
San Diego Regional Building Authority (SDRBA)

Agenda

January 26, 2024 at 2:00 p.m.

In-Person Participation:

Metropolitan Transit System
James R. Mills Building
10th floor, Board Room
1255 Imperial Avenue
San Diego, CA 92101

Chula Vista City Hall
Building A, Room S124
276 Fourth Avenue
Chula Vista, CA 91910

County of San Diego
Administration Office
1600 Pacific Highway
3rd Floor, Room 302
San Diego, CA 92101

Teleconference Participation:

<https://us02web.zoom.us/j/81254481066>

Dial-in No.: 1(669 444-9171); Webinar ID: 812 5448 1066

NO.	ITEM SUBJECT AND DESCRIPTION	ACTION
1.	Roll Call	
2.	Approval of Minutes Action would approve the October 17, 2023 meeting Minutes.	Approve
DISCUSSION AND REPORT ITEMS		
3.	Amendments to Mills Building Ground Lease, Lease and Sublease Agreements – Transfer or 8th Floor Space from County to MTS Action would authorize the Executive Director of the SDRBA to: 1) Negotiate and execute amendments to the Mills Building Ground Lease and Lease documents to reflect the Sublease Agreement changes agreed to by the County and MTS, in substantially the same format as Attachment A and Attachment B; and 2) Negotiate and execute future amendments to the Mills Building Ground Lease and Lease documents so long as they are budget neutral or within the Executive Director's expenditure authority under SDRBA Policy 1.	Approve
4.	Public Comments	
5.	Commissioner Comments	
6.	Next Meeting Date: To be determined	
7.	Adjournment	

San Diego Regional Building Authority (SDRBA)

MINUTES

October 17, 2023

1. Roll Call

Commissioner Vargas called the meeting to order at 11:27 a.m. Authority members present included Commissioner McCann with one vacancy.

2. Approval of Minutes

Commissioner McCann moved for approval of the minutes of the May 3, 2023, San Diego Regional Building Authority (SDRBA) meeting. Commissioner Vargas seconded the motion, and the vote was 2 to 0 in favor with one vacancy.

3. Election of Chair and Vice Chair

Action Taken

Commissioner McCann moved to nominate Commissioner Vargas as Chair and Commissioner McCann as Vice Chair. Commissioner Vargas seconded the motion, and the vote was 2 to 0 in favor with one vacancy.

4. Resolution Approving Release of a Portion of Leased Property Relating to Those San Diego Regional Building Authority Lease Revenue Refunding Bonds (County Operations Center), 2016A

Michelle Light, County Debt Finance Manager, provided a brief historical explanation of the: 2009A, 2016A bonds and Proposed Series 2023 Certificates of Participation.

Vice Chair McCann moved to approve Resolution No. 2023-01 entitled: Resolution of The Board of Commissioners of The San Diego Regional Building Authority Approving, Authorizing and Directing the Execution and Delivery of a First Amendment to Site Lease, A First Amendment to Facility Lease, A First Amendment to Assignment Agreement and A Termination Agreement Each for The Amendment of Leased Property to Remove A Portion Thereof, Authorizing the Execution of Necessary Documents and Certificates and Related Actions Related Thereto. Chair Vargas seconded the motion, and the vote was 2 to 0 in favor with one vacancy.

5. Adoption of Meeting Schedule for 2024

Karen Landers, MTS General Counsel explained the calendaring and flexibility of the May agenda meeting.

Vice Chair McCann moved to adopt Resolution No. 2023-02 designating dates and times for regular meetings of The San Diego Regional Building Authority in 2024. Chair Vargas seconded the motion, and the vote was 2 to 0 in favor with one vacancy.

6. Public Comments

7. Next Meeting Date

The next San Diego Regional Building Authority meeting is scheduled for May 16, 2024, at 3:00 p.m.

8. Adjournment

The meeting adjourned at 11:35 a.m.

