

**VICTOR VALLEY TRANSIT AUTHORITY  
REGULAR MEETING OF  
THE BOARD OF DIRECTORS  
September 17, 2018, 9:30 A.M.**

**Victor Valley Transit Authority  
17150 Smoke Tree Street  
Hesperia, CA 92345**

**Victor Valley Transit Authority Board of Directors**

Rich Harpole, Chair, City of Barstow  
Barb Stanton, Vice-Chair, Town of Apple Valley  
Larry Bird, Director, City of Hesperia  
Rich Kerr, Director, City of Adelanto  
Robert Lovingood, Director, County of San Bernardino  
James Ramos, Director, County of San Bernardino  
Gloria Garcia, Director, City of Victorville

**MISSION STATEMENT**

Our mission is to serve the community with excellent public transportation services in terms of quality, efficiency, and responsiveness.

**AGENDA**

The Board of Directors meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Clerk of the Board at least three (3) business days prior to the Board meeting. The Clerk's telephone number is 760-948-3262 x112, (voice) or for Telephone Device for the Deaf (TDD) service, begin by calling 711 and provide the VVTA phone number and the office is located at 17150 Smoke Tree Street, Hesperia, CA. This agenda available and posted: Friday, September 7, 2018.

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

PUBLIC COMMENTS

This is the time the Board will hear public comments regarding items not on the agenda or the consent calendar. Individuals who wish to speak to the Board regarding agenda items or during public comments should fill out a comment card and submit it to the Clerk of the Board. Each speaker is allowed three (3) minutes to present their comments. The Board will not remark on public comments, however each comment will be taken into consideration by VVTA.

CONSENT CALENDAR
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Consent Calendar items shall be adopted by a single vote unless removed for discussion by Board member request.

- Pg. 9      ***Item #1: Minutes from Public Hearing and Regular Meeting of The Board of Directors Conducted on August 20, 2018.***  
Recommendation: Move for approval.  
Presented by: None.
- Pg. 17     ***Item #2: Warrants, July 2018.***  
Recommendation: Move for approval.  
Presented by: None.
- Pg. 23     ***Item #3: Update to VVTA Personnel Policies and Procedures Manual to incorporate legislative changes and recommendations.***  
Recommendation: Approve the amendment to VVTA's Personnel Policies and Procedures Manual to incorporate legislative changes and recommendations.  
Presented by: None.
- Pg. 81     ***Item #4: Adopt Resolution 18-06 Destruction of Victor Valley Transit Authority records.***  
Recommendation: Move for approval.  
Presented by: None.

REPORTS
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- Pg. 87     ***Item #5: Meeting Notes From The Technical Advisory Committee Meeting Conducted on September 5, 2018.***  
Recommendation: Information item only.
- Pg. 93     ***Item #6: Management Reports for Hesperia and Barstow Divisions – Verbal Report from Executive Director.***  
Recommendation: Information item only.  
Presented by: Kevin Kane, Executive Director.

## ACTION ITEMS

- Pg. 111     **Item #7: VVTA Debt Management Policy (Policy no. 01.01.18).**  
Recommendation: Approve VVTA Debt Management Policy (Policy no. 01.01.18)  
Presented by: Steven Riggs, Finance Director.
- Pg. 125     **Item #8: Approve the issuance of a Not-to-Exceed amount of \$12 million of Certificates of Participation to pay for the Acquisition and Construction of Certain Improvements and Equipment to carry out the Purposes of VVTA in Constructing a New Maintenance Facility for its Barstow Division, and Approve the Form of the Financing documents and authorize VVTA's Executive Director to execute all necessary documents.**  
Recommendation: Adopt Resolution 18-07 that approves the financing and form of documents, which include amendments to the trust agreement, lease agreement, and site agreement, and preliminary official statement and bond purchase agreement and authorize the Executive Director to execute all necessary documents to complete the transaction.  
Presented by: Steven Riggs, Finance Director.
- Pg. 235     **Item #9: Ratify Contract #2018-16 with MARRS Services, Inc., for Construction Project Manager.**  
Recommendation: Ratify Contract #2018-16 MARRS Service, Inc for the Construction Project Manager.  
Presented by: Kevin Kane, Executive Director.
- Pg. 265     **Item #10: Ratify Contract #2018-14 with National Express Transit for Operations and Maintenance.**  
Recommendation: Ratify Contract #2018-14 with National Express Transit for Operations and Maintenance.  
Presented by: Kevin Kane, Executive Director.
- Pg. 295     **Item #11: Closed Session.**  
**BOARD BUSINESS**  
Conference with Labor Negotiator per Government Code Section 54957.6(A) with Kevin Kane, Designated Labor Negotiator with regard to all other VVTA employees, with the exception of Executive Director.

## BOARD OF DIRECTORS COMMENTS

DATE OF NEXT MEETING

Monday, October 15<sup>th</sup> at 9:30 AM  
**Victor Valley Transit Authority**  
17150 Smoke Tree Street  
Hesperia, CA 92345

ADJOURNMENT

## Victor Valley Transit Acronym List

Page 1 of 2

ADA	Americans with Disabilities Act
APTA	American Public Transit Association
AQMP	Air Quality Management Plan
BAFO	Best and Final Offer
BEB	Battery Electric Bus
BOE	Board of Equalization
CALCOG	California Association of Councils of Governments
CALTRANS	California Department of Transportation
CARB	California Air Resources Board
CEQA	California Environmental Quality Act
CHP	California Highway Patrol
CIP	Capital Improvement Program
CMAQ	Congestion Mitigation and Air Quality
CMP	Congestion Management Program
CNG	Compressed Natural Gas
COG	Council of Governments
CSAC	California State Association of Counties
CTC	California Transportation Commission
CTC	County Transportation Commission
CTP	Comprehensive Transportation Plan
CTSA	Consolidated Transportation Services Agency
CTSGP-CTAF	California Transit Security Grant Program-California Transit Assistance Fund
DAC	Disadvantaged Communities
DBE	Disadvantaged Business Enterprise
DBELO	Disadvantaged Business Enterprise Liaison Officer
DOD	Department of Defense
DOT	Department of Transportation
E&H	Elderly and Handicapped
EEM	Environmental Enhancement and Mitigation
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EPA	United States Environmental Protection Agency
ETC	Employee Transportation Coordinator
FAST	Fixing America's Surface Transportation ACT
FEIS	Final Environmental Impact Statements
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
GIMS	Geographic Information Mapping Systems
GIS	Geographic Information Systems
GPS	Global Positioning System
HOV	High-Occupancy Vehicle
IAS-FFA	Independent Auditors Statement for Federal Funding Allocation
ITS	Intelligent Transportation Systems
JPA	Joint Powers Authority
LACMTA	Los Angeles County Metropolitan Transportation Authority
LAP	Language Assistance Plan
LCFS	Low Carbon Fuel Standard
LCTOP	Low Carbon Transit Operations Program
LD	Liquidated Damages
LEED	Leadership in Energy and Environmental Design
LEP	Limited English Proficiency
LTF	Local Transportation Fund

## Victor Valley Transit Acronym List

Page 2 of 2

MAP-21	Moving Ahead for Progress in the 21 <sup>st</sup> Century
MBTA	Morongo Basin Transit Authority
MDAQMD	Mojave Desert Air Quality Management District
MDT	Mobile Display Terminal
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MTP	Metropolitan Transportation Planning
MTBP	Mass Transit Benefit Program
NEPA	National Environmental Policy Act of 1969
NTD	National Transit Database
OCTA	Orange County Transportation Authority
OWP	Overall Work Program
PASTACC	Public and Specialized Transportation Advisory and Coordinating Council
PCA	Personal Care Attendant
PTMISEA	Public Transportation Modernization Improvement and Service Enhancement
POP	Program of Projects
RCTC	Riverside County Transportation Commission
RDA	Redevelopment Agency
RTAC	Regional Transportation Agencies' Coalition
RTAP	Rural Technical Assistance Program
RTIP	Regional Transportation Improvement Program
RTP	Regional Transportation Plan
RTPA	Regional Transportation Planning Agencies
SBCTA	San Bernardino County Transportation Authority (formerly SANBAG)
SCAG	Southern California Association of Governments
SOV	Single-Occupant Vehicle
SRTP	Short Range Transit Plan
STAF	State Transit Assistance Funds
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TAC	Technical Advisory Committee
TAM	Transit Asset Management
TCM	Transportation Control Measure
TDA	Transportation Development Act
TEA	Transportation Enhancement Activities
TEAM	Transportation Electronic Award and Management
TNC	Transportation Network Company
TOCP	Transit Operating and Capital Plan
TrAMS	Transit Award and Management System
TREP	Transportation Reimbursement Escort Program
TRIP	Transportation Reimbursement Incentive Program
TSSSDRA	Transit System Safety, Security and Disaster Response Account
TSM	Transportation Systems Management
ULEV	Ultra Low Emission Vehicle
UZAs	Urbanized Areas
VOMS	Vehicles Operated in Maximum Service
ZEB	Zero Emission Bus
ZEV	Zero Emission Vehicle

## Victor Valley Transit Authority Meeting Procedures

The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the Victor Valley Transit Authority (VVTA) Board of Directors in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the (VVTA) Board of Directors.

1. **Agendas** - All agendas are posted at the VVTA Administrative offices, and the Victorville, Hesperia, Barstow and Apple Valley city/town halls at least 72 hours in advance of the meeting. Staff reports related to agenda items may be reviewed at the VVTA Administrative offices located at 17150 Smoke Tree Street, Hesperia, CA 92345.
2. **Agenda Actions** - Items listed on both the "Consent Calendar" and "Action/Discussion Items" contain suggested actions. The Board of Directors will generally consider items in the order listed on the agenda. However items may be considered in any order. New agenda items can be added and action taken by two-thirds vote of the Board of Directors.
3. **Closed Session Agenda Items** - Consideration of closed session items exclude members of the public. These items include issues related to personnel, ending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the Chair will announce the subject matter of the closed session. If action is taken in closed session, the Chair may report the action to the public at the conclusion of the closed session.
4. **Public Testimony on an Item** - Members of the public are afforded an opportunity to comment on any listed item. Individuals wishing to address the Board of Directors should complete a "Request to Speak" form. A form must be completed for each item an individual wishes to speak on. When recognized by the Chair, speakers should be prepared to step forward and announce their name and address for the record. In the interest of facilitating the business of the Board, speakers are limited to three (3) minutes on each item. Additionally, a twelve (12) minute limitation is established for the total amount of time any one individual may address the Board at any one meeting. The Chair or a majority of the Board may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations. If there is a Consent Calendar, it is considered a single item; thus the three (3) minute rule applies. Consent Calendar items can be pulled at Board member request and will be brought up individually at the specified time in the agenda allowing further public comment on those items.
5. **Public Comment** - At the beginning of the agenda an opportunity is also provided for members of the public to speak on any subject within VVTA's authority. Matters raised under "Public Comment" may not be acted upon at that meeting. The time limits established in Rule #4 still apply.
6. **Disruptive Conduct** - If any meeting of the Board is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the Chair may recess the meeting or order the person, group or groups of persons willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive conduct includes addressing the Board without first being recognized, not addressing the subject before the Board, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board from conducting its meeting in an orderly manner.

Please be aware that a NO SMOKING policy has been established for VVTA meetings. Your cooperation is appreciated!

# **VICTOR VALLEY TRANSIT AUTHORITY**

## **MISSION STATEMENT**

**Our mission is to serve the  
community with excellent  
public transportation  
services in terms of quality,  
efficiency, and  
responsiveness.**

### **Quality**

**To increase ridership and community support by exceeding expectations.**

### **Efficiency**

**To maintain an efficient operation that represents a highly-valued service.**

### **Responsiveness**

**To provide services and facilities which are responsive to the needs of the community.**

**AGENDA ITEM  
ONE**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Minutes from the Public Hearing and Regular Meeting of the Board of Directors Conducted on August 20, 2018.**

**SUMMARY STATEMENT**

Following are copies of the minutes from the public hearing and regular meeting of the Board of Directors conducted on August 20, 2018.

**RECOMMENDED ACTION**

Move for approval.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Debi Lorrh, Clerk of the Board	N/A	September 17, 2018	1

**VICTOR VALLEY TRANSIT  
PUBLIC HEARING AND REGULAR MEETING OF THE  
BOARD OF DIRECTORS**

**August 20, 2018  
MINUTES**

**CALL TO ORDER**

The Public Hearing and Regular Meeting of the Board of Directors of the Victor Valley Transit Authority was called to order at 9:31 a.m. by Chair Rich Harpole in Barstow Council Chambers, 220 East Mountain View Street, Barstow, CA 92311

**ROLL CALL**

Board Members Present: Chair Rich Harpole  
Vice-Chair Barb Stanton  
Director Larry Bird  
Director Gloria Garcia  
Director Rich Kerr  
Director Robert Lovingood  
Alternate Director Sandy Baca

Staff Members Present:

Kevin Kane, VVTA	Jonathan McDowell, Transdev
Simon Herrera, VVTA	Steven Riggs, VVTA
Carol Greene, County Counsel	Debi Lorrh, VVTA
Aaron Moore, VVTA	Christine Plasting, VVTA
Nancie Goff, VVTA	Craig Barnes, VVTA
Marie Downing, VVTA	Christine Ortega, Transdev
Ro Ratliff, City of Victorville	Lora Sanchez, Transdev
Ron Zirges, VVTA	Fidel Gonzales, VVTA
Christine Ortega, Transdev	Nancy Strickert, SBCTA
Andrea Zureick, SBCTA	Dennis Brooks, AMMA
Barbara Miller, VVTA	Sue Crane, Transdev

**PLEDGE OF ALLEGIANCE**

Vice-Chair Stanton led the audience in the pledge of allegiance.

**ANNOUNCEMENTS**

Mr. Kane reminded the Board about upcoming conferences. Additionally, it was mentioned that "Deaf Rick" from last month's meeting was offered an opportunity to meet with VVTA regarding his list of complaints and to date VVTA has not heard from him.

**PUBLIC COMMENTS**

None.

## CONSENT CALENDAR

1. **Minutes from Public Hearing and Regular Meeting of The Board of Directors Conducted on July 16, 2018.**  
Recommendation: Move for approval.  
Presented by: None.
2. **Warrants, June 2018.**  
Recommendation: Move for approval.  
Presented by: None.
3. **Amend VVTA Procurement Policy.**  
Recommendation: Approve amendment to VVTA Procurement Policy sections 1000, 1050, 1070, 2000, and 4000.  
Presented by: Christine Plasting, Procurement Manager.

**A MOTION WAS MADE BY** Director Lovingood to approve the Consent Calendar. Seconded by Director Bird. The motion passed unanimously.

## REPORTS

4. **Meeting Notes from The Technical Advisory Committee Meeting Conducted on August 1, 2018.**  
Recommendation: Information item only.
5. **Management Reports for Hesperia and Barstow Divisions – Verbal Report from Executive Director.**  
Recommendation: Information item only.

Mr. Kane shared a PowerPoint presentation with the Board, highlighting the marketing campaign that VVTA has undergone with the LCTOP grant funding with the assistance of SBCTA. A few of the more significant points of the marketing effort include mini bus wraps, free ride day passes and promoting free Wi-Fi on all buses.

Vice-Chair Stanton commented that she is very impressed with the quality of the marketing campaign. Mr. Kane mentioned that the fares for the free day pass are covered with the funding received for this promotion.

## ACTION/DISCUSSION ITEMS

6. **Unmet Needs Public Hearing for Fiscal Year 2018-2019.**  
Recommendation: Receive input and testimony from the public.  
Presented by: Nancy Strickert, SBCTA.

9:48 am: Chair Harpole opened Public Hearing to Receive input and testimony from the public.

Speaker: Dennis Fikstad, Desert Manna.

Mr. Fikstad said that Desert Manna moved their food bank to a larger and more secure location, however, the closest bus stop to that location is the WalMart stop and it is over a one mile walk. This is difficult for the food banks customers and Mr. Fikstad would like to see a stop located closer to the food bank.

Speaker: Thomas Brandon, Bona Vista Street, Barstow

Mr. Brandon said that he would like to see bus service run more often than every 60 minutes in Barstow. Additionally, Mr. Brandon stated that Victorville has ADA and senior buses and wants to know why Barstow does not have both.

Speaker: Bernadette Skubic, Veterans home, Barstow.

Mrs. Skubic wanted to compliment the Barstow drivers and staff for their excellent service.

Speaker: Daniel Skubic, Veterans home, Barstow.

Mr. Skubic echoed his wife's statement about the service and they are both very pleased. As a general comment, Mr. Skubic feels that the schedule for the Route 15 leaving the Victorville Transfer point going to Barstow should adjusted as one hour is not enough leeway in the schedule for the bus to arrive in time for connection and transfers to Barstow routes in the afternoons..

Speaker: Edy Seehafer, Paloma Street, Barstow.

While the connections on Route 15 are improving, they still need work, Ms. Seehafer said. Additionally, Ms. Seehafer requested that there are two (2) seats at each bus stop so people do not have to stand in the heat or the cold; she would also like to see shade structures at each stop.

Speaker: Nancy Strickert, SBCTA, on Behalf of:

Terri Martini, Adelanto, CA, written comment.

Ms. Martini would like to see a circular route travel along El Evado/Mojave and Amethyst/Seneca in Victorville to connect with the Route 52; she would like to see Sunday service for Route 15 as well as more frequent service during the week. Ms. Martini stated that she feels the bus stop at Aster is dangerous due to lack of lighting and the location of the stop. Additionally, Ms. Martini said that she would like to see the stop at Stevens and Kemper reinstalled.

Josh Gross, Beverly Hills Weekly (via email)  
Mr. Gross submitted a letter via email requesting service between the Victorville Transfer Point and Palmdale.

10:10 am: Chair Harpole closed Public Hearing.

Chair Harpole complimented VVTA's effort to spread the word about the change in location for this years' unmet needs hearing.

7. **Present VVTA's FY 2019-2021 Title VI Civil Rights Program.**  
Recommendation: Approve VVTA's FY 2019-2021 Title VI Civil Rights Program.  
Presented by: Kevin Kane, Executive Director.

**A MOTION WAS MADE BY** Vice-Chair Stanton to approve the recommended action. Seconded by Alternate-Director Baca. The motion passed unanimously.

8. **Award VVTA RFP 2018-16 Construction Project Manager contract to MARRS Services, Inc., pending the results of the BAFO and delegate authority for executing and overseeing the contract to the Executive Director.**  
Recommendation: 1) Authorize Executive Director in enter into BAFO process with MARRS Services, Inc., Riverside, CA and delegate authority for executing and overseeing the contract; 2) If BAFO process with MARRS Services, Inc. is unsuccessful, authorize Executive Director to enter into BAFO process with Weaver Inc., Yorba Linda, CA and delegate authority for executing and overseeing the contract; 3) Direct the Executive Director to present the executed Construction Project Manager Contract to the Board of Directors for ratification at the first meeting following execution.  
Presented by: Kevin Kane, Executive Director.

There was brief discussion regarding the percentage points assigned to bidders; questions were presented inquiring if a threshold percentage would encourage proposers to be more thorough. Ms. Greene stated that proposers do their best to present a fair, reasonable and responsible bid; a threshold percentage may invite bidders to disregard bidding if they feel it is too onerous of a process.

**A MOTION WAS MADE BY** Vice-Chair Stanton to approve the recommended action. Seconded by Director Kerr. The motion passed unanimously.

9. **Award VVTA RFP 2018-14 Operations and Maintenance Services contract to National Transit Express, Lisle, IL, pending the results of the BAFO and delegate authority for executing and overseeing the contract to the Executive Director.**  
Recommendation: 1) Authorize Executive Director in enter into BAFO process with National Transit Express, Lisle, IL and delegate authority for executing and overseeing the contract; 2) If BAFO process with National Transit Express is unsuccessful, authorize Executive Director to enter into BAFO process with

Transdev Services, Inc., Lombard, IL and delegate authority for executing and overseeing the contract. 3) Direct the Executive Director to present the executed Operations and Maintenance Contract to the Board of Directors for ratification at the first meeting following execution.

Presented by: Kevin Kane, Executive Director.

**A MOTION WAS MADE BY** Director Lovingood to approve the recommended action. Seconded by Director Bird. The motion passed unanimously.

10. **Closed Session.**

**BOARD BUSINESS**

Personnel Matters - Government Code Section 54957(b)(1) – Public Employee Performance Evaluation. Title: Executive Director.

Open Closed Session: 10:24 am

Ms. Greene stated that there is no reportable action from the closed session.

Close Closed Session: 10:41 am

PRESS CLIPS/CORRESPONDENCE

BOARD OF DIRECTORS COMMENTS

Director Kerr invited all to come to Adelanto Stadium on September 1<sup>st</sup> for a free concert.

