home game and some Petco Park special events. The SDRBA has a property management agreement with Colliers International Management Company (Colliers) to handle day-to-day operations and maintenance of the Mills Building.

Today's actions would approve the budgets for Mills Building operations and capital improvement projects for FY 21/22.

MTS and County are in the process of finalizing an agreement to transfer additional office space to MTS and to transfer some first-floor retail and patio space to County. The MTS Board of Directors approved the agreement at its regular board meeting on May 13, 2021. The County Board of Supervisors is set to consider this item at its June 29, 2021 meeting. If approved, the MTS and County cost shares for Mills Building Operating and Capital expenses



will change from 24.95% (MTS) and 75.05% (County) to 33.22% (MTS) and 66.78% (County) beginning with the FY 21/22 budgets. The Parking Revenue and Shortfall shares would not change. In the event the County Board of Supervisors does not approve the proposed Mills Building lease and sublease amendments, then the overall budget amounts proposed for SDRBA approval today would not change. Instead, the MTS and County cost shares would stay at the original 24.95% (MTS) and 75.05% (County) allocation.

#### Mills Building Budget and Expense Overview

The Mills Building Budget is made up of five major categories of expenses and revenue:

1. Operating Expenses. This includes expenses related to property management, janitorial, landscaping, security, utilities, parking, and general repairs and maintenance activities for the Mills Building. Under the proposed MTS-County sublease amendment, MTS pays 33.22% and County pays 66.78% of Operating Expenses.
2. Capital Improvement Expenses. This includes costs for Mills Building Capital Improvements and major repair projects. Under the proposed MTS-County sublease amendment, MTS pays 33.22% and County pays 66.78% of Capital Improvement Expenses. Some projects are in process and may have funding from prior fiscal years. The expenses in the FY 21/22 budget reflect new projects or additional funding needed to complete projects approved in previous budgets.
3. Reserve Contribution – Parking Revenue Shortfall. Due to COVID-19 impacts in FY 2019/2020 and FY 2020/2021, parking revenue fell below budgeted estimates and required use of Mills Building Operating Reserves during those FY periods. Today's proposed budget includes a contribution, based on historical percentages (MTS 24.95% and County 75.05%), to restore the Operating Reserve Account to the minimum reserve amounts (3 months of operating expenses).
4. Parking Revenue. This is a credit for parking revenue from daily parking fees, monthly parking fees for MTS or County employees, the Padres parking lease, and special event parking fees. This credit is used to reduce the required Operating Expense contribution from County and MTS and will remain allocated based on historical percentages (MTS 24.95% and County 75.05%).
5. Direct Owner Expenses. This includes expenses that are solely related to either the County's occupancy or MTS's occupancy. They are not split according to the Operating Expenses proportionate share percentage, but are added to either the County or MTS costs shares as appropriate.

Mills Building expenses subject to the County/MTS proportionate share allocation are calculated by the following formula:

		MTS-County %
Line A	Operating Expenses	33.22%-66.78%
Line B	(+) <u>Capital Improvement Expenses</u>	33.22%-66.78%
Line C	<i>Mills Building Expense Subtotal</i>	
Line D	(+) <u>Reserve Contribution – FY 20/21 Parking Revenue Shortfall</u>	24.95%-75.05%
Line E	(-) <u>Estimated Parking Revenue</u>	24.95%-75.05%
Line F	<i>Total Mills Building Expenses Subject to Proportionate Share</i>	

The County and MTS annual contributions to Mills Building Expenses are then calculated as follows:

66.78% of Line C	33.22% of Line C
(+) 75.05% of Line D	(+) 24.95% of Line D
(-) 75.05% of Line E	(-) 24.95% of Line E
+ <u>County Direct Owner Expenses</u>	+ <u>MTS Direct Owner Expenses</u>
<i>County Total Mills Building Expenses</i>	<i>MTS Total Mills Building Expenses</i>

#### FY 21/22 Operating Budget (Attachment A)

**The proposed total Operating Expense budget for FY 21/22 totals \$3,587,821.** Annual Operating Expenses have increased by approximately 8.87% over the annual Operating Expenses for FY 20/21. The primary reasons for the increase are statutory wage increases, security contract increases, utility cost increases, and increased maintenance due to the age of the asset.

The proportionate distribution of shared operating expenses is \$2,395,947 (County) and \$1,191,874 (MTS).

Direct Owner Expenses of \$1,232,341 are allocated to County (\$1,187,448) and MTS (\$44,893) according to their respective use. These costs generally relate to additional utilities, trash collection, cleaning, and security for County or MTS units.

#### FY 21/22 Capital Improvement Program Budget (Attachment B)

##### **Proposed Capital Improvements in FY 21/22 total \$1,174,000 (Attachment B).**

Proposed Capital Improvement items for FY 2021/2022 include: exterior security camera upgrades, hands free faucets and flush valves in building restrooms, wireless two-way radio communication system upgrades, new fire-rated ground floor stairwell #1 door and hardware, repairs for expansion joints in plaza sidewalks, water heater replacements (10), window washing stage repairs, space planning and construction management fees, lobby upgrades, elevator interior upgrades, consultant for new main water boilers, and additional FLS (Fire Life Safety) code compliance site improvements.

The proportionate distribution of shared Capital Improvement Program expenses is \$783,997 (County) and \$390,003 (MTS).

#### Restore Operating Reserves – FY 20/21 Parking Revenue Shortfall

The FY 20/21 budget included \$143,493 in parking revenue for special events that was not collected due to the COVID-19 pandemic. **This results in a proposed request FY 21/22 additional Operating Reserve Funding of \$143,493.**

For shared parking revenue, the proportionate share distribution is \$107,692 (County) and \$35,802 (MTS).

#### FY 21/22 Parking Revenue Estimates

**Estimated FY 21/22 Parking Revenue to be deducted from building operating costs totals \$417,319.** This is a conservative estimate of parking revenue based on a potential delayed

recovery of full Padres game day and special event parking revenue from the COVID-19 pandemic. If business operations at Petco Park and other nearby special event venues return to normal during FY 21/22, additional revenue may be generated. These amounts will be available for use in future budget years. The current amount budgeted, \$417,319, is the estimated amount paid by County and MTS for employee parking.

The proposed parking revenue credit is shared according to a formula that remains unchanged for the proposed budget: the County is allocated 75.05%, or \$313,198; MTS is allocated 24.95%, or \$104,121.