/S/ Jhon McCann

Chairperson
San Diego Regional Building Authority

Attachment: Roll Call Sheet

San Diego Regional Building Authority (SDRBA)

ROLL CALL

MEETING OF (DATE): October 17, 2023

CALL TO ORDER (TIME) 11:27 am

RECESS _____

RECONVENE _____

ADJOURN 11:35 am

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
Goble	<input checked="" type="checkbox"/>	11:27 am	11:35 am
Vargas	<input checked="" type="checkbox"/>	11:27 am	11:35 am
VACANT	<input type="checkbox"/>	VACANT	VACANT

SIGNED BY THE CLERK OF THE BOARD: /S/ Dalia Gonzalez

San Diego Regional Building Authority

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)

January 26, 2024

SUBJECT:

Amendments to Mills Building Ground Lease, Lease and Sublease Agreements – Transfer of 8th Floor Space from County to MTS

RECOMMENDATION:

That the SDRBA Board of Directors authorize the Executive Director of the SDRBA to:

1. Negotiate and execute amendments to the Mills Building Ground Lease and Lease documents to reflect the Sublease Agreement changes agreed to by the County and MTS, in substantially the same format as Attachment A and Attachment B; and
2. Negotiate and execute future amendments to the Mills Building Ground Lease and Lease documents so long as they are budget neutral or within the Executive Director's expenditure authority under SDRBA Policy 1.

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

MTS and 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.¹ 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.² Finally, the County subleased portions of the project to MTS, including: the 1st floor retail spaces, 9th floor, 10th floor, and the right to use up to 220 parking spaces in the garage.³

¹ 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.

² 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.

³ 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.

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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, resulting in direct ground lease rent payments to MTS for the first time.⁴

The Sublease document is the agreement that sets for the pro-rata shares paid by the County and MTS for Mills Building related costs. Following actions by the County and MTS to amend the sublease to transfer portions of the 8th Floor from the County to MTS, on May 24, 2021 (AI 6), the SDRBA Board approved amendments to the Ground Lease and Lease documents to update the cost share allocation references to be consistent with the revised agreement between County and MTS.

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. The cost share terms (effective July 1, 2021, to December 31, 2023) are as follows:

	Rental Rate Calculation	2019-2024 annual rent:	MTS Share	County Share
Ground Lease MTS to SDRBA <i>Mills Bldg parcel only</i>	Market Rate adjustment November 2019 (CPI increase every 5 years until next market adjustment in 2042).	\$2,007,936	34.87%	65.13%
			\$(1,307,769)	Results in \$1,307,769 owed to MTS as annual ground lease rent
Lease SDRBA to County <i>Mills Bldg Parcel and Parking Structure Parcel</i>	County to pay Ground Lease Rent (above) and Mills Building Operating Costs	FY 24 OpEx & CIP Budget	33.22%	66.78%
Sublease County to MTS <i>1st Floor Retail, 8th (partial), 9th & 10th Floors, 220 Parking Spaces</i>	Commits MTS to paying 33.22% share of operating costs from Lease; MTS and County pay full costs of special projects in occupied space.	FY 24 OpEx & CIP Budget Shares:	\$1,666,626	\$4,249,496 ⁵
NET FY 24 COST			\$358,858 MTS Cost	\$5,557,265 County Cost

⁴ Effective November 2019, the COP debt burden was fully paid (reducing MTS costs) and the ground lease rental rate was increased after a market rate adjustment, resulting in a significant increase in annual revenue to MTS.

⁵ This figure includes \$1,469,931 direct costs for special County projects. \$4,426,881 was subject to 33.22%/66.78% split.

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MTS Additional Space Needs – 8th Floor and Other Adjustments

As referenced above, effective July 1, 2021, under Amendment No. 1 to the lease documents, MTS took over 12,505 square feet of the 8th Floor office space from the County. At board meetings in December 2023, MTS and County agreed to Amendment No. 2 to the Sublease, which transferred the remaining 4,539 square feet of office and common area space on the 8th Floor from the County to MTS. Under the revised Sublease, the County retains 800 square feet used as a Teledata room for other floors in the building. MTS and the County also agreed to shift costs related to the building management and building security offices from an MTS cost to a common building cost. The result of these shifts in building square footage is to increase MTS's pro rata share of the building by 2.69%. This shift was effective January 1, 2024.

The Sublease Amendment No. 2, effective January 1, 2024, implemented the above 2.69% shift in square footage, with the Cost Share percentages being revised on a pro rata basis:

Ground Lease Rent (currently 34.87%/65.13%):

MTS – 37.56%; County 62.44%

Operating Cost Share (currently 33.22%/66.78%):

MTS – 35.91%; County 64.09%

A copy of the current Sublease Amendment is in Attachment C.