DATE OF NEXT MEETING

The next scheduled Board meeting will be on Monday, September 17, 2018 at 9:30 am at Victor Valley Transit Authority Board Room, 17150 Smoke Tree Street, Hesperia, CA 92345.

ADJOURNMENT

The meeting was adjourned at 10:42 am.

APPROVED: \_\_\_\_\_  
Rich Harpole, Chair

ATTEST: \_\_\_\_\_  
Debi Lorrach, Clerk of the Board

**AGENDA ITEM  
TWO**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Payrolls and Warrants for July, 2018.**

**SUMMARY STATEMENT**

The following registers of Payrolls and Warrants have been audited as required By Section 37202 and 37208 of the Government code, and said documents are accurate and correct.

**Agency's Gross Payroll for Administrative Employees**

<u>Payroll Date</u>	<u>Amount</u>	<u>Register#</u>
07/06/2018	\$ 68,955.42	PR0208-07-18
07/20/2018	\$ 60,160.99	PR0209-07-18
<b>Total Payroll</b>	<b>\$ 129,116.41</b>	

**Agency's Register of Warrants**

<u>Register Date</u>	<u>Amount</u>	<u>Check #</u>	<u>Register #</u>
07/10/2018	\$ 1,409,832.17	9334-9352	AP02084AAADAO
07/17/2018	\$ 270,642.10	9353-9385	AP02109AAADBN
07/20/2018	\$ 188,635.25	9386-9405	AP02113AAADBR
07/27/2018	\$ 184,885.72	9406-9423	AP02122AAADCA
	<b>\$ 2,053,995.24</b>		

**RECOMMENDED ACTION**

Approve VVTA's expenditures for July 2018.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Steven Riggs, Finance Director	\$2,183,111.65	September 17, 2018	2

# Bank Register Report

## Victor Valley Transit Authority

### July-18

Check Number	Date	Payee Name	Amount
009334	07/10/2018	Alltech Industries Inc	\$19,057.50
009335	07/10/2018	American Express	\$956.20
009336	07/10/2018	Lawrence Bird	\$125.00
009337	07/10/2018	Cryostar USA	\$1,698.61
009338	07/10/2018	Daily Press	\$388.00
009339	07/10/2018	Southern California Edison	\$448.48
009340	07/10/2018	Flyers Energy LLC	\$640.63
009341	07/10/2018	FRONTIER-OFFICE LINES	\$54.09
009342	07/10/2018	Frontier	\$93.52
009343	07/10/2018	Gloria L. Garcia	\$125.00
009344	07/10/2018	Richard Harpole	\$125.00
009345	07/10/2018	City Of Hesperia Water District	\$3,028.30
009346	07/10/2018	High Desert Laser Graphics	\$11.85
009347	07/10/2018	Robert Lovingood	\$125.00
009348	07/10/2018	Packet Fusion, Inc	\$53.46
009349	07/10/2018	Southwest Gas Corporation	\$11.00
009350	07/10/2018	Type-Set-Go	\$856.62
009351	07/10/2018	Transdev	\$1,376,283.03
009352	07/10/2018	Verizon-Security Phones	\$5,750.88
009353	07/17/2018	Allied Barton Security Services	\$4,351.20
009354	07/17/2018	American Public Transportation Asso	\$26,000.00
009355	07/17/2018	Charles Meier	\$4,576.97
009356	07/17/2018	SPECTRUM BUSINESS	\$134.17
009357	07/17/2018	Spectrum Business-Sec	\$90.00
009358	07/17/2018	Digital Assurance Certification	\$2,000.00
009359	07/17/2018	ECOLANE	\$42,019.00
009360	07/17/2018	Southern California Edison-CNG	\$9,908.33
009361	07/17/2018	Southern California Edison	\$1,032.49
009362	07/17/2018	Flyers Energy LLC	\$23,464.10
009363	07/17/2018	Frontier	\$278.60
009364	07/17/2018	HI-Desert Communications	\$1,308.00
009365	07/17/2018	Lincoln Financial Group	\$921.83
009366	07/17/2018	Loomis	\$543.50
009367	07/17/2018	Public Entity Risk Management Auth	\$83,725.00
009368	07/17/2018	Principal Life Insurance Company	\$2,088.78
009369	07/17/2018	Remix Software	\$12,000.00
009370	07/17/2018	Southern California Fleet Services Inc	\$492.80
009371	07/17/2018	Special District Risk Management	\$33,154.32
009372	07/17/2018	Southwest Gas Corporation	\$290.48
009373	07/17/2018	Southwest Gas Corporation	\$190.30
009374	07/17/2018	Southwest Gas Corporation	\$82.20
009375	07/17/2018	State Compensation Insurance Fund	\$1,868.92
009376	07/17/2018	VOID	\$0.00
009377	07/17/2018	VOID	\$0.00
009378	07/17/2018	VOID	\$0.00
009379	07/17/2018	VOID	\$0.00
009380	07/17/2018	VOID	\$0.00
009381	07/17/2018	VOID	\$0.00
009382	07/17/2018	VOID	\$0.00
009383	07/17/2018	US BANK	\$17,606.80
009384	07/17/2018	Transdev	\$803.86

009385	07/17/2018	Verizon	\$1,710.45
009386	07/20/2018	Lawrence Bird	\$125.00
009387	07/20/2018	BP Energy Company	\$41,041.49
009388	07/20/2018	SPECTRUM BUSINESS	\$264.98
009389	07/20/2018	Clean Energy	\$9,109.68
009390	07/20/2018	Diamond	\$635.08
009391	07/20/2018	Gloria L. Garcia	\$125.00
009392	07/20/2018	GEOGRAPHICS	\$4,672.17
009393	07/20/2018	Richard Harpole	\$125.00
009394	07/20/2018	Labor Finders	\$3,192.00
009395	07/20/2018	MEEC	\$1,250.00
009396	07/20/2018	San Bernardino County	\$2,319.76
009397	07/20/2018	Southern California Fleet Services Inc	\$17,560.79
009398	07/20/2018	Special District Risk Management	\$32,751.18
009399	07/20/2018	SONIC SYSTEMS IT	\$2,690.00
009400	07/20/2018	Southwest Gas Corporation	\$36,480.59
009401	07/20/2018	Barbara Stanton	\$125.00
009402	07/20/2018	Tolar Manufacturing Co., Inc	\$29,457.65
009403	07/20/2018	VerizonBAT	\$952.83
009404	07/20/2018	City Of Victorville	\$5,632.05
009405	07/20/2018	John Woodard	\$125.00
009406	07/27/2018	American Express	\$938.00
009407	07/27/2018	Charles Meier	\$4,707.17
009408	07/27/2018	SPECTRUM BUSINESS	\$1,683.25
009409	07/27/2018	Clean Energy	\$9,161.83
009410	07/27/2018	Civic Resource Group	\$1,063.00
009411	07/27/2018	Desert Communities FCU	\$40.00
009412	07/27/2018	Southern California Edison	\$914.61
009413	07/27/2018	Enterprise Ride Share	\$83,150.00
009414	07/27/2018	Flyers Energy LLC	\$25,853.97
009415	07/27/2018	Frontier	\$118.40
009416	07/27/2018	GEOGRAPHICS	\$2,252.63
009417	07/27/2018	Labor Finders	\$3,864.00
009418	07/27/2018	PETCAM Engineering Inc	\$250.00
009419	07/27/2018	SONIC SYSTEMS IT	\$13,041.46
009420	07/27/2018	Transtrack Systems, Inc.	\$27,037.50
009421	07/27/2018	Type-Set-Go	\$307.09
009422	07/27/2018	Transdev	\$10,341.18
009423	07/27/2018	Wirz And Co Printing Inc	\$161.63

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**TOTAL \$2,053,995.24**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Update to VVTA Personnel Policies and Procedures Manual to incorporate legislative changes and recommendations.**

**SUMMARY STATEMENT**

VVTA's Personnel Policies and Procedures Manual was last updated on September 21, 2015. Since that time a number of legislative changes have been enacted in the state of California. These include the Sick Leave law (2018), Child Bonding Leave (2018), Pregnancy Disability Act (2017), updated workplace smoking rules (2017), Notice of Domestic Violence, Sexual Assault, and Stalking Protections (AB2337 – 2017), to name a few.

Additionally, VVTA had a legal compliance review performed by the Jackson Lewis law firm under the Employment Risk Management Authority (ERMA) policy review program, which is provided for through VVTA's liability insurance provider Public Entity Risk Management Authority (PERMA). The results of the review indicated that VVTA's Personnel Policies and Procedures Manual was for the most part comprehensive and effective, however it did require some updated language to bring it into conformance with recently enacted legislation.

In accordance with these events, staff recommends approval of the following changes to its Employee Personnel Policies and Procedures Manual:

1. **EMPLOYEE BENEFITS SECTION (p. 21) Header:** Added explanation and disclaimer regarding FMLA/ CFRA regulations that do not apply to VVTA due to having less than 50 employees.
2. **Section 4.5 Overtime for Non-exempt Employees:** Removed verbiage that defines overtime as "more than 8 hours in one work day" as VVTA is not required to follow California daily overtime laws.

Continued

**RECOMMENDED ACTION**

Approve the amendment to VVTA's Personnel Policies and Procedures Manual to incorporate legislative changes and recommendations.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Kevin Kane Executive Director	None	September 17, 2018	3

## VICTOR VALLEY TRANSIT AUTHORITY

### AGENDA MATTER

**Update to VVTA Personnel Policies and Procedures Manual to incorporate legislative changes and recommendations.**

### SUMMARY STATEMENT

3. **Section 5.13 Life Insurance:** Updated policy coverage from \$25,000 to \$30,000 in accordance with current policy minimums.
4. **Section 5.14 Workers Compensation:** Added two bullets that define VVTA's responsibilities to provide pay and benefits to a VVTA employee as related to a claim for worker's compensation benefits due to a work-related injury. The added language makes VVTA responsible for paying the employee's wage on the date of injury and for maintaining their VVTA paid benefits for a period of 3 months before converting to COBRA. During this period the employee would have to pay the employee share of benefits cost. Additionally, the updated paragraphs allow the employee to use available sick and vacation time to supplement their workers compensation insurance benefits up to the full rate of their normal pay. All of these changes are provided for in the DWC labor and workers compensation codes and are now incorporated specifically in this policy.
5. **Section 6.3 Vacation Leave Benefits (Maximum Accrual):** Deleted language relating to 160-hour annual maximum accrual. VVTA continues to cap vacation accruals at 320 hours, or two times the maximum annual rate for an employee with more than ten (10) years of employment. This removes the conflicting language previously stated in the policy.
6. **Section 6.4 Military Leave:** Added "*Employees who have one year of service are entitled to 30 days' pay when on a military leave. A military leave is defined as time off when the employee is ordered to active military duty as a member of the reserve component of the armed forces of the United States, the National Guard or Naval Militia or when an employee is inducted, enlists, enters or is otherwise ordered or called into active duty as a member of the armed forces of the United States*"
7. **Section 6.5 Pregnancy Leave:** Changes Employee benefit continuation period from 90 days to 12 weeks.

Continued

## VICTOR VALLEY TRANSIT AUTHORITY

### AGENDA MATTER

**Update to VVTA Personnel Policies and Procedures Manual to incorporate legislative changes and recommendations.**

### SUMMARY STATEMENT

8. **Section 6.5 Title updated to: “Pregnancy Leave / Child Bonding Leave”.** New paragraph added to incorporate State of California law (SB 63-Parent Leave Act) effective January 1, 2018. Removed wording that limited the amount of “additional” time the Executive Director may approve above the standard four (4) months of PDL based on medical necessity. This is required as a “reasonable accommodation” for a Pregnancy Disability and is protected under the Pregnancy Disability Act.
9. **Section 6.11-12 Sick Leave:** Updated definitions for “use” of sick leave and for “family” in accordance with the state of California’s new sick leave policy effective in 2015. Deleted policy language that requires a doctor’s note for certain sick leave absences of 3 days or less and as a requirement to return to work. Additionally, an updated definition of permissible sick leave uses was added in conformance to current state sick leave laws. Correspondingly, the old language was deleted.
10. **Section 6.12 Bereavement Leave:** Updated definition to include “domestic partner” on list of eligible reasons for taking this leave.
11. **Section 6.14 Notice of Illness:** Language adjusted to allow employee to give notice “as soon as reasonably possible” on first day of absence in accordance to new state sick leave law.
12. **Section 6.16 Return from sick leave:** Section removed on advice of counsel.
13. **Section 14.3 (Types of Separation) Disability.** Added language to include transfer to a vacant position and/or leave of absences as available accommodation for a disability.
14. **Section 15.4 Process for Filing Grievances.** This section expanded to include alternate persons to report grievances to in case the immediate supervisor is the source of the grievance.

Continued

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Update to VVTA Personnel Policies and Procedures Manual to incorporate legislative changes and recommendations.**

**SUMMARY STATEMENT**

15. **Section 17.0 Policy Preventing Employee Harassment.** Section 17.2 Application, expanded to include VVTA Board members, vendors, members of the public, job applicants, volunteers, or any other third party.
16. **Section 19.2 Cause for Disciplinary Action, bullet 17.** "Bullying" added to list of workplace violent actions that would warrant disciplinary action.
17. **Section 22.0 Smoking Policy and policy definitions:** Updated to include e-cigarettes and nicotine delivery systems (such as vaporizers) to the list of prohibited activities in VVTA owned vehicles or properties.
18. **Section 18.0 Alcohol and Drug Policy.** Updated explanation of policy regulating "controlled substances", where those substances are legally prescribed to the employee. Statement regarding the prohibition of cannabis/marijuana use or influence in the workplace although legal in the State of California.

Staff has also provided a redlined copy of the update Policy that incorporates all the above listed changes.



# VICTOR VALLEY TRANSIT AUTHORITY

Representing the Communities of Adelanto, Apple Valley, Hesperia,  
Victorville and San Bernardino County

## VICTOR VALLEY TRANSIT AUTHORITY

## PERSONNEL POLICIES AND PROCEDURES

February 2011  
(Revision-~~54~~ September ~~1724~~, 201~~8~~5)

#### AT-WILL EMPLOYMENT AND CONTRACT DISCLAIMER

These Personnel Rules are not a contract of employment, and do not create a contract of employment. As such, these Rules are not intended to create, and do not create, any express or implied contractual rights and terms and conditions of employment between VVTA and any employee. Further, these Rules are not intended to provide any guarantee of continued or long-term employment, or employment for any specified term. All employment with VVTA is on an AT-WILL basis. This means that employment with VVTA may be terminated at any time, by the employee or VVTA, without any notice and without cause. Any verbal or written representations to the contrary are invalid, and should not be relied upon by any employee. **Each employee of VVTA must sign the Acknowledgment of Receipt of the Personnel Rules of the Victor Valley Transit Authority at the time of their initial hiring with VVTA, in the forms attached.**

Only the Board may amend this Policy through adoption of a written agreement that has been approved by the Board at a duly noticed public meeting. This policy supersedes all written and oral representations to the contrary.

## Table of Contents

<b>Welcome to Victor Valley Transit</b> .....	<b>5</b>
<b>Your Pay and Benefits at a Glance</b> .....	<b>6</b>
<b>Rules and Expectations at a Glance</b> .....	<b>7</b>
<b>Your Employment Status</b> .....	<b>13</b>
Recruitment.....	13
Administration of Personnel.....	14
Employment Categories (Regular, Full-Time, Part-Time).....	14
Introductory Period.....	15
Promotions and Transfers.....	15
Nepotism ( Employment of Family Members).....	16
Death of an Employee.....	16
Personnel Files.....	17
<b>Your Time and Pay</b> .....	<b>18</b>
Compensation.....	18
Payment of Wages.....	18
Meal and Rest Periods.....	19-19
Overtime for Non-exempt Employees.....	19-19
Timekeeping Requirements.....	19-19
Attendance and Tardiness.....	19-19
Advances.....	20-19
Inclement Weather/Natural Disasters.....	20-0
Reimbursement of Expenses.....	20-0
<b>Your Employee Benefits</b> .....	<b>211</b>
Health Insurance Benefits.....	211
Workers' Compensation.....	233
Sick Leave.....	244
Holidays.....	256
Vacation Leave.....	286
Military Leave.....	287
Pregnancy Disability Leave.....	297
Jury Duty Leave.....	298
Time Off for Voting.....	30-29
Leaves of Absence.....	30-29
Tuition Reimbursement Program.....	31-29
Professional Organization Dues Reimbursement.....	32-1
<b>Employment Policies and Practices</b> .....	<b>332</b>
EEO with ADA Provision.....	332
Affirmative Action.....	332
Open-door.....	343
Infectious and Communicable Diseases.....	343
Outside Employment and Activities.....	354
Separation From Employment.....	365
Retirement.....	365
Reductions in Force.....	376
Dismissal.....	376
Grievance Resolution Procedures.....	376

<b>Standards of Conduct .....</b>	<b>398</b>
Business Code of Ethics.....	398
Unlawful Harassment .....	398
Drug and Alcohol Abuse.....	421
Prohibited Conduct.....	421
Political Activity .....	443
Dress Code and Other Personal Standards .....	443
Confidentiality .....	443
<b>Operational Guidelines.....</b>	<b>454</b>
Smoking.....	454
Safety .....	454
Vehicle Operation.....	454
Security.....	465
Computer and Information Security .....	465
News Media Contacts .....	476
Representation and contracts.....	476
Housekeeping.....	476
Parking .....	486
Solicitation and Distribution of Literature.....	486
<b>Acknowledgement of Handbook Receipt.....</b>	<b>497</b>
<b>Acknowledgement of At-Will Status .....</b>	<b>5048</b>

Our mission is to serve the community with excellent public transportation services in terms of quality, efficiency, and responsiveness.

To increase ridership and community support by exceeding expectations.

To maintain an efficient operation that represents a highly valued service.

To provide services and facilities which are responsive to the needs of the community.

## Welcome to Victor Valley Transit

Welcome! As an employee of Victor Valley Transit (VVTA), you are joining a leader in the public transportation sector. Our success depends upon the dedication of our employees and we are highly selective in choosing new members of our group. We hope that you will find your position with VVTA rewarding, challenging, and productive.

**Victor Valley Transit Authority (VVTA)**, the second largest transit operator in San Bernardino County (with over 1 million passengers a year), is a transit agency providing bus service to the cities of Adelanto, Barstow, Hesperia and Victorville, the town of Apple Valley, and certain unincorporated portions of the County of San Bernardino including Oro Grande, Helendale, Lucerne Valley, Needles, Fort Irwin, Phelan, Piñon Hills, and Wrightwood. Additionally VVTA provides a "down the hill" lifeline service, a commuter service to Ft. Irwin, and subsidizes a vanpool service. VVTA was established through a Joint Powers Authority (JPA) in 1991. The JPA includes the cities of Adelanto, Barstow, Hesperia, and Victorville, and the town of Apple Valley as well as the County of San Bernardino.

VVTA routes are grouped into ~~five~~<sup>three</sup> different categories: Fixed routes, Deviated routes, and County routes, Intercity routes, and Commuter routes. The fixed routes are standard city bus service- they serve a pre-determined route and stop at designated stops only. Deviated routes serve a pre-determined route and stops, but can deviate as far as 3/4 mile off that route to pick up passengers with advanced reservation. County routes are similar to Deviated routes, but they serve outlying rural areas. Intercity and Commuter routes provide service between cities in VVTA's service area.

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This employee handbook is intended to explain the terms and conditions of employment of all full- and part-time employees. This handbook summarizes the policies and practices in effect at the time of publication. This handbook supersedes all previously issued handbooks and any policy or benefit statements or memoranda that are inconsistent with the policies described herein. Human Resources or your supervisor will be happy to answer any questions you may have.

At VVTA, we know that our success is built upon the talent and dedication of our employees. We consider you an important addition to our team effort. As you become acquainted with your position and see how our organization works, we encourage you to share your ideas and knowledge. We are interested in helping you adjust to your new job.

### Your Pay and Benefits at a Glance

VVTA recognizes and values the contribution of each of its members and as such you will enjoy a generous package of pay and benefits. The following are the highlights of this package.

