

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

July 7, 2005

MINUTES

A. ROLL CALL

Chairman Williams called the meeting to order at 9:01 a.m. Committee members present: Bob Emery, Jerry Rindone, Ron Roberts, and Leon Williams. Ex Officio members present: Shirley Kaltenborn and Harry Mathis.

B. APPROVAL OF MINUTES

Mr. Emery moved approval of the minutes of the June 16, 2005, Executive Committee meeting. Mr. Rindone seconded the motion, and the vote was 4 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Mission Valley East (MVE) Light Rail Transit (LRT) Project: Status Report (CIP 10426.15)

Mr. Jim Linthicum, SANDAG Director of Transit Engineering and Construction, reported that work on all stations, except Mission Valley Center, is substantially complete. He added that work on Mission Valley Center was delayed to concentrate all available forces on the Qualcomm Stadium Station. He added that the station will be completed by July 8. He also reported that all 11 S70 trolley cars have been delivered, and everyone is working to ensure that at least ten of these vehicles can be placed into revenue service on July 10.

Mr. Linthicum distributed a copy of a letter form the California Public Utilities Commission approving the final safety certification for the extension. He also reported that the train location system between the Broadway Wye and Baltimore Junction has been completed.

Action Taken

Mr. Rindone moved to receive the report on the status of the MVE LRT Project. Mr. Roberts seconded the motion, and the vote was 4 to 0 in favor.

2. MTS: MVE LRT Project – Update on the Status of Start-Up Activities (CIP 10426.1)

Mr. Wayne Terry, SDTI Vice President of Operations, provided the Committee with an update on start-up activities related to the opening of MVE. He reported that all phases of the start-up are complete, and Acceptance Teams have developed a punch list of items that should be completed over the next month. He stated that all signage on the new line has been completed, but it will take approximately a month

and a half to complete the revision of system-wide signage. He also reported that S70 trolley car nos. 3001 and 3002 have been repainted by Siemens to match the other S70 cars at no cost to MTS. In response to a question from Mr. Rindone, MTS Chief Executive Officer (CEO) Mr. Jablonski stated that only two-car trains will be run initially, but three- or four-car trains could be run if needed to meet demand.

Mr. Terry reported that the new control center will not be utilized until the new radio system is installed. He explained to Committee members that the new control center will be a major operational improvement and briefly explained the mechanism used to track trains. He also reported that a radio-based system is used to communicate with train operators. Mr. Jablonski explained that the remainder of the trolley line will be added to the control center in phases as funding becomes available. Mr. Peter Tereschuck, SDTI President-General Manager, stated that it will cost approximately \$3 million to \$4 million to add to entire system. Mr. Mathis pointed out that adding the remainder of the line in phases may result in a higher cost. In response to a question from Mr. Mathis, Mr. Jablonski reported that this is a priority project. It was pointed out that the control center not only tracks train location but also reports problems with certain infrastructure elements such as catenary wires. In response to a question from Mr. Roberts, Mr. Jablonski stated that employees in the control center will be able to monitor schedule adherence of trains but not as accurately as an automated vehicle-locator system (AVL).

In response to a question from Chairman Williams, Mr. Terry reported that the new fare vending machines are Smart Card compatible. He showed Committee members pictures of the recent emergency preparedness drill at SDSU Station, and reported that representatives from Homeland Security as well as representatives from other properties were at this drill.

Mr. Jablonski confirmed that the system platform for the control center has expansion capability sufficient enough to handle the addition of the Mid-Coast line and beyond. He also stated that there was nothing to report regarding compatibility issues between the SD100 and S70 trolley cars, but that staff will concentrate on this issue after the opening.

Mr. Rindone expressed his appreciation of staff's efforts to get all the necessary approvals secured prior to the opening.

Action Taken

Mr. Rindone moved to receive the report on the status of start-up activities and related construction elements on the MVE line extension. Mr. Emery seconded the motion, and the vote was 4 to 0 in favor.

3. MTS: Station Advertising Proposal for the LRT Station at San Diego State University (MKPC 620.2, PC 50551)

Ms. Judy Leitner, Interim Director of Marketing & Community Relations, reported that MTS has received an unsolicited request to place advertising in the SDSU tunnel for a two-month period - August and September 2005. She showed slides of the two locations where advertising could be placed and showed conceptual views

of the ad banners. She estimated that this advertising would generate about \$30,000-\$40,000 in revenue. She reviewed the specific provisions in MTS's Policy No. 21, *MTDB Revenue-Generating Display Advertising, Concessions, and Merchandise*, that permit this type of advertising arrangement.