TABLE 1: BUDGET SUMMARY:

The above budget categories and proportionate shares are set forth in table format below:

Line	Expenses and Parking Revenue	Current Budget FY 20/21	Estimated Actuals FY 20/21	Proposed Budget FY 21/22
A	Project Operating Expense	\$3,295,618	\$3,066,770	\$3,587,821
B	Total Capital Improvements	\$1,281,825	\$1,281,825	\$1,174,000
C	<i>Mills Building Expense Subtotal</i>	<i>\$4,577,443</i>	<i>\$4,348,595</i>	<i>\$4,761,821</i>
D	Restore Operating Reserves due to a Parking Revenue Shortfall	\$458,286	\$458,286	\$143,493
E	Less Parking Revenue	(\$1,001,362)	(\$414,736)	(\$417,319)
F	<i>Mills Building Expenses Subject to Proportionate Share</i>	<i>\$4,034,367</i>	<i>\$4,392,145</i>	<i>\$4,487,995</i>
	Direct Owner Expenses	\$1,051,443	\$1,051,443	\$1,232,341
	<i>Total Mills Building Opex and CIP Budget</i>	<i>\$5,085,810</i>	<i>\$5,443,588</i>	<i>\$5,720,336</i>

Total Cost Shares (Operating Expense, Parking, Capital Improvements and Direct Expenses)			
MTS Share	\$1,030,604	\$1,119,869	\$1,558,450
County Share	\$4,055,206	\$4,323,719	\$4,161,886
Total	\$5,085,810	\$5,443,588	\$5,720,336

#### FY 20/21 Operating Budget – Status

The above TABLE 1: Budget Summary and Attachment C show approximately \$230,000 less in expenses, primarily due to a delay in executing a contract for building security services, which includes higher wage rates after several years with no increases. Parking revenue was also down by approximately \$585,000 due to COVID-19 shutdowns. Under the Padres Parking Lease, the annual parking payment due for the 2020 MLB season (\$449,550) was credited

against the amounts owed for the 2021 MLB season. Consequently, only the 2.5% annual increase (\$11,238.75) was billed to and received from the Padres for the 2021 MLB season in FY 20/21.

Attachment:

- A: Proposed FY 21/22 Operating Budget and Capital Expenditures.
- B: Proposed FY 21/22 Capital Improvements.
- C: FY 20/21 to FY 21/22 Current vs Proposed Budget
- D: Capital Expenditure Project Summary

James Mills Building (5097-sd)														
July 2021 Through June 2022														
Project Sq. Ft. 183,245														
Type: Office														
Acct No		Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Total
REVENUE (Ties to Income Schedule)														
RENT														
4110-0000	MTS Retail Rent	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	86,095
		0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RENT		7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	7,175	86,095
OPERATING EXP REIMB														
4310-0000	County Warrant Ofc CAM	0	0	0	0	0	0	0	0	0	0	0	0	0
4330-0000	HHSA Reimbursed Utilities *	19,583	19,555	21,339	21,636	20,408	19,470	20,194	20,909	20,700	20,700	20,700	20,700	245,894
4332-0000	Trash Removal Reimb (Amart)	129	129	129	129	129	129	129	129	129	129	129	129	1,548
TOTAL OPERATING EXP REIMB.		19,712	19,684	21,468	21,765	20,537	19,599	20,323	21,038	20,829	20,829	20,829	20,829	247,442
PARKING INCOME														
4405-0100	Parking Padres	0	0	0	0	0	0	11,239	0	0	0	0	0	11,239
4405-0100	Parking Game Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
4405-2000	Parking- MTS Monthly Parkin	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	96,000
4405-3000	Parking-Daily (Transient)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	264,000
4405-0100 (A)	Parking HHSA Monthly Parking *	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	22,800
4405-0100	SanDag	80	80	80	80	80	80	80	80	80	80	80	80	960
4405-0100	Retail Tenants	240	240	240	240	240	240	240	240	240	240	240	240	2,880
4405-0200 (B)	Parking Contribution MTS *	120	120	120	120	120	120	120	120	120	120	120	120	1,440
4405-0002	Parking - Coupons	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
4405-1000	Parking - Events	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PARKING INCOME		33,840	33,840	33,840	33,840	33,840	33,840	45,079	33,840	33,840	33,840	33,840	33,840	417,319
Note: Parking Revenues are allocated based on 24.95%/75.05% splits														
OTHER INCOME														
4801-0000	HHSA Security/Janitorial/Pest Control Reimb *	30,985	36,785	36,785	30,985	36,785	38,667	57,481	63,281	63,281	57,481	63,281	63,281	579,078
4803-0000	MTS dedicated Expense Reimb *	4,508	1,319	1,520	1,275	1,231	1,219	1,217	1,208	1,254	1,254	1,254	1,254	18,518
4880-0000	Interest Income	90	90	90	90	90	90	90	90	90	90	90	90	1,080
4890-0000	Other Income* (City Maintenance Assessment)	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	13,670
4890-0002	Contributions MTS-San Diego Opex *	95,979	95,979	95,979	95,979	95,979	95,979	95,979	95,979	95,979	95,979	95,979	95,979	1,151,748
4890-0003	Contributions San Diego County Opex *	189,604	189,604	189,604	189,604	189,604	189,604	189,604	189,604	189,604	189,604	189,604	189,604	2,275,246
4890-0004	Contributions MTS-San Diego-Capital *	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	390,003
4890-0005	Contributions-San Diego County-Capital *	65,333	65,333	65,333	65,333	65,333	65,333	65,333	65,333	65,333	65,333	65,333	65,333	783,997
TOTAL OTHER INCOME		420,138	422,749	422,950	416,905	422,661	424,532	443,344	449,135	449,181	443,381	449,181	449,181	5,213,340
TOTAL REVENUE		480,865	483,448	485,433	479,685	484,213	485,146	515,920	511,188	511,025	505,225	511,025	511,025	5,964,197