- o ~~All employees of VVTA are paid every other Friday for work performed during the previous two-week pay period.~~ bi-weekly.
- o Direct deposit available – either at hire or anytime thereafter.
- o VVTA observes twelve (12) paid holidays each calendar year.
- o Sick Pay benefits accrues four (4) hours of sick pay for each pay period worked up to 360 hours for full time employees, and one (1) hour for every 30 hours worked up to 48 hours for part-time employees. Use your sick pay to provide compensation during periods of illness, disability including pregnancy, and authorized bereavement leave.
  - o VVTA provides a vacation benefit for each full time employee to take time off from work
  - o 0-4 years of service: 10 days off/year
  - o 5 -9 years of service: 15 days off/year
  - o 10+ years of service: 20 days off/year
- o VVTA provides the following Insurance benefits to all ~~full-time~~full-time employees (40 hours/week)
  - o VVTA pays 100% of insurance premiums for combined costs of Health, Dental and Vision insurance for each employee based on FY 2011 rates, PLUS 80% of annual increases. Premium rates above these levels, as well as deductibles and copayments will be paid by the employee. All employee participation in insurance premiums will be deducted from pre-tax dollars through our 125 cafeteria plan.
  - o Blue Shield of California Gold Preferred Plan (PPO)
    - o Extensive PPO Network. Access to a large variety of physician services.
  - o Dental PPO Benefits – Premier Dental (DD)
    - o Preventive care paid at 100% - no deductible
    - o Once annual \$50 (individual), \$150 (family) deductible is met:
      - Basic care paid at 80% in network, 80% out of network (based on DD rates)
      - Major care paid at 60% in network, 60% out of network (based on DD rates)
  - o Vision Benefits - Vision Services Plan (VSP)
    - o Examinations every 12 months \$15.00 co-pay
    - o Lenses every 12 months if necessary \$15 co-pay
    - o Frames every 24 months covered up to \$120
  - o Pre-tax Flexible Spending Account
    - o Designate pre-tax pay check contributions to reimburse yourself for eligible health care (health, dental, vision) and dependent care expenses
    - o Estimate carefully – use it or lose it

- **Deferred Compensation- Retirement Plan- CALPERS. Minimum vesting is 5 years. Employee pays 6.25% of salary into fund. No deductions for Social Security tax will be taken. Provides a monthly retirement payment based on a percentage of pay at time of retirement.**
- **Short and Long Term Disability – paid fully by the company**
- **Supplemental Life Insurance to \$30,000 – fully paid by the company**
- **Tuition reimbursement**
- **Paid Jury duty leave up to 40 hours of regular pay**

### Rules and Expectations at a Glance

At VVTA we strive to create a safe, secure, professional and productive work environment for all of our employees. We ask that each employee observe certain rules and practices in support of that goal. Some key policies and rules are hi-lighted on the next two pages. Please familiarize yourself with company expectations and guidelines in these areas.

#### How we treat each other is important

- At VVTA, we strive to create a work environment free of any unlawful discrimination or harassment. We take our commitment to **Equal Employment Opportunity** and a workplace **free of harassment, sexual harassment or discrimination** very seriously. Please see specific details on our EEO and Unlawful Harassment policies, including how to report a claim of discrimination or harassment, on page 323 and 387.
- All employees are expected to conduct themselves professionally and ethically while at work and to treat all co-workers with respect. A **list of prohibited conduct** may be found on page 412 of the handbook.
- Abusive language is unprofessional, may be considered harassment by co-workers and will not be tolerated at VVTA.
- **Violence and bullying in the workplace is specifically prohibited and cause for immediate dismissal.**
- **Possession of firearms or other weapons is specifically prohibited and cause for immediate dismissal.**

#### How we perform our job is important

- Possession, use of, or being under **the influence of alcohol, illegal drugs or controlled substances** while at work or on company property is prohibited. Your well being and that of your co-workers is important to us. We believe that the use of these substances either on or off the job can impair an employee's work performance, safety and health. See our policy guidelines on page 398.
- Theft or destruction of company property is prohibited and cause for immediate dismissal.
- As an employee of VVTA, you are expected to be punctual and regular in attendance. If you are unable to report to work as scheduled you are expected to notify your immediate supervisor within one hour of your scheduled start time. Page 19
- Each employee is expected to record their work time accurately. Falsifying time records is cause for dismissal.
- VVTA observes a business casual dress work environment. Employees are expected to wear clothing appropriate for the nature of our business and the type of work performed. All employees are expected to maintain good personal hygiene habits. Page 432

### How we use Company Property

- Use of company computers to visit adult or pornographic sites is prohibited at all times. Downloading of music files onto company computers is prohibited.
- All company provided property including desks, computers, telephones, etc. are to be used for company business only and kept clean and in good working condition.

### Other Obligations

- Each employee is responsible for safeguarding VVTA proprietary and confidential information.
- No employee is to give interviews or comments to the news media unless authorized to do so by the company.
- No employee is to enter into any type of contract or business obligation without prior authorization from the company.
- No personal or non business related solicitation of employees or distribution of literature is allowed on company property or bulletin boards.
- Employees are expected to conduct their personal affairs in a manner that does not adversely affect VVTA's or their own integrity, reputation or credibility. Illegal or immoral off-duty conduct by an employee that adversely affects VVTA's legitimate business interests or the employee's ability to perform his or her job will not be tolerated.
- **VVTA is a non-smoking work environment** in compliance with State and local ordinances. No smoking, including e-cigarettes and nicotine delivery systems such as vaporizers are permitted within 20 feet of any entrance to the building or in and around VVTA owned vehicles.

# **Introduction**

## **1.0 – PURPOSE**

Effective Date: 10/1/2010

Revision Date:

**This document shall constitute the Personnel Policies and Procedures (“PPP”) of Victor Valley Transit Authority (VVTA).**

- A. These Personnel Rules and Regulations (“Rules”) were adopted by the Victor Valley Transit Authority Board of Directors.
- B. The purpose of these Rules is to provide for a lawful, efficient and orderly personnel system; one that can be expected to attract and employ the best qualified individual for each position and to provide for a fair and equitable system of personnel management. Employees should understand; however, that these Rules are not intended to be a contract (express or implied).
- C. These Rules supersede and replace all previous human resources manuals, personnel manuals, and personnel policies, practices, and guidelines written or oral.
- D. Procedures
  - 1. The Board reserves the right to amend, supplement or rescind any provisions of these Rules, other than its employment-at-will provisions, as the Board deems appropriate at its sole and absolute discretion.
  - 2. The Executive Director is responsible for presenting amendments and revisions to the Rules for consideration by the Board in order to improve equity, comply with regulations, or provide for administrative ease. The Executive Director has the authority to adopt policies and procedures to implement these Rules, and to address matters not inconsistent with these Rules.
  - 3. Every employee will be given a copy of the Rules upon employment with VVTA. All employees shall be required to acknowledge receipt of these rules. A copy of the acknowledgment shall be maintained in the employee's personnel file.
  - 4. Requests for changes, updates, or modifications to the Rules should be directed to the Executive Director for review and consideration and subsequent consideration by the Board.

## **1.1 GENERAL PROVISIONS**

### **Section 1.11 Prior Policies Repealed**

If the terms and provisions of the PPP are inconsistent or in conflict with the terms and provisions of any prior VVTA personnel policies and procedures, resolutions, rules and regulations governing the same subject, the terms of this PPP shall prevail and such inconsistent or conflicting provisions or prior resolutions, rules and regulations are hereby repealed.

### **Section 1.12 Term of the PPP**

This PPP shall take effect when adopted by the Board of Directors of VVTA, and shall remain in effect unless repealed, in whole or part, by the Board of Directors for VVTA. The Board of Directors may in its sole discretion add to, delete or otherwise modify the PPP.

**Section 1.13 Employee Responsibility**

It shall be the responsibility of each employee to become aware and be knowledgeable of the PPP. Violation of the PPP as adopted shall constitute grounds for rejection, suspension, demotion, termination or other disciplinary action deemed appropriate by VVTA management.

**Section 1.14 Section Policies and Procedures**

Supervisors may issue such written policies and procedures as deemed necessary for the efficient, safe and orderly administration of the department. However, no such policies or procedures shall conflict with, go beyond or supersede the PPP and shall be approved by the Executive Director before their implementation. Copies of department policies and procedures must be distributed to each employee of the section. Department policies and procedures must be consistent with, and supplementary to, the PPP.

**Section 1.15 Distribution of Personnel Policies**

A copy of the PPP shall be distributed to each VVTA employee. Newly hired employees shall receive a copy at the time of Employee Orientation.

Copies of the PPP shall also be distributed to each department. Copies shall be available from the Executive Director and in the Human Resources office. Employees with questions about the PPP may direct them to their immediate supervisor, or to Human Resources.

**Section 1.16 Definition of Terms**

Terms used in the PPP are defined as follows:

**Acting Appointment** - An appointment of a person who possesses at least the minimum qualifications established for a particular position and who is appointed to said position in the absence of available eligible incumbents, or on an interim basis pending later appointment of an eligible person.

**Advancement** - A salary increase for an established position.

**Applicant** - Any person submitting a formal completed application for employment with VVTA.

**Appointing Authority** - The Executive Director is the appointing authority for all VVTA employees. The Executive Director may delegate appointing authority to others as appropriate.

**Authorized Position** - A specific work position that is or may be held by an employee.

**Benefit Date** - For the purpose of sick and vacation leave accrued, the benefit date is defined as follows for all employees: (a) If the first working day of the pay period was worked, the benefit date will be the first day of that pay period. (b) If the employee started anytime after the first working day of the pay period, then the benefit date will be the first day of the following pay period. (c) Employees who are absent without pay for more than thirty (30) consecutive days, shall have their benefit date adjusted to reflect the deduction of the period of time in which the employee was absent, unless an exception is made by the Executive Director.

**Board of Directors** - Governing Board for VVTA.

**Compensation** - Salary, wages, fees, benefits, allowances or other moneys paid to or on behalf of an employee for personal services.

**Continuous Employment** - Employment in a regular position that is uninterrupted from the effective date of the appointment except by an authorized absence with pay or an authorized leave of absence without pay of thirty (30) consecutive days or less.

**Contract Employees** - Those individuals employed by VVTA pursuant to the terms of an individual employment contract that sets forth terms and conditions of employment. Unless expressly stated herein, the provisions of the PPP shall not be applicable to contract employees.

**Days** - Means calendar days unless otherwise stated.

**Demotion** - The movement of an employee from one position to another position, the new position having a lower maximum base rate of pay.

**Disciplinary Action** - The termination, demotion, reduction in pay, or suspension of a regular employee for punitive reasons.

**Discharge** - Involuntary termination of employment with VVTA.

**Employee** - A person who is legally occupying a position in VVTA's service or who is on an authorized leave of absence for such position.

**Fiscal Year** - The fiscal year for the VVTA begins on July 1 and ends on June 30 of the next year.

**Full-time Employee** - A regular employee of VVTA who is regularly scheduled to work at least forty (40) hours per week.

**Grievance** - Any good faith or reasonable complaint of an employee or a group of employees or a dispute between VVTA and said employee or group of employees involving the interpretation, application, or enforcement of this Personnel and Policies Manual; provided, however, complaints involving performance evaluations, denial of merit pay increases, and minor discipline shall not be grievable, but upon request of the affected employee, they are subject to review by the Executive Director whose decision shall be final and binding.

**Grievance Procedure** - The systematic means set forth in the PPP by which an employee may obtain consideration of a grievance.

**Immediate Supervisor** - The most immediate person to whom an employee reports and is a supervisor per the definition in this section.

**Introductory Employee** - An employee, new to VVTA, is considered in an "introductory period" for the first six (6) months of employment for the purposes of orientation, training, and observation for suitability of the employees' ability to competently perform the duties of the position he/she was hired for. During this period use of certain benefits may be restricted.

**Leave of Absence** - An authorized absence from duty for a specified period.

**Part-time Employee** - A regular employee of VVTA who is regularly scheduled to work less than forty (40) hours per week. Part-time employees receive no benefits, vacation or holiday leave.

**Performance Evaluation** - A review and evaluation of an employee's performance and capabilities in the employee's authorized position by the employee's immediate supervisor and/or other member of management.

**Personnel Policies and Procedures Manual (PPP)** - This document concerning employment with VVTA.

**Personnel Officer** - The Executive Director or an employee of VVTA designated in writing by the Executive Director as the Personnel Officer.

**Position** - A group of current duties and responsibilities assigned or delegated by the appointing authority and requiring the full or part-time services of one (1) employee.

**Promotion** - The movement of an employee to a position having a higher maximum salary rate, generally with an increase in duties and responsibilities over the employee's present position.

**Reduction in Pay** - A temporary or permanent decrease in wages.

**Regular Employee** - An employee who has successfully completed the introductory period and has been retained as hereafter provided in this PPP is an employee having regular status.

**Reinstatement** - The restoration without examination of a former regular employee or introductory employee to a position in which the employee formerly served as a regular non-introductory employee.

**Resignation** - Voluntary termination of employment by an employee.

**Salary Range** - Categories which determine the minimum and maximum salary payable for each employment classification.

**Smoking** - Includes any lighted cigarette, cigar, pipe, e-cigarette, nicotine delivery system such as a vaporizer, or other item that creates smoke which may be inhaled by others.

**Supervisor** - A person having authority in the interest of VVTA to direct, train, assign, demote, recall, reward, or discipline other employees, or address their grievances, or effectively recommend any such action, if in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

**Suspension** - The temporary separation, with or without pay, from service of an employee for disciplinary purposes.

**Termination** - The conclusion or cessation of employment with VVTA.

**Transfer** - The movement of an employee within a department or between departments from one position to another position having the same maximum salary.

**Vacancy** - An unfilled authorized position in VVTA employment.

**VVTA** - Victor Valley Transit Authority.

**Section 1.17 Savings Clause**

If any provisions or the applications of any provision of the PPP, as implemented, are rendered or declared invalid by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provision of the PPP shall remain in full force and effect.

Nothing in the PPP shall be construed to deny any person or employee the rights granted by Federal and State law. The rights, powers and authority of the Board of Directors in all matters, including the right to maintain any legal action, shall not be modified or restricted by these regulations.

**Section 1.18 Application of Personnel Rules**

These Personnel Rules shall apply to all officers, positions and employment in the service of the VVTA, **except**:

- (A). The Executive Director and Deputies designated by the Board of Directors;
- (B). Elected officials;
- (C). Members of appointed boards;
- (D). Persons engaged under contract to supply expert, professional, technical or any other services;
- (E). Volunteer personnel, including but not limited to student interns;
- (F). Contract employees;
- (G). Technical Advisory Committee Members.

# Employment Status

## 2.0 RECRUITMENT

### Section 2.1 Hiring

1. It is VVTA's policy to provide full and equal employment to all qualified applicants **regardless** of race, creed, color, natural origin, sex, religion or age.
2. VVTA's employment policy is to recruit and hire the best qualified applicants available for the positions to be filled, consistent with compensation and statutory considerations.
3. Completed VVTA employment application forms and candidate resumes provide the basis for thoroughly investigating applications for employment.
4. All completed employment application forms or resumes received within VVTA will be evaluated and filed for follow-up and to meet legally established retention requirements.
5. No offers of employment or commitments regarding job availability or rates of pay will be extended without a position allocation approved by the Board and the express approval of the Executive Director.
6. Recruiting, screening, reference checking, and recommendations for employment of all personnel is the responsibility of the Executive Director or designee.
7. VVTA has ongoing efforts to attract minority group applicants. All employment advertising, regardless of the media involved, shall be approved and placed by the Executive Director.
8. In recruitments which include internal recruitments, VVTA provides current employees an opportunity to indicate their interest in open positions and advance within the organization according to their skills and experience. If you are interested in applying for a posted position, please indicate your interest to Human Resources and they will provide you with a detailed list of requirements for that position along with the necessary application materials.

**NOTE:** In addition to the minimum eligibility requirements for the position, as set forth in the job description, to be eligible to apply for a posted job, current employees must have performed competently for at least 180 calendar days in their current position. Employees who have a written warning on file, or who are in the introductory period for their current job, are not eligible to apply for posted jobs. Eligible employees can only apply for those posted jobs for which they possess the required skills, competencies, and qualifications.

9. Employment Data File
  - a. A VVTA Employment Data File will be maintained in accordance with any applicable requirements of federal and state law.
10. Offers of employment.
  - a. Employment offers shall be extended only by the Executive Director.
  - b. Employment offers may be made contingent upon satisfactory completion of a pre-employment medical examination and drug test, criminal history background investigation and proof of current valid California driver's license.
  - c. The starting pay rate for an employee should be at least the minimum established in the pay class for that position. In the event an applicant entering VVTA employment is found to possess qualifications extraordinary for the position the applicant is being hired for, the Executive Director may authorize the employment of such applicant at any point within the appropriate pay range. For the purposes of this section, "extraordinary" means the applicant has education, experience and/or skills superior to that commonly required and expected for the position.

- d. No applicant shall commence work unless he/she has provided evidence of proof of citizenship, proof of eligibility to work in the United States, including a social security card, and submittal of completed I-9 form, or immigration certificate of right to work in the United States. Each new employee shall submit a completed Employee Withholding Exemption Certificate prior to commencing any work.
- e. Each new employee shall submit a residence address (street address) and a mailing address (if different than the residence address), which shall be maintained in the employee's personnel file. Updated information shall be provided if the residence address and/or mailing address changes. A Post Office Box number is insufficient by itself.
- f. If applicable, each new employee shall also be required to submit a completed Form 700 and any other conflict of interest forms required by the California Political Reform Act of 1974, Title 9, California Government Code Sections 81001, et seq., and the regulations issued pursuant thereto.
- 11. False or misleading statements.
  - a. Submittal of false or misleading information in an employment application or during the recruitment process shall be grounds for dismissal from employment.
- 12. Nothing herein shall modify the at-will status of all VVTA employees.

**Section 2.2 Disqualification**

The Executive Director may disqualify an applicant or refuse to refer any person for employment for, but not limited to, the following reasons:

- 1. The applicant does not possess the necessary qualifications established for the position.
- 2. The applicant is physically or psychologically disabled for the performance of essential functions of the position and such disability cannot be reasonably accommodated.
- 3. The applicant has been terminated for good cause from previous employment.
- 4. The applicant has used or attempted to use any improper personal or political influence to further their employment with VVTA.
- 5. The applicant has been convicted of a felony or misdemeanor which was of such a nature as to reflect adversely and substantially on the applicant's ability to perform the duties of the position.
- 6. The applicant has been convicted of a criminal offense involving moral turpitude. The word "convicted" shall be construed to mean a plea of guilty or nolo contendere regardless of whether sentence is imposed by the court.
- 7. The applicant has practiced or attempted to practice any deception, fraud or omission of material fact in the application or interview, or in securing eligibility for employment.

**Section 2.3 Medical Examination**

Following a conditional offer of employment, prospective employees may be required to complete a job related pre-employment physical examination. Such examination shall be performed by a licensed physician chosen by VVTA without cost to the prospective employee. The physician will indicate the employee's fitness for employment. In the event the examination is not completed prior to the employee's scheduled start date, only a tentative appointment may be made. Final appointment may be contingent on a satisfactory examination.

**3.0 ADMINISTRATION OF PERSONNEL**

**Section 3.1 Employment Categories**

It is the intent of VVTA to clarify the definitions of employment categories so that employees understand their employment status and benefit eligibility.

Each employee will belong to one of the following categories:

- 1. Regular Full-Time Employee.
- 2. Regular Part-Time Employee.

Please refer to the definitions section of the PPP for further explanation of these categories. If you do not clearly understand your category please ask your supervisor or Human Resources for further explanation.

**Section 3.2 Merit Employment Policy**

It is the policy of VVTA to provide for an employment system which assures that employees are selected, promoted and retained on the basis of merit. It is the intent of this system to provide fair and equitable treatment to all applicants for employment. The screening and selection of employees shall be on a specific job related basis.

**Section 3.3 Introductory Period**

To ensure that new employees are able to satisfy requirements of the position for which they were hired, the first six months or 1040 regularly scheduled working hours of employment, whichever occurs later, shall be considered the minimum introductory period for regular full time employees of VVTA. The period will be six (6) months for part-time employees regardless of hours worked in that period. The introductory period is required as part of the testing process and shall be utilized for observing closely the employee's work. Employees may receive a performance evaluation after completion of 3 months and/or at the completion of the minimum introductory period. At the discretion of the Executive Director the introductory period may be extended for a maximum of six additional calendar months or 1040 additional regularly scheduled working hours, whichever occurs later, or waived in its entirety.

**Note:** Regular full time employees will not be able to use vacation, sick or some holiday benefits during this period, although vacation and sick benefits will continue to accrue from the benefits date.

**Section 3.4 Promotion/Transfer to a Vacant Position**

It is the policy of VVTA to fill authorized vacant positions based on merit and to provide promotional opportunities for qualified employees.

Employees interested in either a promotion or transfer to a vacant position for which they are qualified shall submit an employment application the Executive Director. Employees who have not yet successfully completed the introductory period for their current position are not normally eligible for promotional consideration.

Employees promoted shall receive at least the entrance rate of the new salary range or a five percent (5%) salary increase whichever is greater; however, no employee is advanced above the maximum of the salary range of the new position.