Mr. Roberts expressed support for this advertising opportunity and requested that staff ensure that the design is aesthetically pleasing. He stated that he felt the color of the ads would help the overall design of the station and stated that he would like to see more of these types of efforts. He also stated that he did not want to influence MTS's overall policy on advertising. Mr. Mathis agreed with Mr. Roberts and added that he would not be opposed to permanent advertising if it is consistent and compatible with other things MTS is doing. He also stated that Muni in San Francisco makes extensive use of permanent advertising, and he would like to see how much revenue this type of advertising brings in. Mr. Jablonski stated that staff would come back to the Committee with a more comprehensive plan for the whole interior of SDSU Station. In response to a question from Mr. Roberts, Mr. Jablonski reported that the only other advertising MTS offers is on bus shelters. Mr. Emery cautioned not to overdo advertising at SDSU Station and ensure that the advertising is appropriate to its location. Mr. Rindone agreed that MTS should be open to considering advertising opportunities. Mr. Tereschuck added that Submedia is interested in doing motion advertising in the tunnel. Mr. Jablonski added that MTS staff members have had meetings with cell phone companies that are willing to pay to install boosters so cell phones can be utilized in the tunnel.

Action Taken

Mr. Emery moved to forward a recommendation to the Board of Directors to approve temporary advertising inside of the San Diego State University (SDSU) station for a period of two months. Mr. Rindone seconded the motion, and the vote was 4 to 0 in favor.

4. MTS: Interim Interest Rate Lock of Pension Obligation Bonds, Variable Rate Series (FIN 300, PC 50601)

Mr. Cliff Telfer, MTS Interim Chief Financial Officer, reminded the Board that, at the time the Pension Obligation Bonds were approved, one-half of the bonds were issued as variable-rate debt with the understanding that strategies would be taken as needed to mitigate interest-rate exposure. He introduced Keith Curry and Tom Yang of UBS Financial Services Inc. to report on why and how such an action would be taken at this time. Mr. Curry reported that variable rates have increased from 1.87 on October 28, 2004, to 3.31 on July 6, 2005. He stated that most economists are forecasting a Fed Fund rate of at least four percent by year end 2005, and long-term rates are also projected to rise, even though they have remained stable as the short-term rates have risen. He reported that staff is recommending that interest rates on this portion of the bonds be locked in for an interim period of time using a fixed-rate swap. He explained how such a transaction is executed. He also reported that by adopting a variable rate when the bonds were issued, MTS saved approximately \$2 million in debt service cost. He reported that approval of staff's recommendation would preserve redemption flexibility while reducing interest rate exposure in a higher interest rate environment.

He presented rates for one- to five-year terms. He also recommended reviewing options again after the completion of the next economic cycle.

Mr. Roberts stated that, from a business planning standpoint, it is important to have certainty. In response to a question from Mr. Rindone, Mr. Curry stated that the term could be approved up to ten years.

Action Taken

Mr. Rindone moved to (1) direct staff to proceed with locking in the interest rate of the variable rate series of the pension obligation bonds for an interim period of time; and (2) authorize the CEO to approve the financing documents so MTS can be ready to lock in the interest rate at the opportune market time. He also requested that the report to the full Board include rate information for up to a seven-year term. Mr. Emery seconded the motion, and the vote was 4 to 0 in favor.

5. MTS: Operation and Maintenance Agreement for the MVE LRT Station and Bus Transit Center at SDSU (CIP 10426.13)

Mr. Jablonski reviewed the Operation and Maintenance Agreement that MTS and SDSU negotiated to govern operational and maintenance activities of the SDSU Station upon completion of the MVE project. He provided the Committee with an overview of the provisions in the agreement regarding easements, term, revenue-generating activities, maintenance, indemnity, security protocol, and insurance. In response to a question from Mr. Rindone, Mr. Jablonski provided additional detail regarding certain security-related activities. In response to a question from Ms. Kaltenborn, Mr. Jablonski reported that any graffiti or vandalism in areas for which MTS is responsible must be addressed within 24 hours. He stated that this is a campus-wide requirement. He added that there should be minimal graffiti and vandalism because MTS has security forces in the tunnel 24 hours a day, 7 days a week. Mr. Jablonski advised the Committee that an agreement was reached on the amount of general liability, automobile liability, and workers' compensation insurance coverage once MTS received a risk assessment report from an independent third party. Mr. Jablonski provided the Committee with a detailed explanation of the term of the agreement.

Mr. Jablonski reported that there are minor issues still to be resolved. He added that resolution may occur before the next Board meeting on July 14, 2005. He also stated that he would not agree to any major deviations without informing the Committee. He added that MTS General Counsel, Ms. Tiffany Lorenzen, is still working on some of the finer points of the easements.

Mr. Roberts stated that he was pleased with the agreement. He also reported that he had taken the Chancellor of University of California – San Diego (UCSD) on a tour of the Green Line and stressed the importance of applying any lessons learned during the MVE project to the new Mid Coast Line project.