James Mills Building (5097-sd) July 2021 Through June 2022 Project Sq. Ft. 183,245 Type: Office																
														Square Feet: 183,245		
														County 66.78%	MTS 33.22%	Cost P.S.F.
Operating Expenses														New Percentages		
														0	0	\$ -
Administration																
5810	Payroll Building Manager	11,695	11,695	11,695	11,695	11,695	11,695	11,695	11,695	11,695	11,695	11,695	11,695	140,346	93,723	46,623 \$ 0.77
5845	Telephone	3,461	3,461	3,461	3,461	3,461	3,461	3,461	3,461	3,461	3,461	3,461	3,461	41,533	27,736	13,797 \$ 0.23
5840	Office Supplies/Postage	475	475	475	475	475	475	475	475	475	475	475	475	5,700	3,806	1,894 \$ 0.03
5843	Repairs & Maintenance	42	42	42	42	42	42	42	42	42	42	42	42	500	334	166 \$ 0.00
5805	Management Fees	6,724	6,724	6,724	6,724	6,724	6,724	6,893	6,893	6,893	6,893	6,893	6,893	81,702	54,561	27,141 \$ 0.45
5884	Tenant Relations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0 \$ -
5890	Other Administrative Expenses	8,955	3,150	8,303	3,150	3,150	5,198	7,842	8,330	3,273	3,225	3,225	3,273	61,074	40,785	20,289 \$ 0.33
Total Administrative		31,353	25,548	30,701	25,548	25,548	27,596	30,408	30,896	25,839	25,791	25,791	25,839	330,855	220,945	109,910 \$ 1.81
General Building																
5255	Engineers Payroll	15,734	15,734	15,734	15,734	15,734	15,734	15,734	15,734	15,734	15,734	15,734	15,734	188,811	126,088	62,723 \$ 1.03
5690	Repairs & Maintenance	6,863	6,313	5,813	9,563	5,613	5,813	7,563	5,613	5,613	6,863	5,613	5,613	76,860	51,327	25,533 \$ 0.42
5680	Pest Control	7,040	340	340	7,040	340	340	7,040	340	340	7,040	340	340	30,880	20,622	10,258 \$ 0.17
5667	Painting	3,000	0	300	3,000	0	300	3,000	0	300	3,000	0	300	13,200	8,815	4,385 \$ 0.07
5673	Tools & Equipment	300	0	0	300	0	0	300	0	0	300	0	0	1,200	801	399 \$ 0.01
5410	Plumbing	6,928	3,553	4,353	6,193	3,553	4,843	7,953	3,553	12,253	5,353	3,553	5,193	67,281	44,930	22,351 \$ 0.37
5685	Roof	0	0	0	0	0	0	6,800	0	0	0	0	0	6,800	4,541	2,259 \$ 0.04
Total General Building		39,866	25,941	26,541	41,831	25,241	27,031	48,391	25,241	34,241	38,291	25,241	27,181	385,032	257,125	127,908 \$ 2.10
Janitorial																
5505	Cleaning Contract	37,918	36,318	37,318	36,318	36,318	37,318	40,488	38,888	39,888	38,888	38,888	39,888	458,436	306,143	152,292 \$ 2.50
5515	Cleaning Supplies	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	81,600	54,492	27,108 \$ 0.45
5230	Refuse Removal	3,481	3,481	3,481	3,481	3,481	3,481	3,655	3,655	3,655	3,655	3,655	3,655	42,816	28,593	14,224 \$ 0.23
5520	Window Washing Contract	5,800	34,304	0	0	0	0	0	0	0	0	0	0	40,104	26,781	13,322 \$ 0.22
Total Janitorial		53,999	80,902	47,599	46,599	46,599	47,599	50,943	49,343	50,343	49,343	49,343	50,343	622,955	416,010	206,946 \$ 3.18
Electrical & Lighting Systems																
5315	Electrical Supplies	350	200	200	350	200	200	350	200	200	350	200	200	3,000	2,003	997 \$ 0.02
5310	Electrical Repairs & Maintenance	310	310	310	310	310	310	8,810	310	310	310	310	310	12,220	8,161	4,059 \$ 0.07
Total Electrical		660	510	510	660	510	510	9,160	510	510	660	510	510	15,220	10,164	5,056 \$ 0.08
Elevator																
5455	Elevator Contract	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	3,191	38,292	25,571	12,721 \$ 0.21
5460	Elevator Repair & Maintenance	1,800	1,600	1,800	1,600	2,400	5,800	1,800	1,600	2,000	1,600	2,400	1,600	26,000	17,363	8,637 \$ 0.14
5463	Elevator Telephone Lines	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	18,720	12,501	6,219 \$ 0.10
Total Elevator		6,551	6,351	6,551	6,351	7,151	10,551	6,551	6,351	6,751	6,351	7,151	6,351	83,012	55,435	27,577 \$ 0.35
HVAC																
5355	HVAC Contract Service	5,989	5,989	11,822	17,489	6,889	11,822	6,017	6,017	11,850	6,017	6,017	11,850	107,768	71,967	35,801 \$0.59
5365	HVAC Materials & Supplies	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000	10,017	4,983 \$0.08
5360	HVAC Repairs & Maintenance	4,550	4,550	4,550	4,550	14,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550	64,600	43,140	21,460 \$0.35
5390	HVAC Water Treatment	484	484	484	484	484	484	484	484	484	484	484	484	5,808	3,879	1,929 \$0.03
Total HVAC		12,273	12,273	18,106	23,773	23,173	18,106	12,301	12,301	18,134	12,301	12,301	18,134	193,176	129,003	64,173 \$ 1.02
Landscape & Grounds																
5555	Landscape Contract	1,905	1,905	2,505	1,905	1,905	5,705	1,905	1,905	2,505	1,905	1,905	2,505	28,460	19,006	9,454 \$ 0.16
5565	Landscape Materials & Supplies	1,300	100	100	1,300	100	100	1,971	100	771	1,300	771	100	8,013	5,351	2,662 \$ 0.04
5560	Landscape Repairs & Maintenance	250	250	250	7,132	250	250	250	250	250	250	250	250	9,882	6,599	3,283 \$ 0.05
Total Landscape		3,455	2,255	2,855	10,337	2,255	6,055	4,126	2,255	3,526	3,455	2,926	2,855	46,355	30,956	15,399 \$ 0.25