At the sole discretion of the Executive Director, employees failing to perform satisfactorily in the newly assigned position may be reinstated to their former position or to a position requiring similar skill and in a similar pay grade provided that the prior position is not filled and/or a new position requiring similar skill is available. The decision of the Executive Director in all such cases shall be final.

**Section 3.5 Demotion**

Employees requesting a voluntary demotion shall submit a memorandum to the Executive Director detailing the request for voluntary demotion and reasons for the request. Upon receipt of the request for voluntary demotion, the Executive Director will notify the employee's supervisor. If the request for voluntary demotion involves a change from one section to another, both supervisors must consent thereto unless the Executive Director orders the demotion.

VVTA may demote an employee whose ability to perform the required duties falls below standard or for disciplinary purposes. No employee shall be demoted to a position for which the employee does not possess the minimum qualifications.

**Section 3.6 Administrative Leave**

VVTA may place an employee on paid or unpaid administrative leave pending investigation and resolution of allegations of misconduct or for other legitimate reasons.

**Section 3.7 Suspension**

The Executive Director may suspend an employee from a position at any time with or without pay for disciplinary purposes.

**Section 3.8 Reinstatement**

Employees who have resigned from VVTA employment in good standing may be eligible for reinstatement to their former position or to a position requiring similar skills and in a similar pay grade providing all of the following criteria are met:

1. There is a vacancy in the position for which the employee seeks reinstatement.

2. The former employee is able to perform the essential functions of the position with or without reasonable accommodation.
3. Performance evaluation history at the time of resignation was satisfactory or better.
4. The former employee provided at least two (2) weeks notice upon resignation unless mutually waived.
5. The Executive Director approves the reinstatement request prior to the appointment.

Such reinstatement shall be at the sole discretion of VVTA. VVTA reserves the right to consider the restoration of salary, seniority and other employee benefits on an individual basis and the same shall be restored at the sole discretion of the Executive Director. Reinstated employees may be required to complete a new employee introductory period as set forth in Section 3.3 of the PPP.

**Section 3.9 Termination**

All employees of VVTA are considered "at will" and may be terminated without cause or without right of appeal at any time during their employment with VVTA. Terminations occurring during the introductory period shall be initiated by the appropriate supervisor and approved by the Executive Director prior to notifying the employee of termination action. Terminated introductory employees shall forfeit all employee benefits except benefits accrued under the VVTA adopted Retirement System and benefits to which the employee is statutorily entitled.

**Section 3.10 Orientation**

A brief orientation will be provided to each new employee of VVTA. The orientation will address issues such as hours of work, rest periods, salary, benefits, introductory period, performance evaluation, position descriptions, attendance, drug abuse policy, smoking policy, AIDS policy, sick leave, vacation, overtime and other basic personnel issues as directed by the Executive Director. Every employee shall be provided a copy of the PPP.

**Section 3.11 Nepotism**

In order to assure efficiency in implementing policies of the VVTA, it is necessary to restrict the employment of relatives of elected and appointed officers of the VVTA and of relatives of VVTA employees. For the purpose of this policy a "relative" is defined as a spouse, child, step-child, parent, step-parent, parent-in-law, legal guardian, brother, sister, brother-in-law, sister-in-law, step-sister, step-brother, aunt, uncle, niece, nephew, grandchild, grandparent regardless of their place of residence; or any other individual related by blood or marriage living within the same household as the VVTA employee. Therefore, the following restrictions will apply:

1. Relatives of the Executive Director and Board Officers of the VVTA shall not be eligible for VVTA employment in any capacity.
2. Relatives of VVTA employees shall not be placed or allowed to work in a position which exercises supervisory authority over a relative or places an undue hardship on other employees within the particular work unit and such employment is detrimental to the supervision, safety, security or morale of the particular work unit as determined by the Executive Director.
3. In no event shall an employee participate directly or indirectly in the recruitment or selection process for a position in which an employee's relative may have filed an official employment application.

**Section 3.12 Notice of Resignation**

Employees who wish to voluntarily terminate employment with VVTA should provide a minimum of two weeks written notice to their immediate supervisor. Resignation shall be deemed accepted upon submission. The written resignation shall be forwarded immediately to Executive Director for processing. Any employee failing to provide VVTA with a minimum of two weeks written notice may be ineligible for consideration for future employment with VVTA unless mutually waived.

**Section 3.13 Death of Employee**

In the event of a death of a VVTA employee, payment of all earned wages due shall be in accordance with the laws of the State of which the deceased employee was a legal resident at the time of death.

Unless otherwise provided by law, payment of any funds due the deceased employee will be paid to the beneficiary so designated in writing by the employee. If no beneficiary has been designated, any funds due shall be paid to the deceased employee's surviving spouse. In the absence of a surviving spouse, such payment shall be made to the employee's children. In the absence of children, such payment shall be made to the estate of the deceased employee.

**Section 3.14 Personnel Files**

Human Resources shall maintain a personnel record for each employee in the service of VVTA showing the name, title of position held, the department to which assigned, salary, changes in employment status, and such other information as may be considered pertinent by the Executive Director. Personnel records are confidential and access to personnel records shall be limited to the Executive Director and any authorized representatives. Additionally, you have a right to inspect certain documents in your personnel file, as provided by law, in the presence of a VVTA representative at a mutually convenient time. No copies of documents in your file may be made, with the exception of documents that you have previously signed. You may add your comments to any disputed item in the file.

**Section 3.15 Identification Cards**

Employee identification cards shall be issued to all employees of VVTA. Employee identification cards are to be used by employees in conducting business on behalf of VVTA. Employee identification cards are the property of VVTA and shall be surrendered to the VVTA upon demand or termination of employment. Employees shall be required to immediately report lost or stolen identification cards to Human Resources.

**Section 3.16 Keys**

Keys to VVTA facilities, vehicles, and equipment will be issued to employees so designated by the Executive Director. Keys are the property of VVTA and shall be surrendered to VVTA upon demand or upon termination of the employee. Employees shall be required to immediately report lost or stolen keys to Human Resources. Under no circumstances shall any employee make a copy of any VVTA keys without the express permission of the Executive Director. Making copies of VVTA keys without permission, could result in disciplinary action up to and including termination.

# Your Time and Pay

## 4.0 Compensation and Hours

### Section 4.1 Compensation

The Executive Director or a designated representative shall be responsible for preparing and maintaining an employee compensation plan for VVTA. The employee compensation plan shall be approved by the Board of Directors of VVTA.

Employees may be eligible for a salary merit increase, within their respective salary range, upon completion of the introductory period or any extension thereof, and at twelve month intervals thereafter. A completed performance evaluation with a satisfactory or higher rating shall be required for all salary increase recommendations.

**NOTE: Favorable performance evaluations do not guarantee increases in salary or promotions. Salary increases and promotions are solely within the discretion of VVTA and depend upon many factors in addition to performance.**

All salary merit increases shall be approved by the Executive Director

### Section 4.2 Payment of Wages

#### Pay Days:

All employees of VVTA are paid every other Friday for work performed during the previous two-week pay period. If a regular payday falls on a holiday, employees will be paid on the last day worked before the holiday.

#### Paychecks:

Paychecks are normally available by 12 p.m. and are distributed by your supervisor. If you observe an error on your check, please report it immediately to your manager or the payroll department.

#### Direct Deposit:

VVTA offers automatic payroll deposit for employees. You may begin and stop automatic payroll deposit at any time. Forms are available from the payroll or human resources department to begin or stop automatic deposit. It usually takes one to three pay periods, depending on your financial institution, before the automatic deposit becomes active. You should carefully monitor your payroll deposit statements for the first two pay periods after the service begins. Deductions required by law and those which employees have authorized will be itemized on the paycheck stub. If there are ever any questions regarding paychecks or deductions, please immediately contact the VVTA payroll representative.

### Section 4.3 Employment Hours

The official workweek for VVTA shall begin on Saturday at 12:01 a.m. and end at 12:00 p.m. on the following Friday. Office hours are generally from 8:00a.m to 5:00p.m. Monday through Friday. Alternate work schedules may be authorized by the Executive Director.

#### Section 4.4 Rest Periods

Employees of VVTA shall be allowed to receive one rest period not to exceed fifteen minutes in any three (3) consecutive hours of work. **Non-exempt employees who work more than 5 hours in a day must, by law, take a minimum 30 minute lunch break.** The employee's immediate supervisor shall coordinate the scheduling of rest periods.

**You are expected to observe your assigned working hours and the time allowed for meals and breaks.**

#### Section 4.5 Overtime for Non-exempt Employees

Employees may be required to work overtime as necessary. Non-exempt employees of VVTA shall not exceed ~~eight (8) hours worked in one work day or~~ forty (40) hours in one workweek without prior authorization from their immediate supervisor. Only actual hours worked in a given workday or workweek can apply in calculating overtime. VVTA provides compensation for all overtime hours worked by non-exempt employees in accordance with state and federal law as follows:

- All hours worked in excess of ~~eight hours in one workday or~~ 40 hours in one workweek will be treated as overtime. A workday begins at 12:01 a.m. and ends at midnight 24 hours later. Workweeks begin each Saturday at 12:01 a.m.;
- ~~Compensation for hours in excess of 40 for the workweek, or in excess of eight and not more than 12 for the workday, and for the first eight hours on the seventh consecutive day of work in one workweek, shall be paid at a rate one and one-half times the employee's regular rate of pay;~~
- ~~Compensation for hours in excess of 12 in one workday and in excess of eight on the seventh consecutive workday in a workweek shall be paid at double the regular rate of pay;~~
- Exempt employees may have to work hours beyond their normal schedules as work demands require. No overtime compensation will be paid to exempt employees;
- Vacation and sick time is not used in calculations of overtime.

#### Section 4.6 Advances

VVTA does not permit advances against paychecks or against un-accrued vacation.

#### Section 4.7 Time Reports

All VVTA non-exempt employees may be required to complete a time report recording all hours worked, vacation, sick leave, administrative leave, etc. Time reports should be signed by the employee's supervisor and forwarded to the payroll department no later than 10:00 a.m. on the Monday following the end of the pay period.

#### Section 4.8 Attendance and Tardiness

Employees shall be in attendance at their work in accordance with the rules regarding hours of work, holidays and leaves. Employees shall make every effort to schedule personal appointments outside their working hours. VVTA will maintain records of employee attendance. Employee attendance will be reviewed and evaluated during the employee's annual performance evaluation. All employees are expected to be at work on time, on a regular basis. Unsatisfactory attendance will result in discharge. Unnecessary absenteeism and tardiness will impact any promotion considerations. For non-exempt employees, each employee's general attendance record may be examined whenever an incident of

absence or tardiness is posted on the employee's time card. The employee's record will be reviewed for the previous twelve (12) months. The number of absences and tardies will be combined in determining the proper discipline. Each absence will be considered an incident. Two tardies will also be an incident for purposes of this policy. Incidents will be accumulated and disciplinary action taken pursuant to the following steps. VVTA, however, reserves the right to take appropriate disciplinary action, up to and including discharge, for any incident based on the specific facts and circumstances.

#### **Section 4.9 Inclement Weather/Natural Disasters**

In the event of severe weather or a natural disaster that prevents employees from safely traveling to and from work, the following leave policies will apply:

**Inclement weather:** Conditions that could excuse absence from work include: snow, road closure, announced mud slide danger, heavy rain, and severe flooding. If weather conditions prevent you from safely traveling to work, you must notify your immediate supervisor by phone, if telephone service is functional, or by any other available means, such as email or cell phone. Accumulated Vacation time may be used to cover absences or the time will be unpaid.

**Natural disasters:** In the event of a natural disaster such as earthquake, fire, or explosion, the office will be closed if the building is damaged or highways leading to the office are damaged. For instructions on facility operating status and reporting, contact the office immediately, if possible.

#### **Section 4.10 Expense Reimbursement**

##### **Travel Expenses**

VVTA shall reimburse employees and officers of VVTA for travel, lodging and other expenses directly related to the conduct of VVTA business provided such expenses have been previously approved by the appropriate supervisor and/or the Executive Director. Laundry and dry cleaning charges will not be allowed unless the trip is more than one week in duration.

##### **Travel Reimbursement**

Employees shall be required to complete an expense reimbursement form in order to obtain reimbursement for expenses. The expense reimbursement form shall be submitted to the appropriate supervisor. Supporting original receipts and documentation shall be attached to the expense reimbursement form. **All requests for reimbursement should be submitted as soon as possible following the dates of travel but in no instance should they be submitted later than 30 days following the dates of travel. Reimbursements not submitted in a timely manner may be subject to denial.**

##### **Personal Automobile Travel**

Employees are not permitted to use their personal automobile in conducting VVTA business without approval of the appropriate supervisor. Prior to authorizing the use of a personal automobile for VVTA business, each supervisor shall determine the validity of the business purpose and availability of a VVTA owned vehicle.

If VVTA owned vehicles are available and are equally convenient to the performance of VVTA business, the supervisor shall not authorize the use of an employee's personal automobile for business purposes. The reimbursable mileage rate for travel by personal automobile shall be set in accordance with the annual federal mileage rate.

##### **Other Official Expense Reimbursements**

Other official expenses of a non-personal nature may be approved if supported by receipts and a justification for the charge. In all cases, work related expenses that you will be seeking reimbursement for, should be preapproved before the expenditure is made in order to assure reimbursement will be approved.

# Employee Benefits

Eligible employees at VVTA are currently provided a wide range of benefits. A number of the programs (such as workers' compensation, and unemployment insurance) cover employees in the manner prescribed by law.

**VVTA reserves the right to modify, supplement or delete employee benefits at any time. Neither this Rule, nor any other provision of these Rules, is intended to constitute a promise or guarantee that any particular benefit program, or level of benefits will be maintained permanently.**

Benefits eligibility is dependent upon a variety of factors, including employee category. **Employees classified as Part-Time are generally not eligible for most benefits offered at VVTA.** Information as to eligibility should be directed to Human Resources.

**FMLA/CFRA NOTICE:** The FMLA and CFRA provide eligible employees with a right to leave, health insurance benefits and, with some limited exceptions, job restoration. To be an "eligible employee" you must (1) have been employed by the Authority for at least 12 months (which need not be consecutive); (2) have worked for at least 1250 hours during the 12-month period immediately preceding the commencement of the leave; and (3) at a worksite where 50 or more employees are located within 75 miles of the worksite. **Because the Authority does not have a worksite where 50 employees are located, the FMLA and CFRA are not applicable to the Authority,** but the Authority has included this information in the policies as required by law.

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## **Section 5.1 Insurance Benefits**

It is the policy of VVTA to sponsor participation in employee insurance and other benefit programs for regular full-time employees and their dependents, subject to available funding, workforce, and work needs. Current benefits are set forth in this section.

**NOTE:** Only a partial description of benefits follow. Please see your Human Resources representative for more detailed explanation of benefits and benefit rules.

### **5.11 Health Insurance Benefits:**

Participation in VVTA sponsored health insurance programs is effective after hiring based on the benefits date and any applicable waiting period required under the particular health insurance program.

#### **1. Insurance Premiums**

VVTA pays 100% of insurance premiums for combined costs of Health, Dental and Vision insurance for each employee based on FY2011 rates, PLUS 80% of annual increases. Premium rates above these levels, as well as deductibles and copayments will be paid by the employee. All employee participation is deducted from pre-tax dollars through our sec125 Flexible Benefits plan.

2. **Deductibles and Copayments**

Some benefit programs require additional contributions from the employee such as insurance “deductibles” and “co-payments” for services received. To help defray the costs of these types of payments, VVTA provides an elective Flexible Spending Account where the employee can elect to have pre-tax earnings allocated to pay for a variety of medical related expenses excluding insurance premiums. (See “Flexible Spending Account” p.22)

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3. **PPO medical care plan:**

- a. Comprehensive medical, hospital, surgical, and prescription drug coverage for you and your eligible dependents.
- b. Extensive PPO Network. Access to a large variety of physician services.

4. **Dental care plan:**

- a. Employee choice of eligible provider.
- b. Dental checkups and teeth cleaning services including x-rays are provided.
- c. Benefits include minor and major oral care services as well as a limited benefit for orthodontics.

5. **Vision Service Plan:**

- a. Employee choice of eligible provider.
- b. Benefits include examinations, frames, lenses and contact lenses.
- c. These benefits have co-pay requirements covered by the employee.

6. **Flexible Spending Account (FSA)**

- a. Designate pre-tax pay check contributions to reimburse yourself for eligible health care (health, dental, vision) and dependent care expenses up to \$5,000 per calendar year.
- b. No claims to file. Use an FSA debit card (FLEX Card) to pay for your qualified expenses.
- c. **Estimate carefully – use it or lose it.** Amounts deducted from your pay must be used by the plan year end (90 days following calendar year end) or they will be lost. Additionally, amounts set aside but not used may be subject to repayment of tax liability.

7. **Benefits Continuation (COBRA)**

- a. The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under VVTA's health plan when a “qualifying event” would normally result in the loss of eligibility. Some common qualifying events are resignation, separation from employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage (insurance premiums) at VVTA's group rates plus an administration fee. VVTA provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under VVTA's health insurance plan. The notice contains important information about the employee's rights and obligations.

**NOTE:** Part-time employees do not receive Health Benefits from VVTA.

**5.12 Long Term Disability:**

1. A long-term disability plan has been established by which an employee is eligible to receive disability payments 90 days after continuous disability.
2. Disability payments of up to a maximum of 60% of salary will be distributed on a monthly basis.
3. Payments will continue to age 65.
4. Premiums are paid entirely by VVTA.
5. The specific terms are set forth in the long-term disability plan itself.

**NOTE:** Part-time employees do not receive Long Term Disability benefits from VVTA.

**5.13 Life Insurance:**

1. Each regular ~~full-time~~full-time employee shall receive a \$3025,000 term life insurance, currently at 100% VVTA expense.

**NOTE:** Part-time employees do not receive a life insurance benefit from VVTA.

**5.14 Workers Compensation:**

VVTA provides a comprehensive workers' compensation insurance program in accordance with state law. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment.

**Employees who sustain work-related injuries or illnesses, no matter how minor they may appear, should inform their supervisor immediately.**

**To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:**

- Immediately report any work-related injury to your supervisor and human resources;
- Seek medical treatment and follow-up care if required; your VVTA supervisor will designate a medical facility for your initial visit and care and arrange transportation if you are unable to transport yourself. You are expected to

cooperate fully with all medical advice and treatment plans. After 30 days of treatment by the VVTA designated medical facility, you may also seek additional medical treatment and/or a second opinion from a medical facility of your choice.

- Complete a written Employee's Claim Form (DWC Form 1) and return it to the Human Resources Manager within 3 days of injury; and
- Provide VVTA with a certification from your health care provider regarding the need for workers' compensation disability leave, as well as your eventual ability to return to work from the leave.
- VVTA will pay a full day's wage on the date of injury based on the employee's normal work day schedule. Thereafter, all missed work hours due to a reportable workers compensation claim will be paid by VVTA's workers compensation insurance company. Any waiting time requirements, or coverages of less than 100% of the employee's normal pay rate covenanted in VVTA's insurance policy, can be supplemented by the employee's available sick or vacation time benefit.
- Continuation of Employee's medical insurance benefits will be in accordance with section 6.8 of the PPP.

**IMPORTANT:** The law requires VVTA to notify the workers' compensation insurance company of any concerns of false or fraudulent claims.

**Any person who makes or causes to be made any knowingly false or fraudulent material statement or material misrepresentation for the purpose of obtaining or denying workers' compensation benefits or payments is guilty of a felony. A violation of this law is punishable by imprisonment for one to five years, or by a fine not exceeding \$50,000 or double the value of the fraud, whichever is greater, or both. Additional civil penalties may also apply.**

**NOTE:** Worker's compensation benefits are available to all classes of employees.

#### **Section 5.2 Deferred Compensation (Retirement) Program**

VVTA participates in the California Public Employees' Retirement System (CALPERS). This program provides fixed monthly payments to VVTA employees who retire from employment after accumulating sufficient service credits and meeting program qualifications. Participation is mandatory for all regular, full-time employees of VVTA. There is a thirty (30) day waiting period before participation begins. While VVTA makes contributions to each retirement account, qualified employees who participate in the program will be required to contribute funds to their own retirement accounts based on a participation percentage. Benefits, employee participation contribution rates, employer contribution rates, service credit accruals, retirement dates, and other policy specifics are determined by CalPERS contract terms in force at the date of hire. Each new hire will receive a detailed explanation of their particular program benefits and requirements during employee orientation.

### **6.0 LEAVE, VACATION AND HOLIDAYS**

#### **Section 6.1 Sick Leave**

Page 25 of 48

6.11 Accrual:

**Regular, full-time employees** of VVTA, including employees in the introductory period, shall accrue sick leave for each payroll period completed at the accrual rate of 4 hours per pay period. Earned sick leave shall be available for use the first day following the payroll period in which it is earned, provided, however, that an employee must have completed ninety (90) days of service from the employee's hire date. Each full time employee shall accrue no more than three hundred sixty (360) hours of sick leave.