The Sublease Amendment between MTS and the County requires 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. Revises the County's Share of Minimum Ground Lease rent from 65.13% to 62.44%.
 - b. Revises MTDB's Share of Minimum Ground Lease rent from 34.87% to 37.56%.
 - c. 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. Revises the County's Proportionate Share (of Common Costs) from 66.78% to 64.09%.
 - b. Revises MTDB's Proportionate Share (of Common Costs) from 33.22% to 35.91%.

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- c. 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.

Today's proposed action would additionally authorize the SDRBA Executive Director to negotiate and execute future amendments to the Mills Building Ground Lease and Lease documents so long as they are budget neutral to the SDRBA or are within the Executive Director's authority under SDRBA Policy No.1 (Expenditure Authority).

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. 2 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. 2 to the Amended and Restated Ground Lease (“Amendment”), is executed and entered into as of January 1, 2024, 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 2nd through 8th Floors of the Office Building and had the right to use approximately 78.04% of the Parking Structure. MTDB occupied the 1st Floor retail space, 9th and 10th 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 1st Floor retail space, 9th and 10th 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. Effective July 1, 2021, MTDB and County reallocated their space needs in the Mills Building. MTDB took over use of approximately 12,685 square feet of additional office space on the 8th Floor and 1,499 square feet of 1st Floor garage space and County took over 1,078 square feet of 1st Floor retail space and an exterior patio. Amendment No. 1 adjusted the proportionate share of ground rent that resulted from this reallocation.

H. MTDB and County intend to further reallocate their space needs effective January 1, 2024. MTDB will be taking over 4,539 square feet of additional office space on the 8th Floor. MTDB and County have also agreed to shift the Mills Building management office and the security office on the 1st floor to common building expenses instead of MTDB expenses.

I. 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 62.44%. 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 37.56% 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

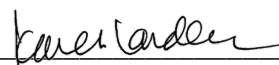
SAN DIEGO REGIONAL BUILDING
AUTHORITY, as lessee

By: 
Sharon Cooney
Chief Executive Officer

By: _____
Marko Medved
Executive Officer

APPROVED AS TO FORM:

County Counsel

By: 
Karen Landers
MTDB General Counsel

By: _____
Mark Day
Senior Deputy County Counsel
Counsel for SDRBA

REVISED GROUND LEASE EXHIBIT B

GROUND LEASE AMENDMENT NO. 2 - EXHIBIT B-1
OFFICE BUILDING SPACE ALLOCATION & PROPORTIONATE SHARE
 effective January 1, 2024

Square Footage (SF) by Tenant upon Completion	Floor	MTDB useable SF	County useable SF	Rentable SF (9% add on)	% Rentable SF
	10	17,844		19,450	11.46%
	9	17,844		19,450	11.46%
	8 - Ste 820	1,651		1,800	1.06%
	8 - Ste 850	10,854		11,831	6.97%
	8 - Ste 861	3,137		3,419	2.02%
	8 - Break Room	720		785	0.46%
	8 - Teledata		800	872	0.51%
	8 - other	682		743	0.44%
	7		17,844	19,450	11.46%
	6		17,844	19,450	11.46%
	5		17,844	19,450	11.46%
	4		17,844	19,450	11.46%
	3		16,845	18,361	10.82%
	2		7,094	7,732	4.56%
	1	4,245	1,078	5,802	3.42%
	Lab Space	1,499		1,634	0.96%
	AM 2 Useable SF (USF) Total	58,476	97,193	155,669	100.00%
	AM 2 Rentable SF (RSF) Total	63,739	105,940	169,679	100.00%
	AM 2 Total % Allocation RSF	37.56%	62.44%		
	Pre-AM 2 RSF Total	59,379			
	AM 2 Net Increase in RSF	4,360			
	AM 2 Net Increase in RSF %	2.69%			

Ground Floor Useable SF

Extra: 1250 SF Patio on Ground Floor	County Bubble		1,078	1,175	0.69%
	Transit Store	1,352		1,474	0.87%
	Convenience Store	1,631		1,778	1.05%
	Cashland	1,262		1,376	0.81%
<i>subtotals - Ground Floor</i>		<u>4,245</u>	<u>1,078</u>	<u>5,802</u>	<u>3.42%</u>
removed from RSF total	Bldg Mgmt	162		177	0.10%
removed from RSF total	Bldg Security	377		411	0.24%
				<u>6,390</u>	<u>3.77%</u>