James Mills Building (5097-sd)																
July 2021 Through June 2022																
Project Sq. Ft. 183,245																
Type: Office																
Parking Expenses														0		
5618-0000	Operating Expenses (Ace Parking)	13,393	13,893	16,233	16,929	13,393	13,393	16,733	13,393	13,393	19,769	13,683	16,233	180,438	120,496	59,942 \$ 0.98
5645-0300	Parking-Electrical Supplies & Repairs	100	100	100	100	100	100	100	100	100	100	100	100	1,200	801	399 \$ 0.01
5645-0400	Parking- Elevator Expenses	2,853	2,853	4,533	2,853	2,853	4,533	2,853	2,853	4,533	2,853	2,853	4,533	40,956	27,350	13,606 \$ 0.22
5645-0500	Parking Fire/Life/Safety	2,795	120	120	395	120	120	1,595	320	120	395	120	120	6,340	4,234	2,106 \$ 0.03
5645-0700	Landscape & Grounds	825	325	325	825	325	325	825	325	325	825	325	325	5,900	3,940	1,960 \$ 0.03
5645-0800	Pest Control	95	575	95	95	575	95	95	575	95	95	575	95	3,060	2,043	1,017 \$ 0.02
5645-1000	Parking-Materials & Supplies	50	50	550	50	730	550	50	50	550	50	730	550	3,960	2,644	1,316 \$ 0.02
5645-1100	Parking-Repairs & Maintenance	600	1,350	350	900	150	150	6,850	600	900	150	150	1,350	13,500	9,015	4,485 \$ 0.07
5645-1200	Parking-M&S Parking Equipment	45	45	45	45	45	45	45	45	45	45	45	45	540	361	179 \$ 0.00
5645-1300	Parking-Sweeping & Steam Cleaning	0	0	2,200	0	0	2,200	0	0	2,200	0	0	2,200	8,800	5,877	2,923 \$ 0.05
5645-1400	Parking-Security Contract	26,900	26,900	26,900	18,742	18,742	18,742	20,054	20,054	20,054	28,212	28,212	28,212	281,722	188,134	93,588 \$ 1.54
5645-1500	Electricity- Autopark	3,253	3,703	3,718	3,761	3,609	3,485	3,460	3,817	4,200	4,200	4,200	4,200	45,607	30,456	15,151 \$ 0.25
5645-1600	Water-Autopark	233	0	233	0	233	0	233	0	233	0	233	0	1,398	934	464 \$ 0.01
Total Parking		51,142	49,914	55,402	44,695	40,875	43,738	52,893	42,132	46,748	56,694	51,226	57,963	593,421	396,286	197,134 \$ 3.24
Security/Fire/Safety																
5775-0100	SFS- Telephone/Alarm	217	217	1,210	1,642	217	1,210	217	217	1,210	1,642	217	1,210	9,426	6,295	3,131 \$ 0.05
5775-0200	SFS- Contract Service	78,831	78,146	78,146	78,831	78,146	79,246	81,755	81,070	81,070	81,755	81,070	81,070	959,134	640,510	318,624 \$ 5.23
5775-0300	SFS-Materials & Supplies	2,700	3,900	1,975	1,975	3,425	1,975	2,925	3,575	2,125	2,125	3,575	2,125	32,400	21,637	10,763 \$ 0.18
5775-0400	SFS-Permits/Testing	3,474	0	2,900	5,049	484	685	3,474	0	0	3,474	0	0	19,540	13,049	6,491 \$ 0.11
5775-0500	SFS Repairs & Maintenance	5,500	1,500	1,500	1,500	1,500	1,500	5,670	1,500	1,500	1,500	1,500	1,500	26,170	17,476	8,694 \$ 0.14
Total Security/Fire/Safety		90,722	83,763	85,731	88,997	83,772	84,616	94,041	86,362	85,905	90,496	86,362	85,905	1,046,670	698,966	347,704 \$ 5.71
Utilities																
5205	Electricity-Common Area	16,563	18,821	33,405	22,513	16,384	12,782	13,253	13,534	15,993	16,871	15,993	18,055	214,167	143,021	71,146 \$ 1.17
5210	Gas	127	21	33	615	1,499	1,297	1,424	1,497	514	722	545	563	8,857	5,915	2,942 \$ 0.05
5215	Water- Building	4,400	4,300	4,300	4,300	4,100	3,900	3,200	3,300	4,100	4,300	3,800	4,100	48,100	32,121	15,979 \$ 0.26
Total Utilities		21,090	23,142	37,738	27,428	21,983	17,979	17,877	18,331	20,607	21,893	20,338	22,718	271,124	181,057	90,067 \$ 1.48
TOTAL OPERATING EXPENSES		311,110	310,598	311,733	316,217	277,106	283,780	326,690	273,722	292,604	305,274	281,188	297,798	3,587,821	2,395,947	1,191,874 \$ 19.58
Net Operation Income		169,755	172,850	173,701	163,468	207,107	201,366	189,230	237,466	218,421	199,950	229,836	213,226	2,376,375	1,586,944	789,432 \$ 12.97
Capital Expenses																
	Capital	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	1,174,000	783,997	390,003 \$ 6.41
Total Capital		97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	97,833	1,174,000	783,997	390,003 \$ 6.41
Direct Owner Expenses (not calculated on 66.78%/33.22% split) *														Based on actual allocations, not % splits:		
5655-1000	HHSA Additional Security & Cleaning Expenses	30,985	36,785	36,785	30,985	36,785	38,667	57,481	63,281	63,281	57,481	63,281	63,281	579,078	579,078	\$ 3.16
5655-2000	County Electric (floors 2-9)	19,583	19,555	21,339	21,636	20,408	19,470	20,194	20,909	20,700	20,700	20,700	20,700	245,894	245,894	\$ 1.34
5655-3000	MTS & 1st Floor Tenants/PY Covid-19 Reimb/Audit Fees	29,444	1,319	1,520	1,275	1,231	1,219	1,217	1,208	1,254	1,254	1,254	1,254	43,453	43,453	\$ 0.24
5140-0000	County portion City Maint Assoc./PY Covid-19 Reimb/Audit Fees	85,945	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	98,476	98,476 **	\$ 0.54
	HHSA Monthly Parking	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	264,000	264,000	\$ 1.44
	MTS Monthly Parking	120	120	120	120	120	120	120	120	120	120	120	120	1,440	1,440	\$ 0.01
Total Tenant Direct Owner Expenses		188,076	80,918	82,904	77,155	81,683	82,616	102,152	108,658	108,495	102,695	108,495	108,495	1,232,341	1,187,448	44,893 \$ 6.73
Total Direct Owner and Capital		285,909	178,751	180,737	174,989	179,516	180,449	199,985	206,492	206,328	200,528	206,328	206,328	2,406,341	1,971,445	434,896 \$ 13.13
Adjusted Cash Flow after Direct and Capital		-116,154	-5,901	-7,036	-11,521	27,591	20,916	-10,755	30,975	12,093	-578	23,508	6,898	-29,965		

\*Direct Owners Expenses are not calculated on a split and are charges attributed 100% to either MTS or the County.

Please note that Exhibit A represents Operating Income, Expenses, and Capital ONLY Adjusted Cash Flow after Direct and Capital