**Part time employees** shall accrue sick leave at a rate of one (1) hour for each thirty (30) hours worked to a maximum of forty-eight (48) hours. Earned sick leave shall be available beginning on the ninetieth (90<sup>th</sup>) day of employment. In no event shall an employee be entitled to receive sick leave with pay in excess of the number of sick leave days accrued at the time of illness. Therefore, an employee who has exhausted sick leave accrual and who is unable to work due to illness or injury will be placed in a vacation status for the duration of the employee's vacation accrual, if any. If the employee has exhausted both sick leave and vacation leave accruals, the employee shall be placed on unpaid status.

When absenteeism reaches a level disruption to the operation of business, the Executive Director may:

- a. Request a doctor's note for absences in excess of three (3) or more consecutive days constituting more than Twenty-Four (24) consecutive work hours missed due to sick leave.
- b. ~~Request a doctor's note for excessive use of one day absences or~~
- e. ~~Request a doctor's note when an employee has exhausted all of the sick leave benefits.~~

**NOTE:** Employees on unpaid leave do not accrue sick time.

6.12 Use: The following are considered appropriate uses of sick leave accrual:

- iii. Sick leave may be used for the diagnosis, care, or treatment of an existing health condition of, or preventive care for, an employee or an employee's family member. For purposes of this policy, "family member" means any of the following: (1) a child which means a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis. This definition of a child is applicable regardless of age or dependency status; (2) a biological, adoptive, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child; (3) a spouse; (4) a registered domestic partner; (5) grandparents; (6) grandchildren; and, (7) siblings. Sick leave may also be used by an employee who is a victim of domestic violence, sexual assault or stalking for related absences that are due to: seeking medical attention or treatment; psychological counseling; obtaining services from a domestic violence shelter, program or rape crisis center; safety planning; or seeking judicial relief arising from domestic violence, sexual assault, or stalking.

Employees may use sick leave accrual for personal illness or injury which incapacitates the employee for duty.

- b. An employee who is personally undergoing medical, dental, chiropractic, alternative medical treatment or optical treatment or examination may use sick leave accrual for required time away from work to attend related appointments and receive treatment.
- e. Employees may use sick leave accrual to care for members of the immediate family for the same reasons as for personal sick.
- d. An employee quarantined by appropriate authority may use sick leave accruals for the duration of the quarantine period.
- e. An employee may use sick leave accrual when caring for an immediate family member suffering from contagious disease or when the presence of an employee at work would jeopardize the health of others due to exposure to a contagious disease.
- f. Bereavement Leave. Sick leave accrual may be used when a death occurs in the immediate family of a regular employee. Employees without sick leave accrual may take unpaid leave. Bereavement leave is limited to five days and may be used only in the loss of a spouse, children, parents, parents of current spouse, sister, brother, grandparents, step-parents, half-brother, half-sister, sister-in-law, brother-in-law, domestic partner or any individual who may have a true parental relationship to the employee.

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6.13 Minimum charge: The minimum charge against accumulated sick leave shall be Thirty (30) minutes.

6.14 Notice of Illness: VVTA must be notified within one-half (1/2) hour before the start of the employee's scheduled work day of an illness on the first day of absence, or as soon as reasonably possible thereafter. It is the responsibility of the employee to keep VVTA informed as to continued absence beyond the first day for reasons due to illness. Failure to make such notification may result in denial of sick leave with pay as well as disciplinary action up to and including termination.

6.15 Illness during vacation leave: Employees who become ill while on approved vacation leave may request to have vacation time converted to sick leave. Approval may be granted only when the employee presents a doctor's certificate verifying an illness or injury. Such conversion shall require approval of the Executive Director

6.16 Return from sick leave: Employees who have been on sick leave may be required to satisfactorily complete a physical examination administered by a VVTA retained physician or to present a statement signed by a licensed physician stating that the employee is able to resume essential job functions with or without reasonable accommodation. Moreover, employees who have been on sick leave may be required to satisfactorily complete a physical examination administered by a VVTA retained physician if the employee's immediate supervisor believes that the health, safety and welfare of the employee or of VVTA and its employees are

being jeopardized due to the possibility that the employee lacks fitness for duty or that the employee is abusing the sick leave benefit.

6.167 Misuse: Evidence substantiating the abuse and misuse of the sick leave benefit shall result in denial of sick leave with pay for the identified period of abuse and may result in disciplinary action up to and including termination.

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6.178 Sick Leave Conversion: In the event that an employee reaches their maximum allowed accrual of 360 hours sick time they may then convert up to 40 hours to vacation time at 100%, or payout at 50%. If an employee already is at their maximum vacation accrual then they must take the payout option.

6.189 Termination: Accrued sick leave will be forfeited by the employee at the time of termination of employment at VVTA. If however, the same employee is hired back within one (1) year, then the prior accrued sick leave will be restored and the accrual rate at the time of termination will continue.

## **Section 6.2 Holiday Leave**

Eligible full time employees shall receive twelve (12) paid holidays per year. Six of these holidays are fixed by the employer as follows: New Year's, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas. Additionally, the employee may choose six (6) additional holidays from the list below.

- (1). The third Monday in January.
- (2). The third Monday in February.
- (3). The second Monday in October.
- (4). November 11th.
- (5). The day after Thanksgiving Day.
- (6). December 24th.
- (7). December 31st.
- (8). Employee birthday.

All full-time employees of VVTA who are on the payroll the day before and the day after a designated fixed holiday and were paid for at least one-half (1/2) of the accountable hours on those days or were on approved leave for any unpaid hours, shall be paid for said holiday. Employees shall receive eight (8) hours holiday pay for that date. Non-fixed "additional" holidays will be awarded on a prorated basis from date of hire until calendar year end and then awarded in full starting the next calendar year.

Holidays which fall on Saturday shall be observed on the preceding working day. Holidays which fall on Sunday shall be observed on the following working day. When a holiday falls within a vacation period, the holiday time shall not be charged against the employee's earned vacation benefits.

**NOTE:** Part time employees do not receive holiday benefits.

**Section 6.3 Vacation Leave Benefits**

6.31 Accrual: Full-time employees of VVTA shall be entitled to paid annual vacation at an accrual as set forth in the table below. Vacation accruals begin on each employee's benefit date. During your first year of employment, such vacation allowance shall be available for use on the first day following the pay period in which it is earned after the employee has completed six (6) months of continuous service from the employee's benefit date (Introductory period). Vacation leave will accrue at an even rate each pay period based on the years of service.

Schedule of vacation accruals:

One (1) year of service:	10 days (80 hours) annually
Five (5) years of service:	15 days (120 hours) annually
Ten (10) years of service:	20 days (160 hours) annually

**Maximum accrual**: No employee shall earn or accrue more than ~~one hundred sixty (160) hours (20 work days)~~ of vacation in any one year ~~nor accrue more than three hundred twenty (320) hours (40 work days)~~ at any fiscal year end.

**NOTE**: Employees on unpaid leave do not accrue vacation time.

6.32 Use: Earned vacation leave may be taken in multiples of one hour with the approval of the employee's immediate supervisor and at such time as will not impair the work schedule and efficiency of the department. Should employee vacation requests conflict with staffing requirement, supervisors shall arrange a mutually acceptable vacation schedule based on length of employee service and the order in which employee vacation requests were submitted. Whenever possible vacation should be requested a minimum of two weeks in advance. **It is recommended that an employee not purchase non-refundable tickets or make non-refundable deposits prior to receiving an approved vacation request.**

**NOTE**: An employee may not use vacation time before it is accrued.

6.33 Conversion: Employees leaving the active payroll at any time shall receive payment for unused vacation accrued during their tenure with VVTA. All employees with vacation hours accrued in excess of three hundred twenty (320) hours (40 work days) at the fiscal year end (June 30th), shall have their excess hours above 320 hours, cashed out at the end of the fiscal year, regardless of anniversary date.

**NOTE**: Part-time employees of VVTA shall not be eligible for vacation leave benefits.

**Section 6.4 Military Leave**

Military leave shall be granted in accordance with the provisions of state law. All employees entitled to military leave shall give VVTA an opportunity, within the limits of military regulations, to determine when such leave shall be taken. Employees who have one year of service are entitled to 30 days' pay when on a military leave. A military leave is defined as time off when the employee is ordered to active military duty as a member

of the reserve component of the armed forces of the United States, the National Guard or Naval Militia or when an employee is inducted, enlists, enters or is otherwise ordered or called into active duty as a member of the armed forces of the United States.

**Section 6.5 Pregnancy Leave / Child Bonding Leave**

Employees of VVTA may be granted a leave of absence for a maximum of four (4) months due to a disability based on pregnancy, child birth or other related medical condition.

Employees shall submit a request for pregnancy leave to their immediate supervisor. The request shall state the estimated length of absence. The supervisor shall inform Human Resources and the Executive Director immediately of the request. VVTA can require medical documentation. Upon approval of the employee's request by the Executive Director, the employee shall be placed on Pregnancy Leave of Absence without Pay for a period not to exceed four (4) months.

The Executive Director may grant an accommodation of extended leave of absence ~~for an additional five weeks~~ provided appropriate medical documentation indicating a continuation of pregnancy leave would be in the best interest of the employee. Determination of this extension shall be solely based on medical necessity.

Employees returning to work after a disability based on pregnancy, childbirth or a related medical condition shall submit a letter from a licensed physician indicating that they may return to work and may be required to satisfactorily complete a physical examination administered by a VVTA retained physician. Employees shall not be permitted to return to work without the medical authorization of the employee's physician.

Employees who do not return to active employment or fail to provide medical evidence to support continuation prior to the expiration of an approved Pregnancy Leave of Absence, shall be terminated in accordance with VVTA's Termination Policy. Employees terminated from Pregnancy Leave of Absence status shall receive payment for accrued vacation unless payment for such vacation accrual was exhausted prior to the effective date of the approved Pregnancy Leave. Employees have the choice of using their accrued sick and/or vacation time during their pregnancy leave if they so desire.

Employees on Pregnancy Leave of Absence may also be eligible for benefits provided by California State Disability Insurance (SDI).

Child Bonding Leave: Effective January 1, 2018, any VVTA employee may take up to 12 weeks of unpaid leave for new child bonding by birth, adoption or foster care. At the end of the leave period, the employee will be reinstated to their same or comparable position at the time of the leave. An employee not returning to work following Child Bonding Leave for the full 12-week period without prior written consent by the Executive Director, may be subject to termination in accordance with VVTA's Termination Policy.

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All employees placed on approved pregnancy leave of absence status shall have sick and vacation benefit accruals cease at the beginning of the leave of absence and be reinstated at the time of return to active status **Employees placed on approved pregnancy/ child**

**bonding leave must continue to pay the employee share of insurance premiums during the leave of absence and shall be responsible for all health insurance premiums, life insurance premiums, long term disability premiums and other monthly benefit payments under the provisions of COBRA after 90 days12 weeks of continued absence. Failure to pay the employee share of the premium may result in cancellation of the company sponsored insurance.**

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#### **Section 6.6 Jury Duty Leave**

In accordance with California labor law code 230, all employees called for jury duty service will be allowed to serve their full required term without discrimination. Employees in regular full time positions who are ordered to serve jury duty including grand jury, shall be entitled to base pay for those hours of absence from work for up to one work week, forty (40) hours of pay, provided the employee waives fees for service, other than mileage. In all cases and for all types of employees, VVTA requires a copy of the jury summons once received by the employee. Such employees will further be required to deliver a "jury duty certification" form at the end of the required jury duty to verify such service. Employees required to serve on a jury must report to work before and after jury duty provided there is an opportunity for at least two (2) hours of actual work time. Regular full time employees may use any and all available vacation time accrual to compensate them for extended jury duty beyond the first forty hours. All other hours served on jury duty will be without pay. Employees volunteering to serve on a grand jury may be granted a leave of absence without pay to perform the duties of a member of the grand jury.

#### **Section 6.7 Time Off for Voting**

If an employee does not have sufficient time outside of working hours to vote in an official state-sanctioned election, the employee may take off enough working time to vote. Such time off shall be taken at the beginning or the end of the regular working shift, whichever allows for more free time, and the time taken off shall be combined with the voting time available outside of working hours to a maximum of two hours combined. Under these circumstances, an employee will be allowed a maximum of two hours of time off during an election day. When possible, an employee requesting time off to vote shall give his or her supervisor at least two days notice. Accrued vacation time benefits may be used to compensate the employee for this time if they so choose.

#### **Section 6.8 Leave of Absence Without Pay**

The Executive Director may grant a regular or introductory employee leave of absence without pay, benefits accrual or seniority accrual, for a period not to exceed three months. After three months, the leave of absence may be extended if so authorized. No such leave shall be granted except upon written request of the employee, setting forth the reason for the request. The approval will be in writing. Upon expiration of a regularly approved leave or within a reasonable period of time after notice to return to duty, the employee shall be reinstated in the position held at the time leave was granted. Failure on the part of an employee on leave to report promptly at its expiration, or within a reasonable time after notice to return to duty, shall be deemed to be terminated. The depositing in the United States mail of a first class letter, postage paid, addressed to the employee's last known place of address, shall be reasonable notice.

Supervisors may grant a regular or introductory employee leave of absence without pay for a period not to exceed one calendar week. Such leaves shall be reported to the Executive Director prior to approval. Under normal circumstances, personal leave of absence shall be granted only after an employee has exhausted all vacation entitlement.

All employees placed on approved leave of absence status without pay shall not accrue credited service for salary review, vacation, retirement, and sick leave purposes for the duration of the leave of absence without pay. Seniority for salary review, retirement, as well as vacation and sick leave accruals shall be extended by the number of days an employee has been on approved leave of absence without pay. All benefit accruals will cease at the beginning of the leave of absence and be reinstated at the time of return to active status. **Employees placed on approved leave of absence without pay shall be responsible for all health insurance premiums, life insurance premiums, long term disability premiums and other monthly benefit payments under the provisions of COBRA. Failure to pay the employee share of the premium may result in cancellation of the company sponsored insurance.**

Human Resources department can give you additional information.

#### **Section 6.9 Unauthorized Leave of Absence**

Any employee who is absent without authorization for three (3) working days shall be considered to have resigned from their position with the VVTA by reason of abandonment. An unauthorized leave of absence during part of a day constitutes an unauthorized absence for the entire day.

Nothing in this section shall limit the Executive Director's authority to discipline or terminate an employee due to an unauthorized absence.

#### **Section 7.0 TUITION AND PROFESSIONAL ORGANIZATION DUES REIMBURSEMENT PROGRAM**

7.1 Eligibility: Regular full-time employees of VVTA not or under disciplinary action and who have successfully completed their introductory period, shall be eligible to receive financial assistance for approved courses completed at an accredited educational institution provided:

1. Courses are satisfactorily completed with, where applicable, a grade of "C" or better or "pass".
2. The request for reimbursement must be **preapproved** by the Executive Director before registering for classes.
3. Course of instruction will enable the employee to perform their present duties more effectively or will prepare them for future opportunities into which they could reasonably expect promotion or transfer with VVTA.
4. The hours of instruction for the course do not conflict with the employee's regularly scheduled workday.
5. Reimbursement is limited to a maximum of one course per semester or quarter and a maximum reimbursement of \$1,000.00 per fiscal year.

6. Appropriate proof of successful completion including course transcripts and a receipt for tuition paid, is submitted to Human Resources within three (3) months of course completion.

**NOTE:** For the purpose of this policy, an accredited educational institution shall be defined as any technical, vocational, college, university, business or high school which has been accredited by a recognized governmental or professional accrediting body and has been approved by the Executive Director.

7.2 **Application Preapproval Process:** Employees shall submit a Tuition Reimbursement Request to their immediate supervisor for approval **prior to** registration for the course. If the request is denied, the immediate supervisor will state the reason for denial in the appropriate box. Upon approval, the employee will receive one copy of the completed/approved form.

7.3 **Outside Tuition Sources:** Employees who are eligible for educational assistance from sources outside VVTA shall be restricted in their participation in this program. Such restriction shall be limited to an amount which is the difference between the maximum amount available under this program less the amount the employee is eligible for from outside sources. Financial assistance from outside sources shall include scholarships, fellowships, educational grants and benefits payable from the federal, state and local government.

7.4 **Reimbursable Expenses:** Employees shall be eligible for reimbursement of tuition, textbooks, registration fees and laboratory fees related to an approved course of instruction. Employees shall be limited to a maximum reimbursement of \$1,000.00 per fiscal year, or actual eligible costs incurred, whichever is the lesser.

7.5 **No Reimbursable Expenses:** Employees shall not be eligible for reimbursement of late registration penalties or fees, transportation costs, parking, interest or any other charge not specified as reimbursable in Section 7.4 of these rules.

7.6 **Application for Reimbursement:** Employees who successfully complete an approved course shall submit a request for reimbursement to Human Resources. Such request must include receipts for all eligible items for which the employee wishes to be reimbursed and a copy of the final grade report with a grade of C or higher or "pass" for courses that offer no letter grade. Human Resources shall attach the required documentation to the Tuition Reimbursement Request and forward a request for reimbursement to the Executive Director for approval and distribution to the employee.

7.8 **Reimbursement of Professional Organization Dues:** Regular full-time employees may be eligible for reimbursement of professional organization dues for membership in professional organizations, whose purpose is directly related to the employees' job duties. All such reimbursements are subject to pre-approval and are at the sole discretion of the Executive Director.

# **Employment Policies and Practices**

## **8.0 EQUAL EMPLOYMENT OPPORTUNITY-NON DISCRIMINATION**

It is the policy of VVTA to provide equal employment opportunity to all job applicants and all employees and shall comply with applicable Federal and State laws governing fair employment practice and equal opportunity. VVTA recruits, hires, trains, and promotes employees without regard to race, religion, color, creed, national origin, ancestry, political opinion, physical or mental disability, medical condition, marital status, sex or gender (including sexual harassment, pregnancy, childbirth or related medical conditions), age (40 and older), sexual orientation, gender identity, veteran status, genetic characteristics, or other legally protectable class as defined in Title VI and the California Fair Employment and Housing Act ("FEHA"), and any other applicable provisions of federal and/or state law.

VVTA will comply with the provisions of the Americans With Disabilities Act (ADA) and FEHA with respect to persons with disabilities.

This policy applies to all employment terms and conditions, including recruitment, hiring, promotions, compensation decisions, benefits, discipline, separations, and training.

### **Section 8.1 Complaint Reporting Procedures:**

1. Any employee who contends that he/she has been subjected to unlawful discrimination, harassment or retaliation in violation of federal or state law, may use the internal complaint procedure set forth in section 15.0, Grievance Procedure.
2. Employees can raise concerns and make reports without fear of reprisal.
3. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including dismissal from employment.
4. Nothing herein is intended to modify the at-will status of all employees of VVTA.

## **9.0 AFFIRMATIVE ACTION PLAN**

In compliance with VVTA Resolution 3109, which commits the Victor Valley Transit Authority to a policy of Affirmative Action in accordance with the Equal Opportunity Act of 1972, it is the continuing policy of the Victor Valley Transit Authority to seek and employ qualified persons in all job classifications in a manner which will ensure equal employment opportunity, and to administer all personnel actions in a manner which will not discriminate against any person in any policy, practice or procedure on the basis of race, color, national origin, religion, age, physical or mental disability, marital status or sex. Nor will sexual harassment, in any form, be tolerated.

VVTA also endeavors to comply with Proposition 209 as it amends the California Constitution to prohibit public entities from using race, sex, color, ethnicity, or natural origin as a criteria for either discriminating against or granting preferential treatment to any individual or groups in the operation of the State's system of public employment, public education or public contracting.

VVTA will continue to require its Operations Contractor to base all decisions on employment and promotion so as to further the principle of equal employment opportunity by imposing only valid requirements for such opportunities.

Finally, VVTA will continue to ensure that all personnel actions with regard to selection, promotions, terminations, compensation, benefits, transfers, layoffs and training shall be administered to further the principle of equal employment opportunity. A copy of VVTA's comprehensive affirmative action plan is available to all employees upon request.

## 10.0 EMPLOYEE RELATIONS AND OPEN DOOR POLICY

Our experience has shown that when employees deal openly and directly with supervisors, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe that VVTA amply demonstrates its commitment to employees by responding effectively to employee concerns.

VVTA believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other public employers in this area. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their supervisors.

## 11.0 DISABILITY ACCOMMODATION

VVTA is committed to complying fully with the Americans with Disabilities Act (ADA), and the Fair Employment and Housing Act ("FEHA"), and ensuring equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis.