Ground Lease Minimum Rent Proportionate Shares:

	Pre-January 1, 2024		Post-January 1, 2024	
	Original %		New %	
MTS	34.87%		37.56%	
County	65.13%		62.44%	
Total	<u>100.00%</u>		<u>100.00%</u>	
Common Cost Proportionate Shares:				
MTS	33.22%		35.91%	
County	66.78%		64.09%	
Total	<u>100.00%</u>		<u>100.00%</u>	

GROUND LEASE AMENDMENT NO. 2 - EXHIBIT B-2
 UPDATED GROUND LEASE MINIMUM RENT SCHEDULE & COUNTY/MTDB SHARES
 effective January 1, 2024

Mills Building Ground Lease Rent - as modified by Sublease Amendment No. 2 effective January 1, 2024

Pre- January 1, 2024: County Share 65.13%; MTDB Share 34.87% Post-January 1, 2024: County Share 62.44%; MTDB Share 37.56%

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	Annual Ground		Monthly Ground							
	Beginning	Lease Rent	County Share	MTDB Share	Lease Rent	County Rent/mo				
11/1/2019	\$	2,007,936.00	\$	1,473,825.02	\$	534,110.98	\$	167,328.00	\$	122,818.75
11/1/2020	\$	2,007,936.00	\$	1,418,472.92	\$	589,463.08	\$	167,328.00	\$	122,818.75 Nov '20 - June'21
11/1/2021	\$	2,007,936.00	\$	1,307,768.72	\$	700,167.28	\$	167,328.00	\$	108,980.73
11/1/2022	\$	2,007,936.00	\$	1,307,768.72	\$	700,167.28	\$	167,328.00	\$	108,980.73
11/1/2023	\$	2,007,936.00	\$	1,262,757.48	\$	745,178.52	\$	167,328.00	\$	104,479.60 Jan '24 - Oct '24
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>										
11/1/2024	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2025	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2026	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2027	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2028	\$	-	\$	-	\$	-	\$	-	\$	-
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>										
11/1/2029	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2030	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2031	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2032	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2033	\$	-	\$	-	\$	-	\$	-	\$	-
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>										
11/1/2034	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2035	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2036	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2037	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2038	\$	-	\$	-	\$	-	\$	-	\$	-
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>										
11/1/2039	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2040	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2041	\$	-	\$	-	\$	-	\$	-	\$	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>										
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	\$	-	\$	-	\$	-	\$	-	\$	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>										
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	\$	-	\$	-	\$	-	\$	-	\$	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>										
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	\$	-	\$	-	\$	-	\$	-	\$	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>										
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	\$	-	\$	-	\$	-	\$	-	\$	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>										
11/1/2082	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2083	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2084	\$	-	\$	-	\$	-	\$	-	\$	-
11/1/2085	\$	-	\$	-	\$	-	\$	-	\$	-

Amendment No. 2 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. 2 to the Lease (“Amendment”), is executed and entered into as of January 1, 2024, 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 2nd through 8th Floors of the Office Building and had the right to use approximately 78.04% of the Parking Structure. MTDB occupied the 1st Floor retail space, 9th and 10th 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 1st Floor retail space, 9th and 10th 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. Effective July 1, 2021, MTDB and County reallocated their space needs in the Mills Building. MTDB took over use of approximately 12,685 square feet of additional office space on the 8th Floor and 1,499 square feet of 1st Floor garage space and County took over 1,078 square feet of 1st Floor retail space and an exterior patio. Amendment No. 1 adjusted the proportionate share of ground rent and operating costs that resulted from this reallocation.

H. MTDB and County intend to further reallocate the space needs effective January 1, 2024. MTDB will be taking over 4,539 square feet of additional office space on the 8th Floor. MTDB and County have also agreed to shift the Mills Building management office and the security office on the 1st floor to common building expenses instead of MTDB expenses.

I. 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 64.09%.

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 by amendments effective July 1, 2021 and January 1, 2024, 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 Amendment No. 1 effective July 1, 2021 and as further amended by this Amendment No. 2 effective January 1, 2024, and as it may be further amended from time to time.

MTDB Proportionate Share

“MTDB Proportionate Share” means 35.91%.

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 Amendment No. 1 effective July 1, 2021 and Amendment No. 2 effective January 1, 2024.