James Mills Building (5097-sd) Capital Improvements (Attachment B) July 2021 Through June 2022				
© Denotes completed project				
Project	Job #	Prior Years 2016/2017 thru 2019/2020 Cummulative	Budget 2020/2021	Budget 2021/2022
9190 BUILDING IMPROVEMENTS				
	EIFS: EXT BLDG, CLOCK TOWER, MECH PLANT SEALING©	#001	\$111,050	
	EXTERIOR BUILDING PAINT/CLOCK TOWER ©	#002	\$17,000	
	EXTERIOR BUILDING TILE RESEAL	#032	\$23,000	
	LOBBY ADA SLIDING DOOR INSTALL©	#026	\$17,000	
	"New" project LED Platform lighting, 9 AND 10 Floor change can lighting to LED, fire pump room, chiller room and electrical rooms	#28B	\$0	\$52,000
	BUILDING & AUTO PARK, LED LIGHTING RETROFIT & LIGHTING CONTROL PANELS©	#011	\$431,000	
	SECURITY CAMERA UPGRADES© AND EXTERIOR CAMERA UPGRADES	#015	\$20,000	\$20,000
	X RAY & METAL DETECTOR ©	#014	\$42,000	
	WATER STATIONS ON 2,3,4,5,6,8,9 ©	#027	\$27,000	
	CLOCK TOWER RED WINDOW PAINTING	#030	\$56,500	
	CLOCK FACE REFURBISHMENT	#029	\$38,000	
	EMERGENCY MANAGEMENT SYSTEM	#037	\$0	\$125,000
	PAINT FIRE PUMP ROOM	#038	\$0	\$6,325
	PAINT/FLOORS/CABINETS ENGINEERING OFFICE AND MOVE IN AND OUT FURNITURE	#036	\$0	\$26,700
	BUILDING RESTROOMS HANDS FREE FAUCETS (42), HANDE FREE FLUSH VALAVES (40) AND PAPER TOWEL DISPENSER (34)	#039	\$0	\$45,000
	WIRELESS TWO-WAY RADIO COMMUNICATION SYSTEM UPGRADE FOR ENTIRE BUILDING	#046		\$42,000
	NEW FIRE-RATED GROUND FLOOR STAIRWELL #1 DOOR AND HARDWARE	#047		\$28,000
	REPAIRS FOR EXPANSION JOINTS IN PLAZA SIDEWALKS	#048		\$52,500
	(10) WATER HEATER REPLACEMENTS	#051		\$45,000
	WINDOW WASHING STAGE REPAIRS REQUIRED	#053		\$118,500
	DESIGN/BUILD CONSULTANT FOR SHARED SPACE ON 8TH FLOOR (IT ROOM)	#054		\$200,000
	TOTAL 9190 BUILDING IMPROVEMENTS		\$782,550	\$255,025
				\$543,000
LOBBY UPRADES				
	COMMON AREA INTERIOR DOOR REPLACEMENT 1st FLOOR and AMART DOORS	#031	\$73,500	
	SPACE PLANNER and CONSTRUCTION MANAGEMENT FEES	#009	\$65,000	\$135,000
	MANAGEMENT OFFICE FURNITURE, PAINT, CARPET AND MOVE	#031	\$27,000	\$20,000
	LOBBY UPGRADE: REMODEL -SECURITY CONSOLE, FLOORING, PAINT, AND EXTERIOR RESTROOMS	#031	\$526,000	\$258,000
	ELEVATOR INTERIOR UPGRADE & DOOR FAÇADE FL 1-10 AND ADA	#031	\$145,000	\$28,000
	RESTROOM UPGRADE: ADA COMPLIANCE & INTERIOR FINISHES 1ST FLOOR	#031	\$319,000	
	SOUTH LOBBY DOOR INSTALL and INTERIOR FIRST FLOOR DOORS	#026	\$16,500	\$55,000
			\$0	
	TOTAL LOBBY UPRADES		\$1,172,000	\$238,000
				\$408,000
HVAC Upgrades				
	BUILDING ECONOMIZERS / BLDG MAKE UP AIR RETROFIT	#021	\$212,000	
	MECHANICAL ENGINEER TO DEVELOP SCOPE and Project manager	#020	\$178,457	
	HVAC upgrades 1st FLOOR	#020	\$0	
	COOLING TOWER REPLACEMENT REPAIRS	#021	\$375,134	
	200 TON CHILLER REPLACEMENT	#021	\$319,386	
	250 TON CHILLER #2 REPLACEMENT	#021	\$300,000	
	REPLACE AHU VALVES FL 2-9	#021	\$0	
	CONSULTANT REVIEW OF EXISTING HVAC EQUIPMENT (AHU, VAV'S ETC.. )INVENTORY ALL EQUIPMENT AND STATUS	#044	\$0	\$120,000
	RE-DUCTING 9TH FLOOR©	#023	\$112,860	
	CONSTRUCTION MANAGEMENT (PM) FEESHVAC	#021	\$150,150	
	INSPECTION FEES HVAC	#021	\$29,000	
	CONTINGENCY HVAC	#021	\$78,206	
	RE-DUCTING 6, 7 AND 8TH FLOOR	#040	\$0	\$217,000
	PAINT CHILLER ROOM	#041	\$0	\$9,800
	HVAC FIRE CONTROL ROOM	#042	\$0	\$12,000
	CONSULTANT FOR NEW MAIN WATER BOILERS	#050		\$130,000
	TOTAL HVAC UPGRADES		\$1,690,193	\$358,800
				\$130,000
AUTOPARK IMPROVEMENTS				
	AUTO PARK 5TH & 6TH FL DECK REPAIRS & RE-SURFACING - CONSULTANT TO ACCESS PARKING STRUCTURE	#003	\$210,000	\$155,000
	AUTO PARK STRIPING & ASHPHALT REPAIRS	#004	\$50,000	
	AUTO PARK SIGNAGE PROGRAM	#005	\$165,000	
	AUTOPARK INTERIOR PAINTING	#013	\$515,000	
	AUTO PARK PARKING PAY STATION UPGRADE - Additional funds required for Project manager©	#006	\$300,000	
	ADDITIONAL FUNDING FOR AUTO PARK PARKING PAY STATION UPGRADE (MTS AND COUNTY APPROVAL)	#006	\$0	
	EV Charging stations©	#024	\$30,000	
			\$0	
	TOTAL AUTOPARK IMPROVEMENTS		\$1,270,000	\$155,000
				\$0
LANDSCAPE IMPROVEMENT				
	LANDSCAPE FENCING©	#012	\$25,000	
	MONUMENT - Plaza, upgrade landscape, lighting and way finding)	#043	\$0	\$65,000
	EXTERIOR LANDSCAPE AUTOPARK	#052	\$0	\$68,000
			\$0	
	TOTAL LANDSCAPE IMPROVEMENTS		\$25,000	\$65,000
				\$68,000
FLS UPGRADES				
	CODE COMPLIANCE/NEW REGULATIONS FOR PRINGLE SWITCH©	#010	\$30,000	
	CALC CARDS FOR FIRE SPRINKLERS©	#010	\$35,000	
	FIRE HOSES FOR AUTOPARK©	#010	\$25,000	
	ADDITIONAL FLS CODE COMPLIANCE (additional interior signage/evacuation plan per Fire Marshall)	#010	\$25,000	\$25,000
	UPGRADE FIRE/LIFE SAFETY CONTROL PANEL	#045	\$0	\$185,000
			\$0	
	TOTAL FLS UPGRADES		\$115,000	\$210,000
				\$25,000
TOTAL BUILDING CAPITAL				
			\$5,054,743	\$1,281,825
				\$1,174,000



ATTACHMENT C  
MILLS BUDGET FY 20-21 TO FY 21-22 COMPARISON: CURRENT VS. PROPOSED

PROJECT OPERATING EXPENSE CATEGORIES:	2020-2021	2020-2021	2021-2022	DIFFERENCES \$	DIFFERENCE %	NOTES
	(Budget)	(Reforecasted YE)	(Proposed Budget)	(Budget to Budget)	(Budget to Budget)	
	\$ -	\$ -	\$ -	\$ -		
ADMINISTRATION and ENGINEERING EXPENSE	\$ 294,049	\$ 315,209	\$ 330,855	\$ (36,806)	12.52%	Increase due to PM, Engineer, Maint. Tech and part time assistant wage increase. Budget increase due to increase in hours for part time assistant & pay rate increase, and SDRBA Audit Fees for 2022. (see below the line for PY 2019,2020,2021 Audit Fees)
GENERAL BUILDING	\$ 379,821	\$ 365,895	\$ 385,032	\$ (5,212)	1.37%	Increase due to R and M -age of asset
JANITORIAL	\$ 604,248	\$ 605,112	\$ 622,955	\$ (18,707)	3.10%	Increase due to min. wage increases
ELECTRICAL & LIGHTING SYSTEM	\$ 6,720	\$ 5,797	\$ 15,220	\$ (8,500)	126.49%	Increase due to Thermal Scan
ELEVATORS	\$ 66,596	\$ 63,646	\$ 83,012	\$ (16,416)	24.65%	Increase due to budgeting error in 20-21 \$11k in phone charges.
HVAC SYSTEM	\$ 185,520	\$ 151,736	\$ 193,176	\$ (7,656)	4.13%	Reforecast lower due to HVAC new chillers under warranty not contracted. 21-22 Budget increase due to new chiller contract in place.
LANDSCAPE & GROUNDS	\$ 47,555	\$ 42,830	\$ 46,355	\$ 1,200	-2.52%	
PARKING EXPENSES	\$ 594,932	\$ 520,803	\$ 593,421	\$ 1,511	-0.25%	
SECURITY/FIRE/SAFETY	\$ 819,526	\$ 734,365	\$ 1,046,670	\$ (227,144)	27.72%	Increase due to payroll increase average of 10% for all personnel due to lack of increase in prior years and to bring pay rates to market rates, min. wage increase, and added (1) employee for rear entrance.
UTILITIES	\$ 296,651	\$ 261,377	\$ 271,124	\$ 25,527	-8.61%	Decrease due to actual utility history
(equals) TOTAL PROJECT OPERATING EXPENSE	\$ 3,295,618	\$ 3,066,770	\$ 3,587,821	\$ 292,204	8.87%	Increase due to payroll increases and for renewal security contract with new rates, add'l permits and testing FLS, Thermal Scan Testing, and boiler repairs.
(minus) PROJECT REVENUE (parking income)	\$ 1,001,362	\$ 414,736	\$ 417,319	\$ (584,043)	-58.32%	Budget decrease due to Padre Base Rent Credit in accordance with the Lease Agreement for non use parking spaces due to Pandemic Covid-19 in the amount of \$449,550 for year 2021-2022, and decreased special events revenue
(plus) DIRECT OWNER BILLINGS*	\$ 1,051,443	\$ 1,051,443	\$ 1,232,341	\$ 180,898	17.20%	1. HHSA added an add'l armed guard approx \$50k 2. HHSA share of unbudgeted PY Covid-19 expenses totaling \$75k and Audit fees \$9.8k for PY 2019, 2020. 3. MTS share of unbudgeted PY Covid-19 expenses totaling \$25k and Audit fees \$3.3k for PY 2019, 2020. NOTE: PY Covid expenses and Audit Fees are based on PY percentage splits (audit fees for 2022
(equals) OWNERS OPERATING CONTRIBUTION	\$ 3,345,699	\$ 3,703,477	\$ 4,402,843	\$ 1,057,145	31.60%	Opex increased \$292k, revenue decreased \$584k, Direct expenses increased \$181k for security & PY Covid-19 expenses and PY Audit Fees.