### Section 11.1 Recruitment and Hiring

Hiring procedures have been reviewed and provide persons with disabilities meaningful employment opportunities. Pre-employment medical examinations may be required for those positions in which there is a bona fide job-related physical requirement. They may be given to all persons entering the position only after conditional job offers have been made. The purpose of the medical examinations will be to determine whether the applicant can perform the essential functions of the position with or without reasonable accommodations. Medical records will be kept separate from the employee's personnel file and will be confidential.

All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

### Section 11.2 Accommodation

VVTA will provide reasonable accommodations to qualified employees with disabilities unless it determines that doing so will impose an undue burden on VVTA, or impose a health and safety risk to the employee or to others.

### Section 11.3 Pay and Benefits

Qualified individuals with disabilities are entitled to equal pay and other forms of compensation (or changes in compensation) as well as in job assignments, classifications, organizational structures, position descriptions, lines of progression and seniority lists. Leave of all types will be available to all employees on an equal basis.

**This policy is neither exhaustive nor exclusive. VVTA is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.**

## 12.0 POLICY ON INFECTIOUS AND COMMUNICABLE DISEASES, INCLUDING AIDS.

VVTA is committed to protecting the rights of persons with AIDS, and those who interact with them, in the course of their normal activities. VVTA does not discriminate in its employment policies solely on the basis of exposure to infectious or communicable diseases, or the physical conditions produced by such a disease.

1. Infectious or communicable diseases -- include, but are not limited to, HTLV-III virus or HIV (the virus which causes AIDS) infection, ARC (Aids Related Condition), AIDS (Acquired Immune Deficiency Syndrome), tuberculosis (TB), Cytomegalovirus (CMV), Herpes Simplex Virus (HSV Type I and Type II), HSV related diseases such as chickenpox, shingles and infectious mononucleosis, and Hepatitis-B.
2. Employees with AIDS, AIDS Related Complex, or a positive HTLV-III antibody test should be afforded normal attendance, and working conditions, and participation in an unrestricted manner as long as they are physically and psychologically able to perform the duties of their job in accordance with the VVTA's standards and without undue risk to their own health or the health of other employees or the public.
3. VVTA shall provide reasonable accommodation to employees with infectious diseases, including AIDS and related illnesses, in a manner consistent with the law.
4. If an employee has concerns about the presence of a person with AIDS virus, or any other infectious disease, that individual should be directed to a knowledgeable counselor or manager to help allay fears. Referral should be made to appropriate community agencies for those persons with continuing fears or concerns about the disease. Further accommodation for such employees will generally not be made, unless a particular employee presents evidence satisfactory to the VVTA and its advisors that they have a medical justification for refusing to work with an employee who has an infectious or communicable disease.
5. Employees with Infectious or Communicable Diseases
  - a. If VVTA receives notice that an employee is suffering from an infectious or communicable disease, it shall make decisions regarding the employee's continued employment based on the behavior, neurological development and physical condition of the employee, and the health and safety of other persons with whom the employee will interact. VVTA may require the employee to provide VVTA periodic physician reports and medical records needed for the decision regarding job assignments, job limitation, ability to continue working, ability to return to work, and potential risk to the employee or others. VVTA may also require the employee to be examined from time to time by a physician selected by the VVTA.
  - b. Each instance of an employee suffering from an infectious or communicable disease shall be considered on a case-by-case basis. The supervisor where the employee is assigned, in conjunction with the Executive Director shall decide to the best of their ability whether the employee is free of transmissible infection and does not pose a risk to the public or other employees, in consultation, as necessary, with public health personnel, the employee's physician and the employee.
  - c. VVTA personnel and others involved with the employee shall respect the employee's right to privacy and need for confidentiality. The employee's records shall be kept confidential.
6. Any employee who believes that their rights under these guidelines have been violated should be directed to pursue the matter in accordance with all applicable grievance procedures.
7. Nothing in this policy is intended to deprive an employee of any rights under applicable Federal or State laws, rules and/or regulations.

## 13.0 OUTSIDE EMPLOYMENT AND ACTIVITIES

### Section 13.1 Authorization for Outside Employment

Although we recognize the employee's right to engage in private and/or commercial activities outside the normal working hours, VVTA expects each employee to avoid those outside employment activities that are a conflict of interest or which may potentially become a conflict of interest.

### Section 13.2 Prohibited Activities

Employees shall avoid outside employment activity with individuals or companies doing business with or soliciting business from VVTA. Employees shall not engage in outside employment activity which may unduly influence professional decisions, actions or judgment made on behalf of VVTA. Employees shall not engage in outside employment activity which may deprive VVTA of their time, attention and loyalty during normal working hours. Employees shall not engage in outside employment activity which may require confidential information disclosure concerning VVTA. Employees shall avoid significant financial interest in companies doing business with or soliciting business from VVTA. Employees shall not engage in outside employment activity requiring the use of VVTA property, equipment or supplies. Employees shall not use VVTA stationary, forms or equipment, including telephones and postage, in any capacity not directly related to the performance of assigned duties with VVTA.

**Section 13.3 Conflicting Employment Activity**

Employees conducting outside employment activities conflicting with, compromising or reflecting unfavorably upon VVTA interests shall be requested to terminate such activities. Employees continuing to conduct outside employment activities conflicting with, compromising or reflecting unfavorably upon VVTA interests, after a request to terminate such activities, shall be subject to disciplinary action up to and including termination.

**14.0 SEPARATION FROM EMPLOYMENT**

All employment with VVTA is at-will, and may be terminated by the employee or VVTA at any time, with or without prior notice or cause. Separation from employment may be voluntary or involuntary. As used in this Rule, the term "separation" shall mean and include "termination."

**Section 14.1 Types of Separation**

All separations of employees shall be designated as one of the following types: resignation, disability, death, retirement, layoff, or dismissal.

**Section 14.2 Resignation**

1. An employee may resign by submitting a written resignation to the Executive Director.
2. Two weeks notice is desired. Failure to provide two weeks notice may be cause for denying future employment with VVTA.
3. VVTA reserves the right to accept a resignation effective immediately and to accelerate the final date of employment. The decision to accelerate the final day of employment upon an employee's resignation will be made by the Executive Director.
4. As soon as the manager or supervisor is aware that an employee is resigning from employment, he or she should advise the Executive Director and the division or department.

**Section 14.3 Disability**

1. An employee may be separated from employment due to his/her disability when the employee cannot perform the essential duties of the position because of a disability and no reasonable accommodation can be made to enable the employee to perform the essential duties of the position or any vacant positions. Alternatively, the employee could elect to take a leave of absence in accordance with the guidelines of the PPP.
2. The employee, the employee's representative, or VVTA may initiate separation from employment.

**Section 14.4 Death**

Separation shall be effective as of the date of an employee's death. All compensation due under these Personnel Rules shall be paid in accordance with section 3.13 and all applicable laws.

**Section 14.5 Retirement**

1. Whenever an employee meets the conditions set forth in any retirement plan offered by VVTA, the employee may elect to retire and receive benefits earned under the plan.
2. Nothing herein is intended to preclude any employee from retiring under any other retirement plan from such employee's prior employment, for which such employee may be eligible.
3. An employee should provide VVTA with a reasonable notice of intent to retire so as to give VVTA time to fill and train a new employee for the vacated position.

**Section 14.6 Layoffs or Reduction in Force**

1. VVTA reserves the right to lay off employees due to reorganization, position elimination, declining operations, loss or reduction in funding or other financial reasons, elimination of departments or programs, and similar reasons.
2. In the event of layoff, it is the intent of VVTA to retain the most qualified employees. In determining how to implement the layoff, the needs of VVTA, the qualifications and ability of the affected employee to perform the responsibilities of the position, current and past performance evaluations, and length of service with VVTA will be the primary criteria for retention of employees.
3. The duties performed by any employee laid off may be reassigned to other employees.
4. VVTA reserves the right to contract out or privatize any work, at its sole discretion.
5. When a layoff or reduction in force is required, layoff notices shall be issued not later than ten (10) workdays prior to the effective date of the layoff. VVTA reserves the right to pay any affected employee with ten days pay in lieu of ten days notice.
6. Reemployment following layoff
  - a. A layoff is a permanent separation from employment. Reinstatement following layoff is solely within the discretion of VVTA.
  - b. Employees previously separated from employment based on a layoff or reduction in force may be required to complete the recruitment process to be considered for any vacancy.
  - c. The decision to lay off an employee or employees is not subject to appeal.

**Section 14.7 Dismissal**

1. The Executive Director may dismiss or discharge any employee of VVTA at any time, without notice or cause. There is no right of appeal.
2. All involuntary separations must be approved by the Executive Director. If a manager or supervisor believes that an employee should be separated from employment, the supervisor shall discuss and refer the issue to the Executive Director.
3. The payroll division under the supervision of the Executive Director will be responsible for preparing the final paycheck and other documentation.
4. At termination of employment, the employee shall return all VVTA-furnished property, equipment, property and documentation (including but expressly not limited to, uniforms, tools, equipment, I.D. cards, keys, cell phones, and credit cards), if such equipment, property or documentation has not been previously returned to VVTA.

**15.0 GRIEVANCE PROCEDURE**

**Section 15.1 Policy**

VVTA encourages open communication between all staff in resolving personal work related issues covered by the PPP, at the lowest level possible. In the event an employee feels that they have raised an issue that is not being reasonably addressed, VVTA has established a grievance procedure. Employees of VVTA

shall be required to comply with the procedures set forth regarding items which are considered a grievance under these policies.

**Section 15.2 No Retaliation**

Employees of VVTA who pursue grievances according to the provisions of this policy shall be free of harassment by fellow employees, supervisors and administration and shall in no way affect their present or future employment status.

**Section 15.3 Right to File Grievance**

Any regular employee has the right to file a grievance regarding a dispute arising out of the interpretation or application of the PPP. The grievance procedure shall not be applicable to the appeal of any disciplinary action.

**Section 15.4 Process for Filing Grievances**

Grievances shall be processed in accordance with the procedure set forth below:

- Step 1. The grievance shall be presented orally or in writing to the employee's immediate supervisor within five (5) working days of the occurrence. If the grievance is against the immediate supervisor, then the employee shall present the grievance to the next management level directly over that supervisor. If the grievance is against the Executive Director, then the employee shall present the grievance to the Deputy Executive Director. The supervisor, or the person reported to, shall reply orally within five (5) days thereafter as to the status and/or resolution of the grievance.
- Step 2. The supervisor receiving the report will immediately report the matter to the Human Resources manager (HRM), unless the HRM is the accused, then the report will be made to the Executive Director.
- Step 3. If the reply in Step 1 is not satisfactory, within five (5) working days after such reply, the grievance shall be presented, in writing, to Human Resources. Human Resources shall reply, in writing, to the grievance within five (5) working days thereafter, unless the grievance is against the HRM, then the reply will be in accordance with step 1 only.
- Step 4. If the employee is not satisfied with the reply in Step 2, within five (5) working days thereafter, the written grievance may be presented to the Executive Director. The Executive Director shall, upon request, meet promptly with the employee during regular business hours to discuss the grievance, and shall reply, in writing, to the employee within ten (10) working days thereafter. If the grievance is against the Executive Director, then the employee must provide a written complaint directly to the Deputy Director. If the response from the Deputy Director was not satisfactory then the employee will file a complaint with the Human Resources Manager. The HRM will respond to the complaint promptly and will keep the employee informed of the status of the investigation and/or the results. The parties agree to cooperate fully in investigating the facts surrounding grievances, and also agree to produce all evidence necessary to substantiate their respective positions regarding any such grievances. Such exchange of information shall be between the Executive Director and the employee, or the HRM and the employee in the case of a grievance against the Executive Director which was not resolved successfully by the Deputy Director.

This procedure, which we believe is important for both you and VVTA, cannot guarantee that every problem will be resolved to your satisfaction. However, VVTA values your observations and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

|



# **Standards of Conduct**

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## **16.0 PROFESSIONAL CODE OF ETHICS AND PRACTICES**

The purpose of the code of professional ethics and practices is to establish high professional standards and ethical conduct for all employees. Each employee will be held accountable to follow these principles and is expected to edify and promote the image and integrity of the organization. Failure to follow these principles may lead to discipline, including dismissal.

Each employee shall exhibit and uphold the highest ethical and professional standards by conducting oneself appropriately to ensure the integrity and advancement of VVTA.

Each employee shall ensure and maintain the public trust by being responsive to public needs.

Each employee shall maintain professional competency and demonstrate commitment through professional development.

Each employee shall collaborate and cooperate with colleagues, other public agencies, consultants, contractors and the public, to maximize provision of transit services to the community served by VVTA.

Each employee shall respect and uphold high standards of integrity when assisting members of the public.

Each employee shall protect and respect the privacy of colleagues and members of the public when handling personal and confidential information.

Each employee shall recognize the uniqueness of each member of the community and be respectful of the cultural, social, economical, physical and mental challenges faced by each person.

Each employee shall refrain from using his/her position for personal or political gain and benefit beyond the compensation and benefits provided for their position by the terms of their employment with VVTA.

## **17.0 POLICY PROHIBITING EMPLOYEE HARASSMENT**

VVTA strongly disapproves of any form of unlawful discrimination against its employees. This includes discriminatory harassment of VVTA employees. It can result in high turnover, absenteeism, low morale, and an uncomfortable work environment. Since Federal and State law prohibits harassment, employee harassment may constitute a criminal offense.

**Section 17.1 Policy**

VVTA strictly prohibits unlawful harassment. This includes harassment on the basis of sex, sexual orientation, race, color, ancestry, religious creed, handicap or disability, medical condition, age (over forty), marital status, or any other protected class under applicable law.

**Section 17.2 Application**

This policy applies to all phases of the employment relationship, including recruitment, testing, hiring, upgrading, promotion/demotion, transfer, layoff, termination, rates of pay, benefits, and selection for training.

This policy applies to all officers, Board members and employees of VVTA, including, but not limited to, full and part-time employees, temporary employees, and persons working under contract for VVTA. Additionally it applies to all vendors, members of the public, job applicants, volunteers, or any other third party.

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**Section 17.3 Harassment Defined**

Harassment may consist of offensive verbal, physical or visual conduct when such conduct is based on or related to an individual's sex, and/or membership in one of the above described protected classifications, and:

- a. Submission to the offensive conduct is an explicit or implicit term or condition of employment;
- b. Submission to or rejection of the offensive conduct forms the basis for an employment decision affecting the employee; or
- c. The offensive conduct has the purpose or effect of unreasonably interfering with the individual's work performance or creates an intimidating, hostile or offensive working environment.

**Section 17.4 Examples of Harassment**

Examples of what may constitute prohibited harassment include, but are not limited to, the following:

- a. Kidding or joking about sex or membership in one of the protected classifications;
- b. Hugs, pats, and similar physical contact;
- c. Assault, impeding or blocking movement, or any physical interference with normal work or movement;
- d. Cartoons, posters, and other printed or visual materials or music, referring to sex or membership in one of the protected classifications;
- e. Threats intended to induce sexual favors;
- f. Continued suggestions or invitations to social events outside the work place after being told such suggestions are unwelcome;
- g. Degrading words or offensive terms of a sexual nature or based on the individual's membership in one of the protected classifications;
- h. Prolonged staring or leering at a person;
- i. Similar conduct directed at an individual on the basis of race, color, ancestry, religious creed, handicap or disability, medical condition, age (over forty), marital status, sexual orientation, or any other protected classification under applicable law.

**Section 17.5 Reporting Procedure**

**17.51 Internal Reporting Procedure**

- a. Any employee who believes he/she has been the victim of sexual or other prohibited harassment by co-workers, supervisors, clients or customers, visitors, vendors, members of the public, or others should immediately notify their supervisor, or in the alternative, the Executive Director, or designee, depending on which individual the employee feels most comfortable contacting.
- b. Additionally, supervisors that observe or otherwise become aware of harassment that violates this policy have a duty to take steps to investigate and remedy such harassment and prevent its recurrence.

- c. The employee should provide the following information:
  1. The employee's name, department, and position;
  2. The name of the person or persons committing the harassment, including their title(s), if known;
  3. The specific nature of the harassment, how long it has gone on, and any other information that tends to support the charge of harassment;
  4. Witnesses to the harassment;
  5. Whether you have previously reported such harassment and, if so, when and to whom.

17.52 External Reporting Procedure

Any employee who believes that he/she has been the victim of sexual or other prohibited harassment by co-workers, supervisors, clients or customers, visitors, vendors or others may file a complaint with the California Department of Fair Employment and Housing (DFEH). Instructions for filing a complaint are posted in a prominent location in the VVTA offices as required by law. Employees may contact DFEH at 1845 South Business Center Drive, Room 127, San Bernardino, California or file a complaint online at [www.dfeh.ca.gov/complaints](http://www.dfeh.ca.gov/complaints).

**Knowingly and falsely accusing someone of harassment or otherwise knowingly giving false information in an investigation of harassment shall be grounds for disciplinary action, up to and including termination of employment.**

**Section 17.6 Investigation**

Upon the filing of a complaint with the Employer, the complainant will be provided with a copy of this policy. The Executive Director will assign a person or a team to investigate and report on the complaint. In the event the harassment complaint is against Executive Director, the Deputy Director shall conduct the investigation.

**NOTE:** Charges filed with the Department of Fair Employment and Housing (DFEH) are investigated by the DFEH.

**Section 17.7 Confidentiality**

All records and information relating to the investigation of any alleged harassment and resulting disciplinary action shall be confidential, except to the extent disclosure is required by law, as part of the investigatory or disciplinary process, or as otherwise reasonably necessary.

**Section 17.8 Remedies**

17.81 Disciplinary Action

- a. If Human Resources determines that the complaint of harassment is valid, Human Resources shall cause to be taken immediate and appropriate disciplinary action consistent with the requirements of law and the PPP sections pertaining to employee discipline. Other steps may be taken to the extent reasonably necessary to prevent recurrence of the harassment and to remedy the complainant's loss, if any.
- b. Disciplinary action shall be consistent with the nature and severity of the offense, the rank of the harassed, and any other factors relating to the fair and efficient administration of the Employer's operations.

**Section 17.9 Retaliation**

Retaliation against anyone for opposing conduct prohibited by this policy or for filing a complaint with or otherwise participating in an investigation, proceeding, or hearing conducted by the Employer, DFEH or

FEHC is strictly prohibited and may subject the offending person to, among other things, disciplinary action, up to and including termination of employment.

#### **Section 17.10 Employee Obligation**

Employees are not only encouraged to report instances of harassment, they are obligated to report instances of harassment. Employees are obligated to cooperate in every investigation of harassment, including, but not necessarily limited to:

- A. Coming forward with evidence, both favorable and unfavorable, to a person accused of harassment; and
- B. Fully and truthfully making a written report or verbally answering questions when required to do so during the course of an Employer investigation of alleged harassment.
- C. Employees are obligated to participate in periodic harassment prevention training provided by VVTA.

## **18.0 ALCOHOL AND DRUG POLICY**

**Summary:** There is a zero tolerance policy covering this transit system and is applicable to all Victor Valley Transit Authority employees.

VVTA is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. Use of these substances, whether on or off the job can detract from an employee's work performance, efficiency, safety, and health, and therefore seriously impair the employee's value to VVTA. In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes VVTA to the risks of property loss or damage, or injury to other persons.

Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect an employee's job performance and may seriously impair the employee's safety and ability to perform the functions within the scope of their position at VVTA. **All VVTA employees are required to participate in the VVTA Drug Free Workplace Awareness program.**

Examples of behavior that violates this policy include but are not limited to:

- Possession or use of an illegal or controlled substance not directly prescribed to the employee, or being under the influence of an illegal or controlled substance while on the job, or a controlled substance where job performance is impaired.
- Driving an VVTA vehicle while under the influence of alcohol, and/or illegal substance or controlled substances where driving ability is impaired; and
- The unlawful manufacture, distribution, sale, dispensing, use or purchase of an illegal or controlled substance while on or off the job, unless a controlled substance is legally prescribed to the employee and its use does not impair the employee's ability to perform all job functions while on the job.
- The use of cannabis/marijuana. Although the use of cannabis/marijuana is legal, under California law, it is illegal under federal law and its use, possession, sale and distribution is prohibited by this policy. Testing positive for cannabis/marijuana is also a violation of this policy

**Violation of these rules and standards of conduct will not be tolerated.** All employees of VVTA must abide by the terms of this policy statement as a condition of employment. If convicted of a drug statute violation occurring in the workplace, VVTA employees are required to report such to the Executive Director, in writing, no later than five (5) days after such a conviction. VVTA also may bring the matter to the attention of appropriate law enforcement authorities. In order to enforce this policy, VVTA reserves the right to conduct searches of VVTA property or employees and/or their personal property, and to implement other measures necessary to deter and detect abuse of this policy. Violation of this policy may result in disciplinary action up to and including termination of employment. For further and complete information Refer to VVTA Drug & Alcohol Manual .