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 62.44% 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 62.44% 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. Exhibit B is replaced in its entirety by the attached revised Exhibit B.

4. 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: _____
Mark Day
Senior Deputy County Counsel
Counsel for SDRBA

By: _____
Inna Zazulevskaya
Senior Deputy County Counsel

REVISED LEASE EXHIBIT B

**LEASE AMENDMENT NO. 2 - EXHIBIT B-1
 OFFICE BUILDING SPACE ALLOCATION & PROPORTIONATE SHARE
 effective January 1, 2024**

Square Footage (SF) by Tenant upon Completion	Floor	MTDB useable SF	County useable SF	Rentable SF (9% add on)	% Rentable SF
	10	17,844		19,450	11.46%
	9	17,844		19,450	11.46%
	8 - Ste 820	1,651		1,800	1.06%
	8 - Ste 850	10,854		11,831	6.97%
	8 - Ste 861	3,137		3,419	2.02%
	8 - Break Room	720		785	0.46%
	8 - Teledata		800	872	0.51%
	8 - other	682		743	0.44%
	7		17,844	19,450	11.46%
	6		17,844	19,450	11.46%
	5		17,844	19,450	11.46%
	4		17,844	19,450	11.46%
	3		16,845	18,361	10.82%
	2		7,094	7,732	4.56%
	1	4,245	1,078	5,802	3.42%
	Lab Space	1,499		1,634	0.96%
<hr/>					
	AM 2 Useable SF (USF) Total	58,476	97,193	155,669	100.00%
	AM 2 Rentable SF (RSF) Total	63,739	105,940	169,679	100.00%
	AM 2 Total % Allocation RSF	37.56%	62.44%		
	Pre-AM 2 RSF Total	59,379			
	AM 2 Net Increase in RSF	4,360			
	AM 2 Net Increase in RSF %	2.69%			

Ground Floor Useable SF

Extra: 1250 SF Patio on Ground Floor	County Bubble		1,078	1,175	0.69%
	Transit Store	1,352		1,474	0.87%
	Convenience Store	1,631		1,778	1.05%
	Cashland	1,262		1,376	0.81%
<hr/>					
<i>subtotals - Ground Floor</i>		4,245	1,078	5,802	3.42%
<i>removed from RSF total</i>	Bldg Mgmt	162		177	0.10%
<i>removed from RSF total</i>	Bldg Security	377		411	0.24%
<hr/>					
				6,390	3.77%

Ground Lease Minimum Rent Proportionate Shares:

	Pre-January 1, 2024	Post-January 1, 2024
	<i>Original %</i>	<i>New %</i>
MTS	34.87%	37.56%
County	65.13%	62.44%
Total	100.00%	100.00%

Common Cost Proportionate Shares:

MTS	33.22%	35.91%
County	66.78%	64.09%
Total	100.00%	100.00%

LEASE AMENDMENT NO. 2 - EXHIBIT B-2
 UPDATED GROUND LEASE MINIMUM RENT SCHEDULE & COUNTY/MTDB SHARES
 effective January 1, 2024

Mills Building Ground Lease Rent - as modified by Sublease Amendment No. 2 effective January 1, 2024

Pre-January 1, 2024: County Share 65.13%; MTDB Share 34.87% Post-January 1, 2024: County Share 62.44%; MTDB Share 37.56%