ATTACHMENT C  
MILLS BUDGET FY 20-21 TO FY 21-22 COMPARISON: CURRENT VS. PROPOSED

(plus) OWNERS CAPITAL PROJECTS CONTRIBUTION + AMENDED	\$ 1,281,825	\$ 1,281,825	\$ 1,174,000	\$ (107,825)	-8.41%	Capex is lower than FY 20-21
Restore Operating Reserves due to a Parking Revenue shortfall	\$ 458,286	\$ 458,286	\$ 143,493	\$ (314,793)	-68.69%	Budget decrease for Padre Base Rent Credit in accordance with the Lease Agreement for non use parking spaces due to Pandemic Covid-19 in the amount of \$449,550 for year 2021-2022 and Loss of revenue from special events
(equals) ANNUAL OWNER'S EXPENSE	\$ 5,085,810	\$ 5,443,588	\$ 5,720,336	\$ 634,527	12.48%	Owner's Annual Expense increased 12.48% due to: 1. Opex increase of 8.87% 2. Parking revenue decreased (58.32%) due to Padres Annual Payment Credit and Budgeted Special events not realized due to Covid-19 both totaling \$593k. 3. Capex (CIP) decreased (8.41%) 4. Restore Operating Reserves Shortfall decreased (68.69%) over PY Budget due to gameday and special event revenue not realized. 5. Direct Owner Expense & Parking increased 17.20% (includes unbudgeted PY Covid Exp \$99.9k & PY Audit fees)
(minus) CAPITAL RESERVE ACCOUNT DRAW DOWN	\$ -	\$ -	\$ -			
(minus) OPERATING ACCOUNT TRANSFER		\$ -	\$ -			
(equals) TOTAL PROJECTED NET PROJECT EXPENSE	\$ 5,085,810	\$ 5,443,588	\$ 5,720,336	\$ 634,527	12.48%	Owner's Annual Expense increased 12.48% due to: 1. Opex increase of 8.87% 2. Parking revenue decreased (58.32%) due to Padres Annual Payment Credit and Budgeted Special events not realized due to Covid-19 both totaling \$593k. 3. Capex (CIP) decreased (8.41%) 4. Restore Operating Reserves Shortfall decreased (68.69%) over PY Budget due to gameday and special event revenue not realized. 5. Direct Owner Expense & Parking increased 17.20% (includes unbudgeted PY Covid Exp \$99.9k & PY Audit fees)

## Attachment D - Capital Expenditure Project Summary

### Proposed and/or upcoming projects

1. **Security exterior camera upgrades** – additional exterior cameras/upgrades for older cameras on the property
2. **Building restrooms hands free faucets , hands free flush valves** – Additional funds to complete auto flush and hands free sinks for floors 2,3,4 and 5
3. **Wireless two-way radio communication system upgrade for entire building** – upgrade 2-way radios to bluetooth communication to improve communication and eliminate dead spots
4. **New fire-rated ground floor stairwell #1 door and hardware** –Stairwell number 1 fire rated door/locks and camera need to be replaced (wear and tear of the old door – original to building)
5. **Repairs for expansion joints in plaza sidewalks** – We have about 1200 linear feet of expansion joints around the property, the majority of these joints are in front of the building and around the tower clock. The joints are showing very much signs of the deterioration and in need of replacement. The life expectancy for expansion joints is between 5 – 8 years and suggested to replace every 8-10 years. Expansion Joints are used to adsorb thermal expansion.
6. **(10) water heater replacements** – We have total of 9 electric water heaters that supply hot water for the restrooms not including the first floor ( to be replace under remodel of the main lobby ) The average condition is poor based on the life expectancy of electric water heaters being between 10 -15 years.
7. **Window washing stage repairs required** – During resent inspections of the swing stage equipment for the building, it was brought to our attention by Skyrider and A- Plus Window some upgrades that the current equipment is in need in order to bring up to code compliance required by OSHA California.. These upgrades require repairs and replacement of critical equipment use to clean the glass and the safety of the workers utilizing the swing stage.
8. **Space planner and construction management fees** – Additional fees required to complete this project for project management fees.
9. **Lobby upgrade:** remodel -security console, flooring, and paint – additional funds needed for increase in construction costs as this was originally estimated 3 years ago.
11. **Elevator interior upgrade** - need additional funds for after hours/weekend work. With 4 elevators for the building and social distancing 92 per elevator), we cannot take an elevator out of service during business hours without affecting the tenants.
10. **Consultant for new main water boilers** - Consultant for new main water boilers- The building is currently divided into four functional spaces: the Trash Enclosure, the Generator Room, the Cooling Tower Enclosure, and the Mechanical Room. In order to comply with CMC 2016, Chapter 10, ( California Mechanical Code ) a wall within the existing Mechanical Room is required to effectively create two separate rooms; a Boiler Room and a chiller Room, die to this complexity we recommend a consultant to define the scope of work for replacement boilers (original to asset – 30 years old)
12. **Exterior landscape autopark** – Upgrade the exterior landscape of the garage for a more cohesive design with all California Native plant material.
13. **Additional FLS (Fire Life Safety) code compliance** - annual allowance for Fire Marshall inspections
14. **8TH Floor IT Room** - Design/build for shared space on 8th floor (IT Room), to include dry FLS system.