## 19.0 PROHIBITED CONDUCT

### Section 19.1 Policy

The purpose of VVTA's discipline policy is to ensure appropriate employee conduct in the workplace. Discipline shall be administered in a fair and consistent manner and without regard to sex, sexual orientation, race, color, ancestry, religious creed, handicap or disability, medical condition, age (40 or older), marital status or any other protected classification under applicable law.

### Section 19.2 Cause for Disciplinary Action

All employees of VVTA may be demoted, suspended, reduced in pay, or terminated for cause. All suspensions, demotions, reductions in salary for a specified time period, and terminations of employees with regular status shall be made according with the PPP.

Examples of violations of VVTA standards, conduct, and rules which may be cause of immediate dismissal are identified below to promote understanding of what is considered unacceptable conduct and to encourage consistent action by VVTA in the event of violations. However, it is impossible to provide an exhaustive list of every type of conduct that may result in disciplinary action. The following list therefore contains some examples of conduct that may lead to the imposition of discipline, including the possibility of immediate dismissal:

1. Failure to meet work performance standards and requirements.
2. Discourteous treatment of the public or other employees.
3. Willful or negligent disobedience of any law, ordinance, VVTA rule or regulation, or superior's lawful order.
4. Misappropriation or damage of VVTA property or waste of public funds or property through negligent or willful misconduct, carelessness, unauthorized or improper use, or for private purposes.
5. Failure to exhibit acceptable behavior either during or outside duty hours such that the employee's ability to perform their duties is impaired, or the behavior otherwise reflects adversely on VVTA, or the ability of VVTA to perform its' mission is or may be impaired.
6. Absence without approved leave.
7. Tardiness or absenteeism.
8. Practicing deception or fraud in the securing of a job appointment or promotion.
9. Working unauthorized overtime;
10. Failure to supply full information as to character, reputation, or acts which, if known at the time of appointment might have resulted in a disqualification of the employee for the job to which appointment was made.
11. Falsification of a relevant official statement or document, including employment applications, time cards, or other VVTA records.
12. Neglect of duties.
13. Possessing or using narcotics or alcohol in VVTA offices, vehicles or facilities, or being present at work under influence of same.
14. Improper withdrawal or limitation of service or any action that interferes with or is disruptive of the VVTA mission or the public service.
15. Insubordination.
16. Any action inconsistent with the PPP or officially approved VVTA rules and regulations.
17. Intimidation, coercion, harassment or other unwelcome, offensive or threatening behavior, including but not limited to any act or threat of workplace violence, bullying or fighting on the job.
18. Bribery or the receiving of or the giving of other unlawful gifts or gratuities.
19. Conviction of a crime affecting the employee's suitability for employment with VVTA.
20. Dishonesty.
21. Failure to maintain grooming, clothing, or uniform standards.
22. Gross negligence.
23. Non-compliance with applicable Conflict of Interest provisions

24. Sleeping on the job.
25. Theft of VVTA equipment or supplies, or theft from a co-worker.
26. Unauthorized release of confidential information from official records.
27. Willful failure to observe VVTA safety rules.
28. Other grounds as determined by VVTA.

**NO MODIFICATION OF AT-WILL STATUS:**

**Nothing in this Discipline Policy modifies the at-will status of all employees of VVTA, by which all employees serve at-will. The discretionary use of any corrective action or level of discipline is not intended to modify the at-will status of any employee, nor does the use of any corrective action or level of discipline constitute any express or implied contract modifying the at-will employment relationship or otherwise creating any terms or conditions of employment.**

**Section 19.3 Procedures**

- a. In the event of violations of VVTA rules, policies or standards, VVTA may choose, in its sole discretion, to use corrective action or discipline.
- b. Corrective action may include any of the following: verbal counseling, verbal warning, written warning, written reprimand; suspension with or without pay; demotion; reduction in pay; transfer; and/or dismissal from employment. VVTA further reserves the right to develop other methods of corrective action as appropriate.
- c. VVTA may use any form of corrective action that VVTA deems appropriate under the circumstances. The use of corrective action, and any specific type of corrective action, is in the sole discretion of VVTA. VVTA does not have a policy of “progressive discipline”, and VVTA reserves the right to use any of the types of corrective action listed above on a first-time basis. The imposition of corrective action is not intended to, nor shall it modify the at-will status of any employee.
- d. A written record of any corrective action or discipline imposed on any employee shall be maintained in the employee’s personnel file, and a copy shall also be given to the employee. Verbal counseling and warnings should be memorialized by a memorandum placed in the employee’s personnel file. The employee should be requested to sign an acknowledgment of receipt of any written corrective action or discipline, but their failure to sign any such acknowledgment shall have no effect on the corrective action or discipline.
- e. Managers must keep the Executive Director informed of all disciplinary actions to be taken beyond verbal counseling. Imposition of demotions, transfers, reductions in pay, and dismissals, shall require the prior approval of the Executive Director.

**20.0 POLITICAL ACTIVITY**

Political activities of officers and employees of VVTA while on duty and/or on the premises of the VVTA is prohibited. In accordance with the California Government Code the following shall be prohibited.

1. An officer or employee of the VVTA shall not, directly or indirectly, solicit political funds or contributions, knowingly, from other officers or employees of the VVTA or from persons on the employment lists of the VVTA. (Government Code Section 3205)
2. No officer or employee of the VVTA shall participate in political activities of any kind while in uniform. (Government Code Section 3206)
3. No officer or employee of the VVTA shall engage in political activity during working hours. (Government Code Section 3207)
4. No signs, posters or other political advertising materials shall be posted upon VVTA property at any time.

5. With Board approval, VVTA may take positions on pending legislation impacting transit.

## 21.0 MISCELLANEOUS

### Section 21.1 Dress Code and Other Personal Standards

VVTA observes a business casual dress work environment. Employees are expected to wear clothing appropriate for the nature of our business and the type of work performed. Clothing should be neat, clean and tasteful and in compliance with VVTA safety standards. Acceptable casual dress excludes ripped, torn or unwashed clothing. Avoid clothing that can create a safety hazard. Department managers may issue more specific guidelines.

### Section 21.2 Confidentiality

Each employee is responsible for safeguarding the confidential information obtained during employment. In the course of your work, you may have access to confidential information regarding VVTA, its suppliers, its customers, or perhaps even fellow employees. You have responsibility to prevent revealing or divulging any such information unless it is necessary for you to do so in the performance of your duties and it has been authorized by VVTA. Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor. Any breach of this policy will not be tolerated and legal action may be taken by VVTA. All VVTA employees are required to sign a Confidentiality agreement upon hire.

## **Operational Guidelines and Policies**

## 22.0 SMOKING POLICY

VVTA is dedicated to protecting the health and safety of all VVTA employees from unhealthful conditions. The Surgeon General has stated that "cigarettes are the most important individual health risk in this country responsible for more premature deaths and disability than any other known agent," and that "cigarette smoking can make a significant measurable contribution to the level of indoor air pollution at levels of smoking and ventilation that are common in indoor environments," and that "there was a provable relation between such "passive" smoke from smokers and illness and deaths among non-smokers."

**In accordance with California State law, smoking is prohibited in any VVTA owned or leased vehicle or building specifically utilized for the administration of VVTA business.** This shall include, but is not limited to, offices, lobbies, hallways, conference rooms, restrooms, common work areas, vehicles and Board Chambers. Each supervisor shall be responsible for enforcing this smoking prohibition within their area of responsibility. Any VVTA employee violating this policy may be subject to disciplinary action, up to and including termination. There are designated smoking areas outside the building that the employees may utilize. Such areas meet State of California rules, regulations, codes, and requirements such as no smoking area shall be within 20 feet of any building entrance or exit or operable window. This policy includes and applies to e-cigarettes, nicotine delivery devices such as vaporizers.

## 23.0 SAFETY

It is the policy of VVTA to maintain an active safety program designed to identify and eliminate occupationally related illness and injury hazards among VVTA employees. Every employee of VVTA shall be required to observe all VVTA health and safety procedures.

**Each employee of VVTA shall receive a copy of VVTA's Safety Policies and Procedures and shall be responsible for complying with said policies. Failure to observe VVTA safety policies and procedures may result in disciplinary action in accordance with the PPP.**

## 24.0 VEHICLE OPERATION POLICY

### Section 24.1 Policy

During the course of employment with VVTA, if no VVTA vehicle is available, employees may be required to operate their personal vehicles to perform their assigned duties. If an employee objects to the use of their personal vehicle, VVTA shall make reasonable effort to find another employee to perform the task at issue. If VVTA is unable to reasonably accomplish the task with another employee, the employee may be required to use their personal vehicle, provided it is available. In such cases the employee shall be reimbursed for mileage in accordance with federal guidelines. Because of this requirement, a valid California driver's license, a satisfactory driving record, and proof of insurance may be made conditions of employment with VVTA. No employee shall operate or drive any motor vehicle on behalf of VVTA unless the employee is licensed for the class of vehicle to be driven, maintains a satisfactory driving record and maintains adequate insurance.

#### **Section 24.2 Driver's License**

All applicants for employment and current employees hired in positions where a driver's license is required, shall be required to acquire and maintain a valid California driver's license. The position description for a position shall specify whether a driver's license is required.

If an employee has been hired for a position prior to the effective date of these rules and in which driving is required, the employee shall be given six months to acquire a valid California driver's license. Some positions may require a commercial driver's license endorsement.

#### **Section 24.3 Driver's Record**

All applicants for employment with VVTA, whose duties may require the use of a personal or company vehicle while on duty, are required to possess a satisfactory driving record with less than 3 points in 3 years.

#### **Section 24.4 Motor Vehicle Insurance**

Employees of VVTA, whose duties may require the use of a personal vehicle while on duty, must provide to VVTA proof of insurance at the minimum limit required by law. Applicants may not be hired and employees may not be eligible for continued employment unless their insurance coverage is verified.

## **25.0 SECURITY**

#### **Plant and Property Security-General**

VVTA has developed guidelines to help maintain a secure workplace. The security of facilities as well as the welfare of our employees depends upon the alertness and sensitivity of every individual to potential security risks and adherence to company security guidelines.

#### **Section 25.1 Employer and Employee Property**

Desks, computers, toolboxes, and company vehicles, are VVTA property and must be maintained according to VVTA rules and regulations. They must be kept clean and are to be used only for work-related purposes. VVTA reserves the right to inspect all VVTA property to ensure compliance with its rules and regulations, without notice to the employee and at any time, not necessarily in the employee's presence.

Prior authorization must be obtained before any VVTA property may be removed from the premises.

For security reasons, employees should not leave personal belongings of value in the workplace. The company assumes no liability for lost or stolen personal items an employee may bring to the workplace. Personal items brought into the workplace are subject to inspection and search, with or without notice, with or without the employee's prior consent.

Terminated employees should remove any personal items at the time they leave VVTA. Personal items left in the workplace are subject to disposal if not claimed within one week of an employee's termination.

#### **Section 25.2 Computer and Information Security**

VVTA uses various forms of electronic communication including, but not limited to computers, e-mail, telephones, Internet. All electronic communications, including all software, databases, hardware, electronic

mail, voice mail, and all digital files, remain the sole property of VVTA and are to be used only for Company business.

VVTA voice mail and/or electronic mail (e-mail) are to be used for business purposes only. VVTA reserves the right to monitor voice mail messages and e-mail messages to ensure compliance with this rule, without notice to the employee and at any time, not necessarily in the employee's presence.

All electronic information created using, edited with, or transmitted through, any VVTA network or system is the confidential and proprietary property of VVTA. Personal pass codes may be used for purposes of security, but the use of a personal password does not affect VVTA's ownership of such electronic information.

Employees may not use VVTA networks and systems for the dissemination or storage of commercial or personal advertisements, solicitations, promotions, destructive programs (such as viruses or self replicating code), political material, or any use not specifically authorized by company policy. No employee shall knowingly transmit from, receive from, access from, or store on, any VVTA network or system, material that is fraudulent, harassing, embarrassing, sexually explicit, profane, obscene, intimidating, defamatory, or otherwise unlawful.

Limited, appropriate personal use of VVTA's networks and systems is allowed provided (1) such use does not impact the work performance of any employee; (2) such use does not have any undue impact on any other network or system; and (3) such use does not violate any policy of VVTA. VVTA reserves the right to restrict and/or eliminate an employee's ability to use any network or system, at any time, and for any reason.

Employees may not connect any computer system or peripheral to any VVTA-owned network or system without the prior permission of the I.T. department. This includes, but is not limited to, computers, laptops, PDAs, storage devices, recording devices and software, printers, scanners, and portable music players.

All software installed on Company computer systems must be properly licensed to VVTA and authorized by the IT Department. Employees may not, under any circumstances, download, install, modify, copy from, tamper with, or remove software on any company computer system, unless specifically authorized by the IT Department.

All computers connecting to VVTA networks and systems are required to have computer virus protection software installed and running at all times. Employees may not, under any circumstances, tamper with or otherwise alter or disable virus protection software on any computer system.

Employees are not permitted access to any IT equipment room unless authorized and escorted by a member of the IT Department.

The Company reserves the right to monitor an employee's usage of company networks and systems, and the data contained therein, at any time, for any reason, and without prior notification of such monitoring. Employees found in violation of any Company policy will be subject to disciplinary action up to and including termination of employment.

**For additional information about Computer and Information Security policies, please contact the IT Department.**

#### **26.0 News Media Contacts**

Employees may be approached for interviews or comments by the news media. Only contact people designated by the Executive Director may comment to news reporters on VVTA policy or events relevant to VVTA.

#### **27.0 Representation and Contracts**

No employee may enter into any type of contract or business obligation on behalf of VVTA without prior written authorization for VVTA.

## **28.0 MISCELLANEOUS**

### **Section 28.1 Housekeeping**

All employees are expected to keep their work areas clean and organized. People using common areas such as lunch rooms, outdoor eating areas, locker rooms, and restrooms are expected to keep them sanitary. Please clean up after meals and dispose of trash properly.

### **Section 28.2 Parking**

Employees may park their vehicles in designated areas. Employees may not use parking areas specifically designated for customers, vendors, VVTA vehicles, or reserved for managers. VVTA is not responsible for any loss or damage to employee vehicles or contents while parked on VVTA property.

### **Section 28.3 Solicitation and Distribution of Literature**

In order to prevent unnecessary disruption to employees, solicitation and distribution of literature on VVTA property is prohibited during work hours. **Use of company email for personal solicitation is prohibited.**

Passive solicitation in an employee's own work area, such as posting a notice for sale of cookies, candies or similar items to support a school or other community organizations is acceptable.

Non-employees will not be permitted to solicit or to distribute written material for any purpose on VVTA property without prior permission from the company.



**ACKNOWLEDGMENT OF AT-WILL STATUS**

Date: \_\_\_\_\_

Re: Appointment to Position of \_\_\_\_\_

Dear \_\_\_\_\_:

The Victor Valley Transit Authority ("VVTA") has offered you the position of \_\_\_\_\_. You should be aware that by accepting this position, you are an at-will employee of VVTA. All employment with VVTA is at-will. As an at-will employee, you serve at the pleasure of VVTA. This means that your employment is at the mutual consent of you and VVTA, and that either you or VVTA may terminate your employment at any time without notice or cause. Thus, VVTA may terminate you at any time, with or without cause or reason.

No reason need be given to you if your employment is terminated. As an at-will employee, you do not hold a property right in your employment, and you do not have the right to continuing or long-term employment. This at-will relationship also permits VVTA to change the terms and conditions of your employment at any time, with or without notice or cause, including, but not limited to dismissal, demotion, promotion, transfer, compensation, benefits, duties, and location of work. The provision of any performance evaluation or review, or any transfer or promotion, or change in job duties or benefits, shall not modify your at-will status with VVTA. No representative of VVTA has made or can make any oral statements, promises or representations which modify your status as an at-will employee. As an employee of VVTA, you do not have a contract of employment. Your status as an at-will employee cannot be changed by any written agreement or other written document. No other written or verbal agreement may otherwise arise that modifies your status as an at-will employee, or that you are hired or retained with VVTA under any terms other than those set forth above.

Only the Board of Directors may amend your at-will status in a written agreement that has been approved by the Board at a duly noticed public meeting. This policy supersedes all written and oral representations to the contrary.

*I have read the foregoing statement. I understand that my employment with the Victor Valley Transit Authority ("VVTA") is at-will, and that my employment may be terminated at any time by VVTA, with or without cause or notice, either at my option or at the option of VVTA.*

\_\_\_\_\_  
Employee's signature/Print name

Date: \_\_\_\_\_

\_\_\_\_\_  
Authorized VVTA representative

Date: \_\_\_\_\_

**AGENDA ITEM  
FOUR**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Adopt Resolution 18-06 Destruction of Victor Valley Transit Authority records.**

**SUMMARY**

Records Management's primary concern is the efficient, effective and economical management of information. In February 2006, the Secretary of State published the "Local Government Records Management Guidelines" to provide substantial guidance to State and local agencies to develop policies and procedures for their agencies in regard to official records retention and destruction. VVTA has developed its policy based on these guidelines.

On September 21, 2015 VVTA adopted its Records Retention Policy 1.027.15. In accordance with sections 8.0 and 9.0 of that policy, which allows for destruction of documents, Resolution 18-06 is being presented to the VVTA Board of Directors in order to allow for the destruction of VVTA records that have exceeded their retention period. This Resolution is also in accordance with the FTA requirements. Furthermore, most of these documents have been scanned into VVTA's Laserfische system so they are preserved indefinitely.

**RECOMMENDED ACTION**

Adopt Resolution 18-06 Destruction of Victor Valley Transit Authority records.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Steven Riggs, Finance Director	None	September 17, 2018	4

**RESOLUTION NO. 18-06**

**A RESOLUTION OF THE VICTOR VALLEY TRANSIT AUTHORITY BOARD OF DIRECTORS, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE DESTRUCTION OF VICTOR VALLEY TRANSIT AUTHORITY RECORDS LISTED ON APPENDIX "A".**

WHEREAS, California Government Code Section 26202 provides for the destruction of records that are no longer required, with the approval of the legislative body by resolution and written consent to the Agency's Attorney; and

WHEREAS, the records listed on Appendix "A" have been determined to no longer be required by the Victor Valley Transit Authority.

NOW THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to destroy the records listed on Appendix "A".

PASSED, APPROVED and ADOPTED this 17<sup>th</sup> day of September 2018.

\_\_\_\_\_  
Rich Harpole, VVTA Board Chair

APPROVED AS TO FORM:

\_\_\_\_\_  
Carol Greene, VVTA Legal Counsel

I, DEBI LORRAH, Clerk of the Board of the Victor Valley Transit Authority DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution 18-06 which was duly adopted at a meeting held on the 17<sup>th</sup> day of September 2018, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Debi Lorrh, Clerk of the Board

**APPENDIX "A"**  
**LIST OF VVTA RECORDS TO BE DESTROYED**  
**September 17, 2018**

**YEARS TO BE DESTROYED**

**ALL DEPARTMENTS**

Correspondence Files	FY 2014 & prior
Departmental Copies of Budgets	FY 2014 & prior
Departmental Copies of Accounts Payable Records	FY 2016 & prior
Departmental Copies of Accounts Receivable Records	FY 2016 & prior
Desk Calendars & Diaries	CY 2016 & prior
Telephone Message Books or Slips	CY 2016 & prior
Department Monthly Reports	FY 2014 & prior

**RISK MANAGEMENT**

Claims - (Resolved for more than five years)	Closed prior to 1/31/12
Insurance Policies (if no open claims)	FY 2009 & prior

**PROCUREMENT**

Completed Contracts (if grant is closed and audited with no activity since FY 2006)	FY 2013 & prior
Formal Procurements Documents (other than resulting contracts)	FY 2016 & prior
Purchase Orders and Related Documentation	FY 2014 & prior

**FINANCE/Grants Admin**

Accounts Payable Records	FY 2013 & prior
Accounts Receivable Records	FY 2013 & prior
Annual Budgets (work papers, reports, summaries)	FY 2013 & prior
Balance Sheets	FY 2012 & prior
Banking Records	FY 2012 & prior
Capital Property Records (Inventory)	FY 2009 & prior
External Audits	FY 2006 & prior
Financial Reports and Statements	FY 2006 & prior
FTA & TDA Grant Records (where grants are closed and audited for 3 years)	FY 2013 & prior
NTD Reporting Records	FY 2014 & prior
General Accounting Records	FY 2012 & prior
Payroll Records	FY 2012 & prior
Tax Returns & Reports	FY 2012 & prior

**HUMAN RESOURCES**

Applications for Employment & Related Documents	CY 2015 & prior
Employee Accident/Incident Reports & Related Documents (Resolved for over five years)	CY 2008 & prior
Employees Personnel Files (Terminated)	CY 2005 & prior

CY = Calendar Year      FY = Fiscal Year

**Note:** (All documents connected to an ongoing or active investigation, audit, or legal action are excluded)

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**AGENDA ITEM  
FIVE**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Meeting Notes from The Technical Advisory Committee Meeting Conducted on September 5, 2018.**

**SUMMARY STATEMENT**

Meeting Notes from the Technical Advisory Committee meeting conducted on September 5, 2018.

