

EXECUTIVE COMMITTEE MEETING FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC),
AND SAN DIEGO TROLLEY, INC. (SDTI)

July 6, 2006

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:07 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Roberts moved approval of the minutes of the June 15, 2006, Executive Committee meeting. Mr. Rindone seconded the motion, and the vote was 4 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

The following item was taken out of order:

The Committee convened to Closed Session at 9:08 a.m. to discuss the following item:

3. MTS: Conference with Real Property Negotiators Pursuant to California Government Code Section 54956.8; Property: Grossmont Center Trolley Station Parking Lot at the Intersection of Grossmont Center Drive and Fletcher Parkway; Agency Negotiators: R. Martin Bohl, Paul Jablonski, Tim Allison, and Tiffany Lorenzen; Negotiating Parties: Fairfield Residential, LLC, JP Morgan Chase Bank, and Mass Mutual; Under Negotiation: Instructions to Negotiators will Include Price and Terms of Payment.

The Board reconvened to Open Session at 9:21 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Lorenzen reported the following action taken in Closed Session: The Executive Committee received a briefing from agency negotiators.

1. This number was not used.

2. MTS: Update on the Status of the Grossmont Trolley Station Joint Development Project (LEG 460, PC 50787)

Ms. Tiffany Lorenzen, MTS General Counsel, reported that MTS's negotiating team has reached an agreement with Fairfield Residential, LLC and its lenders, JP Morgan Chase and Mass Mutual, regarding this project. She provided information on the agreement as follows: She reported that the obligation to complete construction has been structured to require the lender to complete the parking garage, sidewalks, hardscape, landscaping, and lighting to ensure MTS has a finished product in the event there is a default under the lease by Fairfield. She reported that the ground floor would be constructed, which would include a complete 600-parking-space garage with walls and a roof. She added that the street improvements that are a part of SANDAG's capital project would be completed by the lender in the event that SANDAG does not complete them. She added that MTS would be entitled to all the rents under the proforma. She advised Committee members that the lender would have the option to either complete construction and open up the residential units for leasing or wait for five years with the caveat that they have the option to wait an additional five years if they meet certain banking law requirements.

Ms. Lorenzen also advised the Committee that a Participation Formula has been developed under which, if Fairfield sells the project, MTS and Fairfield would split 20/80, respectively, any profit over and above Fairfield's costs and a \$5 million return on investment. Ms. Lorenzen stated that MTS will have the accounting terms of this formula reviewed by Tom Saiz, a CPA that MTS uses for audit purposes, and, if any flaws are found, the negotiating team will propose changes to the formula. She stated that Mr. Jablonski will not sign any documents until the formula is deemed satisfactory. Ms. Lorenzen added that the Board will be asked, at its July 13, 2006, meeting, to ratify the Executive Committee's action approving the documents presented in the agenda item.

Mr. R. Martin Bohl, MTS outside counsel for this project, reported that the Participation Formula simply provides a mechanism for the sharing of any windfall profits. In response to questions from Mr. Roberts, Mr. Bohl reported that hard and soft costs as well as cost overruns and developer fees are included in the calculation of Fairfield's costs as defined under the Participation Formula. Mr. Roberts stated that it is unlikely a windfall profit would be realized. Mr. Bohl confirmed for Mr. Roberts that this formula would only apply to Fairfield Residential.

Ms. Lorenzen advised Mr. Rindone that he could vote on this item because he would receive no added benefit from approval of this item because his pension with CalSters is a defined-benefit plan. She stated that his vote on this item would not create a conflict of interest.

Mr. Roberts congratulated Ms. Lorenzen for the completion of negotiations on this project and pointed out that these types of projects are difficult.

Action Taken

Mr. Roberts moved to (1) receive an update from General Counsel regarding the status of the Grossmont Trolley station Joint Development Project; and (2) approve or authorize the following documents: (a) authorize the Chief Executive Officer (CEO) to execute the Disposition and Development Agreement and Ground Lease, in substantially the same format as provided to the Board; (b) approve the appraisal report; and (3) authorize the CEO to execute and sign any other documents necessary to complete the transaction, including the lenders' Estoppel Certificate and the Parcel Map. Ms. Atkins seconded the motion, and the vote was 4 to 0 in favor with Mr. Rindone abstaining.

D. REVIEW OF DRAFT JUNE 22, 2006 BOARD AGENDA

Recommended Consent Items

6. MTS: LRV Paint and Body Rehabilitation Services Work Orders (OPS 970.6, PC 30102)

Recommend that the Board of Directors authorize the CEO to issue Work Order Nos. 07-01 (Attachment A of the agenda item) and 07-02 (Attachment B of the agenda item) to MTS Doc. No. L0744.0-06 with Carlos Guzman, Inc. for painting/bodywork rehabilitation on eight U2 light rail vehicles and extraordinary bodywork services on LRVs on an as-needed basis, for a total cost not to exceed \$308,000 and \$175,000, respectively.