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	Annual Ground			Monthly Ground		
	Beginning	Lease Rent	County Share	MTDB Share	Lease Rent	County Rent/mo
11/1/2019	\$	2,007,936.00	\$ 1,473,825.02	\$ 534,110.98	\$ 167,328.00	\$ 122,818.75
11/1/2020	\$	2,007,936.00	\$ 1,418,472.92	\$ 589,463.08	\$ 167,328.00	\$ 122,818.75 Nov '20 - June'21
11/1/2021	\$	2,007,936.00	\$ 1,307,768.72	\$ 700,167.28	\$ 167,328.00	\$ 108,980.73
11/1/2022	\$	2,007,936.00	\$ 1,307,768.72	\$ 700,167.28	\$ 167,328.00	\$ 108,980.73
11/1/2023	\$	2,007,936.00	\$ 1,262,757.48	\$ 745,178.52	\$ 167,328.00	\$ 104,479.60 Jan '24 - Oct '24
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>						
11/1/2024	\$	-	\$ -	\$ -	\$ -	-
11/1/2025	\$	-	\$ -	\$ -	\$ -	-
11/1/2026	\$	-	\$ -	\$ -	\$ -	-
11/1/2027	\$	-	\$ -	\$ -	\$ -	-
11/1/2028	\$	-	\$ -	\$ -	\$ -	-
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>						
11/1/2029	\$	-	\$ -	\$ -	\$ -	-
11/1/2030	\$	-	\$ -	\$ -	\$ -	-
11/1/2031	\$	-	\$ -	\$ -	\$ -	-
11/1/2032	\$	-	\$ -	\$ -	\$ -	-
11/1/2033	\$	-	\$ -	\$ -	\$ -	-
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>						
11/1/2034	\$	-	\$ -	\$ -	\$ -	-
11/1/2035	\$	-	\$ -	\$ -	\$ -	-
11/1/2036	\$	-	\$ -	\$ -	\$ -	-
11/1/2037	\$	-	\$ -	\$ -	\$ -	-
11/1/2038	\$	-	\$ -	\$ -	\$ -	-
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>						
11/1/2039	\$	-	\$ -	\$ -	\$ -	-
11/1/2040	\$	-	\$ -	\$ -	\$ -	-
11/1/2041	\$	-	\$ -	\$ -	\$ -	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>						
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	\$	-	\$ -	\$ -	\$ -	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>						
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	\$	-	\$ -	\$ -	\$ -	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>						
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	\$	-	\$ -	\$ -	\$ -	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>						
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	\$	-	\$ -	\$ -	\$ -	-
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>						
11/1/2082	\$	-	\$ -	\$ -	\$ -	-
11/1/2083	\$	-	\$ -	\$ -	\$ -	-
11/1/2084	\$	-	\$ -	\$ -	\$ -	-
11/1/2085	\$	-	\$ -	\$ -	\$ -	-

Amendment No. 2 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. 2 to Sublease (Amendment), is executed and entered into as of January 1, 2024, 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 2nd through 8th Floors of the Office Building and had the right to use approximately 78.04% of the Parking Structure. MTDB occupied the 1st Floor retail space, 9th and 10th 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 1st Floor retail space, 9th and 10th 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. In Amendment No. 1, effective July 1, 2021, County and MTDB amended the Sublease to reallocate their space needs in the Mills Building. MTDB took over use of approximately 12,685 square feet of additional office space on the 8th Floor and 1,499 square feet of 1st Floor garage space and County took over 1,078 square feet of 1st Floor retail space and an exterior patio. Amendment No. 1 adjusted the proportionate share of the rental obligations that resulted from this reallocation.

H. MTDB and County intend to further reallocate their space needs effective January 1, 2024. MTDB will be taking over 4,539 square feet of additional office space on the 8th Floor. MTDB and County have also agreed to shift the Mills Building management office and the security office on the 1st floor to common building expenses instead of MTDB expenses.

I. 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 35.91%.

MTDB Sublease Rent Credit

"MTDB Sublease Rent Credit" means County's share of the Ground Lease Minimum Rent, which is an amount equal to 62.44% 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 Amendment No. 1 effective July 1, 2021 and as further amended by this Amendment No. 2 effective January 1, 2024.

Subleased Facilities

“Subleased Facilities” means Floor 8 (with the exception of the Teledata Room); 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 100 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. Exhibit A also clarifies that the Building Management Office and Building Security Offices on Floor 1 are not included in the definition of “Subleased Facilities” and are instead considered common areas for purposes of rental allocations.

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:

Parking Structure Revenue Share	
MTDB	County
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 65.13% to 62.44%, 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.

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

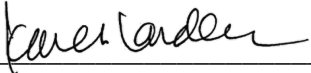
By: Sharon Cooney
Sharon Cooney
Chief Executive Officer

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 NO. 2 - EXHIBIT A
OFFICE BUILDING SPACE ALLOCATION & PROPORTIONATE SHARE
 effective January 1, 2024