### Work in progress:

1. **Lobby remodel** – New: flooring, security desk, wall cladding and lighting. In progress
2. **Engineering office** – Paint and carpet and upgrade efficiencies
3. **Elevator interior** – Upgrade and refinish. In progress
4. **Auto-park improvements** –Re-stripping and painting the walls white with identifying wayfinding color. Exterior cladding of elevators. In progress
5. **Spalling repairs** in the Autopark
6. **Consultant for HVAC** ancillary building equipment review and recommendation
7. **Landscape Monument** – to add directory signage and lighting and California Native plant material
8. **HVAC consultant** - to review and access our ancillary inventory equipment
9. **Clock tower refurbishment**

### Completed

1. **Common area doors** – Replacement with sliding doors. Rear building door and Amart.
2. **HVAC upgrades** - Mechanical engineer study recommended chiller one and two replacement and cooling tower replacement.
3. **LED** – additional funds for can lighting and back of house electrical rooms
4. **Paint Fire Pump room** – floors and walls painted
5. **Hands free faucets, flush valves** - ½ building complete (also all soap dispensers and paper towels are hands free)
6. **Paint Chiller room** - floors and walls painted
7. **HVAC for the Fire control room** – add supply and return to this room
8. **EMS Software upgrade** - Emergency management proprietary system complete
9. **Engineering Office upgrade** - Paint and carpet complete

# San Diego Regional Building Authority

BOARD OF DIRECTOR'S MEETING  
MAY 24, 2021

# Agenda

1. Roll Call
2. Approval of Minutes – May 12, 2020
3. Election of SDRBA Officers
4. Amend Bylaws & Adopt Meeting Schedule Resolution
5. SDRBA Transfer of Title to Parking Structure Parcel to County and MTS
6. Amendments to Mills Building Ground Lease, Lease, and Sublease Documents
7. Evaluation of Mills Building Lease Structure
8. James R. Mills Building – Adoption of Operating Budget and Capital Improvement Projects for Fiscal Year 2021/2022
9. Board Member Comments
10. Public Comment
11. Adjournment

# Agenda Item No. 3

## ELECTION OF SDRBA OFFICERS

### RECOMMENDATION:

That the Board of Directors:

1. elect a Chair and Vice Chair for the SDRBA Commission; and
2. appoint the SDRBA Clerk of the Board, Dalia Gonzalez or her substitute, as the Secretary of the SDRBA Commission.

## Agenda Item No. 4

# AMEND RULES AND REGULATIONS OF THE SDRBA AND ADOPT A RESOLUTION TO SET THE ANNUAL MEETING SCHEDULE

### RECOMMENDATIONS:

That the SDRBA Board of Directors:

1. Approve the Amended and Restated Rules and Regulations.
2. Adopt the Resolution setting the SDRBA annual regular meeting schedule.

# AI 4 - AMEND RULES AND REGULATIONS & ANNUAL MEETING SCHEDULE

Current Bylaws require monthly meetings be set on an annual basis.

- Previously set at 8:30am on MTS Executive Committee meeting days.

Two issues:

- Change in Board Members makes scheduling difficult (2 SDRBA board members not on the Exec Cte)
- Generally only need 1 meeting – Mills Building Budget in May or June – each year.

Staff Proposed Bylaw Revisions:

- require only 1 meeting per year
- to be scheduled by the Clerk of the Board to coincide with the Board of Supervisors first Land Use session (Wednesday) meeting in May of each year
- 8:00 A.M.
- held at 1600 Pacific Highway, Room 335, San Diego, CA 92101 or such other location designated in the Notice of Meeting by the Clerk of the Board.
- Additional meetings as needed.
- Other clean up:
  - Gender neutral officer designations
  - Remove Unfinished/New Business items as duplicative
  - Add Public Comment to Order of Business
  - Remove the requirement to elect officers on an annual basis



## Agenda Item No. 5

### SDRBA TRANSFER OF TITLE TO PARKING STRUCTURE PARCEL TO COUNTY AND MTS

#### RECOMMENDATION:

That the SDRBA Board of Directors authorize the Executive Director of the SDRBA to effectuate the transfer of title of the Mills Building Parking Structure land and improvements to the County of San Diego and MTS, according to the respective shares identified in the Lease dated May 1, 2011 between County and the SDRBA.

# SDRBA History

- Formed to Facilitate Financing, Construction, and Joint Use of Mills Building Project
- Has been used as a Financing Mechanism for other County and non-County projects:
  - County of San Diego Certificates of Participation for County Operations Center – Debt paid off in 2036.
  - San Miguel Consolidated Fire Protection District Lease Revenue Bonds were paid off in January 2020.

# Mills Building – 1255 Imperial Ave

- Jointly Constructed and Occupied by MTS & County
- Ground Lease/Lease/Sublease transaction involving MTS/County  
JPA – San Diego Regional Building Authority (SDRBA)



# Mills Building History

- MTS owns Office Building Land → ground leased to SDRBA
- SDRBA owns Parking Structure Land
- Project Constructed 1989
- November 2019:
  - Project Construction Costs/COPs paid off
  - MTS Ground Lease rental rate adjusted to market rate





# Mills Building History

## SDRBA/MTS Ground Lease:

- MTDB → SDRBA

## County Lease:

- SDRBA → County
- Office Building & Parking Structure
- County responsible for 100% costs

## MTS Sublease:

- County → MTS
- 1<sup>st</sup> floor retail, 9-10<sup>th</sup> Floors, Rail Facilities, 220 Parking spaces
- MTS Pays Share of Ground Lease, Operating & Capital costs

# AI 5 - SDRBA TRANSFER OF TITLE TO PARKING STRUCTURE PARCEL TO COUNTY AND MTS

- The Lease expressly contemplates untangling the SDRBA from the ownership of the property and improvements once the COPs were paid off.
  - COPs fully paid November 2019
- Today's action would authorize the Executive Director of the SDRBA to effectuate this title transfer to County and MTS, according to the respective shares listed above.
- Grant Deeds and/or quitclaim deeds will be prepared after consultation with legal counsel and title professionals.

	MTS Share	County Share
<b>Office Building and Rail Facilities</b> (subject to County's rights to use Office Building under Ground Lease/Lease transaction)	100%	0%
<b>Parking Structure</b> (defined in Lease as "the parking structure having 1002 designated spaces and which is located on the parcel(s) described in Exhibit A-2 hereto, including the land upon which it is located.")	21.96%	78.04%

## Agenda Item No. 6

### AMENDMENTS TO MILLS BUILDING GROUND LEASE, LEASE AND SUBLEASE AGREEMENTS

#### RECOMMENDATION:

That the SDRBA Board of Directors authorize the Executive Director of the SDRBA to negotiate and execute amendments to the Mills Building Ground Lease and Lease documents that implement the Sublease Agreement changes agreed to by the County and MTS, in substantially the same format as Attachment A and Attachment B.

# AI 6 - AMENDMENTS TO MILLS BUILDING GROUND LEASE, LEASE AND SUBLEASE AGREEMENTS

## MTS & County Cost Sharing:

Based on historical Square Footage Use at Building Construction

## MTS-County Sublease Amendment

- Approved by MTS Board May 13, 2021
- Scheduled for County BOS June 29, 2021

Shifts space between MTS and County, resulting in 8.27% net increase by MTS

	<b>MTS Cost Share</b>	<b>County Cost Share</b>	<b>MTS Cost Share <i>eff 7/1/21</i></b>	<b>County Cost Share <i>eff 7/1/21</i></b>
Ground Lease Rent	26.6%	73.4%	34.87%	65.13%
Common Costs Share	24.95%	75.05%	33.22%	66.78%



# AI 6 - AMENDMENTS TO MILLS BUILDING GROUND LEASE, LEASE AND SUBLEASE AGREEMENTS

## Ground Lease between SDRBA and MTDB (in substantially the same format as Attachment A):

- Deletes obsolete information related to the bond indebtedness payments, since those were fully paid in November 2019.
- Revises the County's Share of Minimum Ground Lease rent from 73.4% to 65.13%.
- Revises MTDB's Share of Minimum Ground Lease rent from 26.6% to 34.87%.
- Update Ground Lease Exhibit B to include the new MTDB/County space allocation and the current Ground Lease Minimum Rent Amount and summarize the various adjustment dates specified in the Ground Lease.