Mr. Jablonski and staff briefly discussed the cleaning of the glass in the elevators, which is MTS's responsibility. Mr. Tereshuck point out that elevator maintenance personnel must be present whenever cleaning of this glass is taking place. There

was a brief discussion about using a film or plastic glass to make it easier to keep the windows clean and in good repair.

Mr. Roberts requested that the exhibits referenced in the agenda item be included when this item goes to the Board.

Action Taken

Mr. Roberts moved to forward a recommendation to the Board of Directors to (1) authorize the CEO to execute the Operation and Maintenance Agreement (O&MA) for the MVE LRT Station and Bus Transit Center at SDSU, in substantially the same format as attached (Attachment A of the agenda item); and (2) authorize the CEO to approve modifications or changes to the exhibits to the O&MA from time to time so long as the exhibits are consistent with the terms and conditions of the O&MA). Mr. Rindone seconded the motion, and the vote was 4 to 0 in favor.

G. PUBLIC COMMENTS (*Taken Out of Order*)

Peter Warner: Mr. Warner completed a Request to Speak Form but was not present when his name was called.

Mr. Don Stillwell: Mr. Stillwell stated that the Route 14 and the Green Line schedules do not permit timely transfers, which makes it very difficult to use the bus to get to Kaiser Hospital. Mr. Conan Cheung, MTS Director of Planning and Performance Monitoring, stated that he and his staff have talked to Mr. Stillwell. He stated that the Route Nos. 13 and 14 are very complex, and service had to be prioritized based on available funding. He stated that he would meet again with Mr. Stillwell.

Nathan Johnson, Amalgamated Transit Union (ATU), Local 1309: Mr. Johnson reminded the Committee that Senate Bill 959 provides for a transit security or police force. He stated that there is federal funding available, and now is the time to expedite the addition of security and policing forces.

Elliott Center: Mr. Center stated that the trolley stop at City College has no shelter, and the ADA boarding location needs to be moved to improve access. He stated that there is also a pigeon problem. Mr. Jablonski stated that he would have a trolley staff member contact him about these problems. Mr. Center also stated that he has trouble with rude trolley and bus operators. He stated that he had filed complaints about one bus operator, but the bus operator misrepresented what occurred. Ms. Spielberg, Chief Operating Officer – Bus, assured Mr. Center that, when a written complaint is received and the operator refutes the complaint, a professional ride checker is sent out to monitor the operator's behavior. She encouraged him to submit written complaints when he encounters a problem with an operator.

C. COMMITTEE DISCUSSION ITEMS (Continued)

6. Closed Session – MTS: Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Subdivision (b) of Government Code Section 54956.9 (One Potential Case)

The Committee convened to Closed Session at 10:58 a.m. to discuss the above-listed item.

The Board reconvened to Open Session at 11:28

Oral Report of Final Actions Taken in Closed Session

Mr. Jablonski reported that the Committee received a report and gave direction to staff.

D. REVIEW OF DRAFT JULY 14, 2005 BOARD AGENDA

Recommended Consent Items

6. MTS: Increased Authorization for Legal Fees (CIP 10453.6)

Recommend that the Board of Directors ratify the previous actions of the CEO and authorize the CEO to enter into Contract Amendment No. 5 to MTS Document No. L0602.0-02, in substantially the same form as Attachment A of the agenda item, with Best Best & Krieger, LLP, for legal services for the San Ysidro Intermodal Transportation Center Project.

7. MTS: Transportation Development Act Claim Amendment (FIN 340.2, PC 30100)

Recommend that the Board of Directors adopt Resolution No. 05-11 (Attachment A of the agenda item) amending FY 04 Transportation Development Act Article 4.0, Claim No. 253, for National City Transit.

Recommended Consent Items

There was no discussion of Recommended Consent Items.

Recommended Board Discussion Items

There was no discussion of Recommended Board Discussion Items.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Mr. Jablonski reported that there will be a minor Transportation Development Act (TDA) agenda item going to the SANDAG Transportation Committee meeting on July 15, 2005.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

London Terrorist Attack: Mr. Tereschuck passed out diagrams showing the locations of the terrorist attacks in London and provided some details on the attacks.

MVE Green Line Opening Activities: Ms. Leitner distributed Advertising Supplements to the San Diego Union-Tribune dated July 7, 2005 advertising the opening and providing information on the MVE LRT project. She also distributed a copy of the program for the dedication ceremony (including a list of speakers) and speaking points. Mr. Jablonski and Ms. Leitner provided Committee members with details regarding the dedication ceremony. Mr. Jablonski stated that there will be a moment of silence at the beginning of the program in memory of the victims of the terrorist act in London. He also briefly discussed security arrangements related to the event.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, August 4, 2005 in the Executive Conference Room.

I. ADJOURNMENT

Chairman Williams adjourned the meeting at 11:45 a.m.

Chairman

Attachment: A. Roll Call Sheet
gailwilliams/minutes