Square Footage (SF) by Tenant upon Completion	Floor	MTDB useable SF	County useable SF	Rentable SF (9% add on)	% Rentable SF
	10	17,844		19,450	11.46%
	9	17,844		19,450	11.46%
	8 - Ste 820	1,651		1,800	1.06%
	8 - Ste 850	10,854		11,831	6.97%
	8 - Ste 861	3,137		3,419	2.02%
	8 - Break Room	720		785	0.46%
	8 - Teledata		800	872	0.51%
	8 - other	682		743	0.44%
	7		17,844	19,450	11.46%
	6		17,844	19,450	11.46%
	5		17,844	19,450	11.46%
	4		17,844	19,450	11.46%
	3		16,845	18,361	10.82%
	2		7,094	7,732	4.56%
	1	4,245	1,078	5,802	3.42%
	Lab Space	1,499		1,634	0.96%
AM 2 Useable SF (USF) Total		58,476	97,193	155,669	100.00%
AM 2 Rentable SF (RSF) Total		63,739	105,940	169,679	100.00%
AM 2 Total % Allocation RSF		37.56%	62.44%		
Pre-AM 2 RSF Total		59,379			
AM 2 Net Increase in RSF		4,360			
AM 2 Net Increase in RSF %		2.69%			

Ground Floor Useable SF

Extra: 1250 SF Patio on Ground Floor	County Bubble		1,078	1,175	0.69%
	Transit Store	1,352		1,474	0.87%
	Convenience Store	1,631		1,778	1.05%
	Cashland	1,262		1,376	0.81%
subtotals - Ground Floor		4,245	1,078	5,802	3.42%
removed from RSF total	Bldg Mgmt	162		177	0.10%
removed from RSF total	Bldg Security	377		411	0.24%
				6,390	3.77%

Ground Lease Minimum Rent Proportionate Shares:

	Pre-January 1, 2024 <i>Original %</i>	Post-January 1, 2024 <i>New %</i>
MTS	34.87%	37.56%
County	65.13%	62.44%
Total	100.00%	100.00%

Common Cost Proportionate Shares:

MTS	33.22%	35.91%
County	66.78%	64.09%
Total	100.00%	100.00%

EXHIBIT B
GROUND LEASE MINIMUM RENT SCHEDULE

SUBLEASE AMENDMENT NO. 2 - 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 No. 2 effective January 1, 2024

Pre-January 1, 2024: County Share 65.13%; MTDB Share 34.87% **Post-January 1, 2024:** County Share 62.44%; MTDB Share 37.56%

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	Annual Ground		Monthly Ground				notes
	Beginning	Lease Rent	County Share	MTDB Share	Lease Rent	County Rent/mo	
11/1/2019	\$	2,007,936.00	\$ 1,473,825.02	\$ 534,110.98	\$ 167,328.00	\$ 122,818.75	
11/1/2020	\$	2,007,936.00	\$ 1,418,472.92	\$ 589,463.08	\$ 167,328.00	\$ 122,818.75	Nov '20 - June'21
11/1/2021	\$	2,007,936.00	\$ 1,307,768.72	\$ 700,167.28	\$ 167,328.00	\$ 108,980.73	
11/1/2022	\$	2,007,936.00	\$ 1,307,768.72	\$ 700,167.28	\$ 167,328.00	\$ 108,980.73	
11/1/2023	\$	2,007,936.00	\$ 1,262,757.48	\$ 745,178.52	\$ 167,328.00	\$ 104,479.60	Jan '24 - Oct '24
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>							
11/1/2024	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2025	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2026	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2027	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2028	\$	-	\$ -	\$ -	\$ -	\$ -	
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>							
11/1/2029	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2030	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2031	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2032	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2033	\$	-	\$ -	\$ -	\$ -	\$ -	
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>							
11/1/2034	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2035	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2036	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2037	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2038	\$	-	\$ -	\$ -	\$ -	\$ -	
<i>CPI Adjustment Date - Ground Lease 3.2.3</i>							
11/1/2039	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2040	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2041	\$	-	\$ -	\$ -	\$ -	\$ -	
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>							
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	\$	-	\$ -	\$ -	\$ -	\$ -	
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>							
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	\$	-	\$ -	\$ -	\$ -	\$ -	
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>							
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	\$	-	\$ -	\$ -	\$ -	\$ -	
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>							
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	\$	-	\$ -	\$ -	\$ -	\$ -	
<i>Market Adjustment Date plus Annual CPI Increases - Ground Lease 3.2.4</i>							
11/1/2082	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2083	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2084	\$	-	\$ -	\$ -	\$ -	\$ -	
11/1/2085	\$	-	\$ -	\$ -	\$ -	\$ -	