7. MTS: Increased Authorization for Legal Services (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to enter into contract amendments with Mark Barber of the law firm Wismar & Barber (MTS Doc. No. G0750.11-02) for legal services, in substantially the same form as attached (Attachment A of the agenda item) and ratify prior amendments entered into under the CEO's and/or previous General Manager's authority(ies).

8. MTS: CCTV System Contract Award (OPS 970.6)

Recommend that the Board of Directors authorize the CEO to execute a Standard Services Agreement (in substantially the same form as Attachment A of the agenda item) with Electro Specialty Systems, Inc., for furnishing, installing, commissioning, and providing one year of warranty support for the closed-circuit television video surveillance systems for the Bayfront/E Street, H Street, and Palomar Street Stations, for a total cost not to exceed \$380,191.12.

9. MTS: Increased Authorization for Legal Services (LEG 490, PC 50121)

Recommend that the Board of Directors authorize the CEO to enter into a contract amendment (MTS Doc. No. G0934.4-04) with R. Martin Bohl of the Law Offices of R. Martin Bohl, for legal services related to joint development projects, in substantially the same form as attached (Attachment A of the agenda item).

10. MTS: Americans with Disabilities Act (ADA) Paratransit Vehicle Paint Scheme (CIP 11418)

Recommend that the Board of Directors approve the modified branding scheme (Attachment A of the agenda item) for the new ADA paratransit vehicles and authorize reallocating the savings to amenities that would enhance service quality/efficiency.

Recommended Consent Items

There was no discussion of the recommended Consent Items.

Recommended Board Discussion Items

There was no discussion of the recommended Discussion Items.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Sharon Cooney, MTS Director of Government Affairs and Community Relations, reviewed the SANDAG Transportation Committee Agenda. She reported the following:

Agenda Item No. 6: Recommends budget revisions to address unforeseen Americans with Disabilities Act (ADA) slope requirements at five stations and increased project costs caused by delayed retrofit of U2 trolley cars. Mr. Linthicum, SANDAG Director of Engineering and Construction, stated that all of the budget revision agenda items are in the Discussion portion of the Transportation Committee's agenda.

Agenda Item No. 3: SANDAG Chairman, Joe Kellejian, will be appointing Phil Monroe as the Transportation Committee's representative on the Full Access and Coordinated Transportation (FACT) Board. The FACT Board was chosen to help coordinate specialized transit services to maximize the amount of ADA/paratransit services that are provided within the region. MTS staff members will be working with this Board.

Agenda Item No. 7: Recommends a budget transfer from a completed project and SANDAG regional miscellaneous transportation funds to augment other funds being used to install fiber optic cable and remote route capabilities on the Orange Line. Mr. Tereschuck stated that this will facilitate the short turning of trolley trains at El Cajon, which will be necessary as a result of September 4 scheduling changes.

Agenda Item No. 8: Recommends a budget transfer from a completed project at the Kearny Mesa Division to a project for new lockers and an area for bus operators to congregate at the Imperial Avenue Division. The recommendation also includes funding for a queue jumper at 1st and Ash Street.

Agenda Item No. 9: Recommends amendments to SANDAG Policy No. 18 to clarify various aspects of the relationship between SANDAG and the transit operators. Approval would assign to transit operators the lead role for the specification and procurement of vehicles as well as for branding and marketing within their respective areas of jurisdiction. There would be collaboration with SANDAG on regionally significant projects and services

with all three agencies agreeing on a branding framework for regional projects. Ms. Cooney reported that MTS Chief Executive Officer Paul Jablonski and MTS Director of Planning and Performance Monitoring Conan Cheung worked closely with SANDAG to develop the recommended changes for this policy.

In response to a question from Mr. Emery, Mr. Cheung stated that SANDAG wants to retain involvement in the formulation of general guidelines and the development of amenities for regionally significant projects, but that MTS would retain responsibility for the specification and procurement of vehicles.

Mr. Mathis pointed out that this policy will be reviewed again in 2007.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

Cancellation of July 20 and 27 Meetings: Mr. Mathis reported that staff will recommend that the Executive Committee and Board meetings scheduled for July 20 and July 27, respectively, be cancelled due to vacations and a lack of business items to be discussed.

G. PUBLIC COMMENTS

Don Stillwell: Mr. Stillwell presented a handout showing the location of three schools along Route Nos. 13 and 14 and again requested that Route No. 14 be routed into the Grantville Trolley Station. He stated that not doing so creates a safety issue for school children.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, August 3, 2006, in the Executive Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 9:58 a.m.

Chairman

Attachment: A. Roll Call Sheet