## Lease between SDRBA and County (in substantially the same format as Attachment B):

- Deletes obsolete information related to the bond indebtedness payments, since those were fully paid in November 2019.
- Revises the County's Proportionate Share (of Common Costs) from 75.05% to 66.78%.
- Revises MTDB's Proportionate Share (of Common Costs) from 24.95% to 33.22%.
- Update Lease Exhibit B to include the new MTDB/County space allocation and the current Ground Lease Minimum Rent Amount and summarize the various adjustment dates specified in the Ground Lease.

# Agenda Item No. 7

## EVALUATION OF MILLS BUILDING LEASE STRUCTURE

### RECOMMENDATION:

That the SDRBA Board of Directors authorize the Executive Officer to negotiate on behalf of SDRBA additional proposed amendments to the (i) Lease; and (ii) Ground Lease. Upon successful negotiation, staff will return to the SDRBA Board with a recommended action for the Board's consideration which would remove SDRBA from any involvement with the James R. Mills Building including its lease structure.

### Goals:

Remove SDRBA from participation in Mills Building day-to-day operations.

Simplify administrative procedures for greater efficiency

- Roll budget and other approvals into County & MTS annual budget approval process
- Eliminate need for annual SDRBA Mills Building budget approval

## Agenda Item No. 8

### JAMES R. MILLS BUILDING – ADOPTION OF OPERATING BUDGET AND CAPITAL IMPROVEMENT PROJECTS FOR FISCAL YEAR 2021/2022 (FY21/22)

#### RECOMMENDATIONS:

1. Approve the proposed FY 21/22 Operating Budget (Attachment A) and authorize the Executive Officer to approve the expenditures in accordance therewith; and
2. Approve the proposed FY 21/22 Capital Improvement Budget (Attachment B) and authorize the Executive Officer to approve the expenditure of \$1,174,000 from the Capital Reserve Account.

# AI 8 - MILLS BUILDING – FY 21/22 OPERATING BUDGET AND CAPITAL IMPROVEMENT PROJECTS

## FY 21/22 Operating Budget (Attachment A)

**The proposed total Operating Expense budget for FY 21/22 totals \$3,587,821.**

Annual Operating Expenses have increased by approximately 8.87% over the annual Operating Expenses for FY 20/21. The primary reasons for the increase are:

- statutory wage increases
- security contract increases
- utility cost increases
- increased maintenance due to the age of the building

# AI 8 - MILLS BUILDING – FY 21/22 OPERATING BUDGET AND CAPITAL IMPROVEMENT PROJECTS

## FY 21/22 Capital Improvement Program Budget (Attachment B)

**Proposed Capital Improvements in FY 21/22 total \$1,174,000 (Attachment B).**

### Proposed Capital Improvement items for FY 2021/2022 include:

- exterior security camera upgrades,
- hands free faucets and flush valves in building restrooms,
- wireless two-way radio communication system upgrades,
- new fire-rated ground floor stairwell #1 door and hardware,
- repairs for expansion joints in plaza sidewalks,
- water heater replacements (10),
- window washing stage repairs,
- space planning and construction management fees,
- lobby upgrades,
- elevator interior upgrades,
- consultant for new main water boilers, and
- additional FLS (Fire Life Safety) code compliance site improvements.

# AI 8 - MILLS BUILDING – FY 21/22 OPERATING BUDGET AND CAPITAL IMPROVEMENT PROJECTS

## Restore Operating Reserves – FY 20/21 Parking Revenue Shortfall

The FY 20/21 budget included \$143,493 in parking revenue for special events that was not collected due to the COVID-19 pandemic. **This results in a proposed request FY 21/22 additional Operating Reserve Funding of \$143,493.**

## FY 21/22 Parking Revenue Estimates

**Estimated FY 21/22 Parking Revenue to be deducted from building operating costs totals \$417,319.**

Conservative estimate of parking revenue based on a potential delayed recovery of full Padres game day and special event parking revenue from the COVID-19 pandemic.

\$417,319 is the estimated amount paid by County and MTS for employee parking.

AI 8 –

MILLS BUILDING –  
FY 21/22  
OPERATING  
BUDGET AND  
CAPITAL  
IMPROVEMENT  
PROJECTS

Line	Expenses and Parking Revenue	Current Budget FY 20/21	Estimated Actuals FY 20/21	Proposed Budget FY 21/22
A	Project Operating Expense	\$3,295,618	\$3,066,770	\$3,587,821
B	Total Capital Improvements	\$1,281,825	\$1,281,825	\$1,174,000
C	<i>Mills Building Expense Subtotal</i>	<i>\$4,577,443</i>	<i>\$4,348,595</i>	<i>\$4,761,821</i>
D	Restore Operating Reserves due to a Parking Revenue Shortfall	\$458,286	\$458,286	\$143,493
E	Less Parking Revenue	(\$1,001,362)	(\$414,736)	(\$417,319)
F	<i>Mills Building Expenses Subject to Proportionate Share</i>	<i>\$4,034,367</i>	<i>\$4,392,145</i>	<i>\$4,487,995</i>
	Direct Owner Expenses	\$1,051,443	\$1,051,443	\$1,232,341
	<i>Total Mills Building Opex and CIP Budget</i>	<i>\$5,085,810</i>	<i>\$5,443,588</i>	<i>\$5,720,336</i>

# AI 8 - MILLS BUILDING – FY 21/22 OPERATING BUDGET AND CAPITAL IMPROVEMENT PROJECTS

<b>Total Cost Shares</b> <b>(Operating Expense, Parking, Capital Improvements and Direct Expenses)</b>			
	<b>Current Budget</b> <b>FY 20/21</b>	<b>Estimated Actuals</b> <b>FY 20/21</b>	<b>Proposed</b> <b>Budget FY 21/22</b> <i>(includes 8.27% space shift to MTS eff 7/1/2021)</i>
MTS Share	\$1,030,604	\$1,119,869	\$1,558,450
County Share	\$4,055,206	\$4,323,719	\$4,161,886
Total	\$5,085,810	\$5,443,588	\$5,720,336



# AI 8 - MILLS BUILDING – FY 21/22 OPERATING BUDGET AND CAPITAL IMPROVEMENT PROJECTS

## RECOMMENDATIONS:

1. Approve the proposed FY 21/22 Operating Budget (Attachment A) and authorize the Executive Officer to approve the expenditures in accordance therewith; and
2. Approve the proposed FY 21/22 Capital Improvement Budget (Attachment B) and authorize the Executive Officer to approve the expenditure of \$1,174,000 from the Capital Reserve Account.

# Agenda

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9. Public Comment
10. Board Member Comments
11. Next Meeting Date: to be determined
12. Adjournment