**RECOMMENDED ACTION**

Information item only.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Debi Lorrh, Clerk of the Board	N/A	September 17, 2018	5

**VICTOR VALLEY TRANSIT AUTHORITY  
TECHNICAL ADVISORY COMMITTEE**

**September 5, 2018**

**MEETING NOTES**

The meeting of the Technical Advisory Committee (TAC) of Victor Valley Transit Authority was opened at 3:05 p.m. at Victor Valley Transit Authority, Board room, 17150 Smoke Tree Street, Hesperia, CA.

**ROLL CALL**

**TAC Members**

**Present:** Tina Souza, City of Hesperia  
Ro Ratliff, City of Victorville

**Staff Present:** Kevin Kane, VVTA  
Debi Lorrach, VVTA  
Nancie Goff, VVTA  
Christine Plasting, VVTA  
Aaron Moore, VVTA  
David Flowers, VVTA

Craig Barnes, VVTA  
Ron Zirges, VVTA  
Marie Downing, VVTA  
Steven Riggs, VVTA  
Simon Herrera, VVTA

**1. Public Comment.**

None.

**2. Review Draft Board Agenda.**

**a. Debt Management Policy.**

Mr. Riggs said that this policy is new; SB1029 requires any agency issuing public debt have a policy in place using approved language to allow VVTA to issue public debt. This policy template was provided by PFM Asset Management and reviewed by VVTA Counsel.

**b. COP Debt Financing.**

This item will allow VVTA to pursue funding via Certificates of Participation to build the Barstow Operations and Maintenance facility, Mr. Riggs explained. The item shows a not to exceed amount of \$12m to insure at least \$10m in project funding so that the facility is fully funded even if interest rates rise prior to issuance on October 11, 2018.

**c. Resolution for Document Destruction.**

Mr. Riggs said that this is an annual occurrence and will be placed on the consent calendar; also included with the item is a list of the document scheduled for destruction.

d. Ratify MARRS Contract for Construction Management.

Mr. Kane stated that at the August 20, 2018 Board meeting, the Board approved WVTA to enter into best and final contract negotiations with MARRS. The negotiations have been completed and the contract is in the stages of being finalized with no change to the fiscal impact.

e. Ratify National Express Transit Contract for Operations and Maintenance.

Mr. Kane stated that at the August 20, 2018 Board meeting, the Board approved WVTA to enter into best and final contract negotiations with National Express Transit (Next). After quite a few meetings with Next, WVTA was able to negotiate a contract that stayed within the fiscal impact from the prior Board meeting but will be favorable for Next drivers.

f. Award RFP for Barstow Facility Design Build.

Ms. Plasting stated that this item is pending the finalization of the Construction Management contract; Mr. Riggs said that he would like to see item ready to present to the Board in September.

g. Closed Session – Compensation study.

3. Bus stop shelters/benches/lighting.

Mr. Herrera shared that the bike lids are almost completed by having the graphics applied and WVTA will be reaching out next week to the different jurisdictions to discuss placement.

4. SBCTA Update.

None.

5. CTSA Annual Metrics Report.

Mr. Moore briefly reviewed the annual metrics reports, highlighting the Travel Training and TRIP programs success in lowering costs. Participating non-profits are now at a record number of seven (7); the non-profits assist WVTA in reducing the number of ADA rides in exchange for a vehicle donation.

6. Other Business.

Mr. Riggs shared that an Employee Personnel Policies and Procedures Manual update will be added to the agenda.

7. Adjournment: 3:33 pm

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**AGENDA ITEM  
SIX**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Management reports.**

**SUMMARY STATEMENT**

The attached Performance Reports are presented to the Board of Directors to provide an overview of the transit system's costs and performance.

- Transdev invoice for July, BAT and VVTA.
- Monthly Performance Statistics Systemwide Summary.
- Monthly Ridership Report.
- Monthly ADA Denial Report.
- Monthly Road Call Report.
- Monthly Commendation Report.
- Transdev On Time Performance Report FY 2018.
- CTSA Annual Metrics Report.

**RECOMMENDED ACTION**

Information items only.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Kevin Kane, Executive Director	N/A	September 17, 2018	6

**Transdev**  
**Transportation Services**  
 17150 Smoke Tree St.  
 Hesperia Calif. 92345

INVOICE NO. "000718-IN0007-RevISED

BILL TO Victor Valley Transit Authority  
 17150 Smoke Tree St.  
 Hesperia, Calif 92345

DATE 08/08/2018

CONTRACT NAME:  
 Victor Valley Transit

Attention: Mr. Kevin Kane  
 Executive Director

MONTH July

BILLING PERIOD 07/01/2018 to 07/31/2018

	Budgeted Revenue hours	Actual Revenue hours	Budgeted Expense	Actual Expense	Variance (+ or -)	Budgeted Expense Year-to-date	Actual Expense Year-to-date	Variance (+ or -) Year-to-date
ADA ParaTransit	3,294.00	3,594.00	\$232,325.82	\$253,484.82	\$21,159.00	\$2,832,922.11	\$2,772,198.43	(60,723.68)
Subscription	1,055.00	1,092.00	\$74,409.15	\$77,018.76	\$2,609.61	\$858,601.20	\$923,467.64	64,866.44
Regional Fixed Rt	10,262.30	10,250.00	\$638,007.19	\$637,242.50	(\$764.69)	\$7,353,598.78	\$7,341,342.63	(12,256.15)
County	2,479.17	2,476.00	\$154,130.00	\$153,932.92	(\$197.08)	\$1,698,121.45	\$1,696,197.72	(1,923.73)
Dead Head L V-Rte.#23	15.00	15.00	\$932.55	\$932.55	\$0.00	\$10,730.51	\$10,730.51	0.00
Rte. 200	40.00	40.00	\$2,486.80	\$2,486.80	\$0.00	\$30,487.80	\$29,232.42	(1,255.38)
B.V. Link/Lifeline	611.00	608.00	\$37,985.87	\$37,799.36	(\$186.51)	\$446,587.07	\$445,779.46	(807.61)
Dead Head BV	21.00	21.00	\$1,305.57	\$1,305.57	\$0.00	\$15,184.12	\$15,303.68	119.56
Fort Irwin	606.90	604.00	\$37,730.97	\$37,550.68	(\$180.29)	\$436,674.35	\$432,209.40	(4,464.95)
Dead Head FI	78.75	78.75	\$4,895.89	\$4,895.89	\$0.00	\$52,232.80	\$52,232.53	(0.27)
<b>SUBTOTALS</b>	<b>18,463.12</b>	<b>18,778.75</b>	<b>\$1,184,209.81</b>	<b>\$1,206,649.85</b>	<b>\$22,440.04</b>	<b>\$13,735,140.19</b>	<b>\$13,718,694.42</b>	<b>(16,445.77)</b>

\* County routes include 20,21,22,23 and 24

**TOTAL INVOICE INCLUDING VARIANCE**

**\$1,206,649.85**

Please REMIT TO:  
 Transdev Inc.  
 4157 Collection Center Drive  
 Chicago, IL 60693

Manager's Signature and Business Phone

**Transdev**  
**Transportation Services**  
**1612 State St.**  
**Barstow Ca. 92311**

INVOICE NO. "000073118-INS-07B"

BILL TO Victor Valley Transit Authority  
 17150 Smoke Tree St.  
 Hesperia, Calif 92345

DATE 08/08/2018

CONTRACT NAME:  
 Victor Valley

Attention: Mr. Kevin Kane  
 Executive Director

MONTH July BILLING PERIOD 07/01/18 to 07/31/18

	July 18 Budgeted HOURS	July 18 ACTUAL HOURS	July 18 Budgeted REVENUE	July 18 ACTUAL REVENUE	July 18 Variance (+ or -)	Budgeted Expense Year-to-date	Actual Expense Year-to-date	Variance (+ or -) Year-to-date
Fixed Route	1857.30	1857.00	\$115,468.34	\$115,449.69	(\$18.65)	\$1,303,334.93	\$1,306,611.28	\$3,276.35
County	762.30	762.00	\$47,392.19	\$47,373.54	(\$18.65)	\$495,687.37	\$518,071.41	\$22,384.04
DAR	620.00	290.00	\$43,728.60	\$20,453.70	(\$23,274.90)	\$568,602.88	\$327,036.17	(\$241,566.71)
<b>SUBTOTALS</b>	<b>3,239.60</b>	<b>2,909.00</b>	<b>\$206,589.13</b>	<b>\$183,276.93</b>	<b>(\$23,312.20)</b>	<b>\$2,367,625.18</b>	<b>\$2,151,718.86</b>	<b>(\$215,906.32)</b>

**TOTAL INVOICE \$183,276.93**

Please REMIT TO:  
 Transdev Inc.  
 4167 Collection Center Drive  
 Chicago, IL 60693

\_\_\_\_\_  
 Manager's Signature and Business Phone



**FY 2019 -- Monthly Performance Statistics by Mode**  
**Systemwide Summary**  
**All Routes**

**Performance Statistics for July**

<b>Mode</b>	<b>Passengers</b>	<b>Revenue Hours</b>	<b>Operating Costs</b>	<b>Passenger Revenue</b>	<b>Passengers Per Rev. Hour</b>	<b>Operating Cost Per Passenger</b>	<b>Operating Cost Per Rev. Hour</b>	<b>Passenger Revenue Per Passenger</b>	<b>Passenger Revenue Per Rev. Hour</b>	<b>Farebox Recovery Ratio</b>
Bus (Motorbus)	102,583	15,992.7	\$1,342,886	\$134,072	6.4	\$13.09	\$83.97	\$1.31	\$8.38	9.98%
Commuter Bus	2,499	604.1	\$65,792	\$35,141	4.1	\$26.33	\$108.90	\$14.06	\$58.17	53.41%
Demand Response	15,359	4,976.2	\$468,177	\$46,777	3.1	\$30.48	\$94.08	\$3.05	\$9.40	9.99%
<b>System Total</b>	<b>120,441</b>	<b>21,573.1</b>	<b>\$1,876,855</b>	<b>\$215,990</b>	<b>5.6</b>	<b>\$15.58</b>	<b>\$87.00</b>	<b>\$1.79</b>	<b>\$10.01</b>	<b>11.51%</b>



# Monthly Ridership Report

July, FY 2019

Bus (Motorbus), Commuter Bus, Demand Response Only

## Total (All Day Types)

Mode	Passengers		Passengers Per Revenue Hour		Farebox Recovery Ratio	
	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
Bus (Motorbus)	111,536	102,583	8.0	6.4	10.38%	9.98%
Commuter Bus	3,204	2,499	5.6	4.1	65.42%	53.41%
Demand Response	14,058	15,359	3.1	3.0	10.41%	9.99%
<b>System Total</b>	<b>128,798</b>	<b>120,441</b>	<b>6.8</b>	<b>5.5</b>	<b>12.24%</b>	<b>11.51%</b>





**JULY 2018**  
**Major and Non-Major**  
**Miles between road calls - VVTA and Barstow**

	Total Miles	Road Calls	Miles Between Road Calls
Demand Response	78,251	10	7,825
Commuter Bus	21,782	0	21,782
Motor Bus	279,311	49	5,700
<b>Total System</b>	<b>379,344</b>	<b>59</b>	<b>35,307</b>



## Employee Commendations! Month of July 2018

Parent of ADA subscription rider sent a letter of commendation to all the drivers that attend to her daughters needs as well as the reservationists; she stated that Brandon Kane is especially helpful.

An ADA passenger wished to thank all the drivers that transport her for always being very polite and enjoyable.

ADA Driver Dustin Burke was compliments for being nice and efficient and the passenger expressed his gratitude.

Fixed route passenger wished to compliment Route 52 driver for being going out of her way to be helpful and polite.

<b>ADA PARATRANSIT ON TIME PERFORMANCE</b>				
Jul-18				
Rides Sampled	More Than 10 Minutes Before	More Than 30 Minutes After	TOTAL	% On Time
17212	0	36	17176	99.79%

<b>FIXED ROUTE ON TIME PERFORMANCE</b>	
Jul-18	
	% On Time
	77.30%

<b>COUNTY ROUTE ON TIME PERFORMANCE</b>	
Jul-18	
	% On Time
	65.40%

<b>BV Link ROUTE 15 ON TIME PERFORMANCE</b>	
Jul-18	
	% On Time
	55.00%

<b>FT. IRWIN ROUTE ON TIME PERFORMANCE</b>	
Jul-18	
	% On Time
	73.60%

# CTSA METRICS REPORT

FY18 PROGRAM MEASUREMENTS: ANNUAL SUMMARY

VICTOR VALLEY TRANSIT AUTHORITY

September 17, 2018

Prepared by: CTSA Director, Aaron Moore

TASK	Projects or Strategies	Goal(s) to which this is responsive	Measures	Partner Agencies
	Travel Training	CUSTOMER EDUCATION MANAGE ADA GROWTH INCREASED TRIP-MAKING	VVTA service area 565 travel training contacts this quarter 61 individuals trained 600 passes have been issued 7,068 trips completed Cost of TT Trips: \$67,358.04 Cost of trips on Direct Access: \$195,995.64 Savings garnered by TT program: <b>\$128,637.60</b> <b>(66% cost savings)</b>	VVTA
	High Desert TRIP Mileage Reimbursement	INCREASED TRIP-MAKING	90 persons enrolled 0 new enrollment 18 new referrals – <b>all from Direct Access</b> 9,349 trips completed 175,856 miles reported	VVTA
	TRIP Passengers Transitioned from Direct Access	MANAGE ADA GROWTH	15 individuals 1920 Trips Completed Cost of TP Trips: \$13,553.52 Cost of trips on Direct Access: \$53,241.60 Savings garnered by TT program: <b>\$39,688.08</b> <b>(75% cost savings)</b>	VVTA

TASK	Projects or Strategies	Goal(s) to which this is responsive	Measures	Partner Agencies
	Transit Ambassador Program	CUSTOMER EDUCATION INCREASED TRIP-MAKING	4 Transit Ambassadors 0 New Transit Ambassadors 3 New applicants 1,109 Reported instances of TA assistance provided	
	Rural Agency Technical Assistance	INCREASED TRIP-MAKING CAPACITY BUILDING	2 agencies	Trona Big River
	Driver Training	MANAGE ADA GROWTH CAPACITY BUILDING SERVICE QUALITY	7 participating agencies 3 "new" participating agencies 0 complaints 4 outreach presentations	VVTA and its contractor; Human Service agency partners
	FTA Grantee Subrecipients support - New Freedom grantees (VVTA as direct recipient) - 5310 grantees (Caltrans as direct recipient) Local Grant Assistance - CDBG Application Review - Other local funding sources	MANAGE ADA GROWTH CAPACITY BUILDING NEW FUNDING TRANSIT OPERATIONS TOOLS	0 grant applications with Technical Assistance (TA) provided 0 applied for by partner agencies 0 grant secured – notice of award pending 0 subrecipient grant agreements this cycle 0 funding source opportunities communicated 0 of TA sessions: - Assistance in preparation for the 2018 5310 Call for Projects (CFP) Call expected in November, 2018	Victor Valley Community Services (New Freedom) Other human service agencies
	Retired Vehicle Program/ Retired Vehicle Maintenance Program	MANAGE ADA GROWTH CAPACITY BUILDING NEW FUNDING	7 agencies currently participating 14 new agencies willing/ interested 7 vehicles donated	VV First Assembly, VV Family Resource Center, Foothill Aids Program, VVCSC, The Church for

TASK	Projects or Strategies	Goal(s) to which this is responsive	Measures	Partner Agencies
			7 vehicles being prepared for donation	Whosoever, Life Church, Abundant Living
	Subrecipient reporting – Provider reporting	CUSTOMER EDUCATION TRANSIT OPERATIONS TOOLS SERVICE QUALITY	7 agencies currently reporting 3,037 trips 7 vehicles	VV First Assembly, VV Family Resource Center, Foothill Aids Program, VVCSC, The Church for Whosoever, Life Church, Abundant Living
	Resource database – Insurance	CAPACITY BUILDING	7 agencies referred Possible assistance in brokering insurance	VV First Assembly, VV Family Resource Center, Foothill Aids Program, Victor Valley Senior Services Council, The Church for Whosoever, Life Church, Abundant Living
	LCTOP – Fare Media Scholarship Program	CUSTOMER EDUCATION INCREASED TRIP-MAKING CAPACITY BUILDING	16 agencies \$11,287 in passes distributed to agencies which service low-income individuals, and low-income seniors and disabled individuals. 3,576 day passes distributed by partner agencies 9,082 trips completed	Desert Mountain Region United Way (with 13 sub-recipient agencies), High Desert Homeless Services, Desert Mountain Children's Center, Apple Valley Wound Care Center
	Travel Training Bus	CUSTOMER EDUCATION TRANSIT OPERATIONS TOOLS SERVICE QUALITY	# of schools/agencies participating: 7 # of training sessions completed: 24 # of individuals trained: 334	D/M SELPA, Hesperia High School, Victorville High School District, Apple Valley Unified School District

TASK	Projects or Strategies	Goal(s) to which this is responsive	Measures	Partner Agencies
Task	Future Projects or Strategies	Goal(s) to which this is responsive	Measure	Partner Agencies
	VetLink Coordination	CUSTOMER EDUCATION INCREASED TRP-MAKING CAPACITY BUILDING	# of VVTA/ North Desert providers in VetLink # of "hits" on VetLink from service area # of places where VetLink is described and promoted	VetLink /211
	Customer service surveys – Provider reporting	CUSTOMER EDUCATION TRANSIT OPERATIONS TOOLS SERVICE QUALITY	# survey efforts conducted Agency reports (subrecipients)	VVTA Subrecipients
	Subrecipient reporting – Provider reporting	TRANSIT OPERATIONS TOOLS	# of agencies # of trips # of vehicles	VVTA Subrecipients
	Brokerage/ dispatch capability (planning)	MANAGE ADA GROWTH INCREASED TRIP-MAKING NEW FUNDING	\$ secured # resources identified # of partners identified	VVTA and partner agencies
	Grant technical assistance, grant writing	NEW FUNDING	# of grant sources identified # of technical assistance sessions # of	

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**AGENDA ITEM  
SEVEN**

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**VVTA Debt Management Policy (Policy no. 01.01.18).**

**SUMMARY STATEMENT**

On September 12, 2016, SB 1029 was passed into law requiring that the California Debt and Investment and Advisory Commission (CDIAC) to, among other things, maintain contact with state and municipal bond issuers, underwriters, investors, and credit rating agencies to improve the market for state and local government debt issues and to assist state and local governments to prepare, market, and sell their debt issues. Existing law requires the commission to collect, maintain, and provide comprehensive information on all state and all local debt authorization and issuance and to serve as a statistical clearinghouse for all state and local debt issuance.

One of the requirements invoked by CDIAC effective January 1, 2017, was that all issuers of public debt must have an approved Debt Management Policy in place prior to offering such debt and that the policy contains, among other guidance, such guidance that allows that agency to issue such debt. Therefore, in compliance with this CDIAC directive and in preparation of VVTA's upcoming offering of Certificates of Participation to finance the new Barstow Maintenance Facility through the California Transit Finance Corporation (CTFC), staff presents this Debt Management Policy and recommends Board approval.

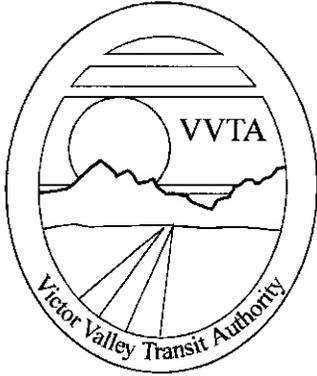
**RECOMMENDED ACTION**

Approve VVTA Debt Management Policy (Policy no. 01.01.18)

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
None	N/A	September 17, 2018	7

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## VVTA Debt Management Policy



Organizations Affected:  
Victor Valley Transit Authority  
Debt Management Policy

Effective Date: 9/17/18

Approved by:  
Kevin Kane, Executive Director

As Authorized by the  
Board of Directors on: 09/17/2018

Attest:  
Debi Lorrh, Clerk of the Board

**POLICY / PROCEDURE NO. 1.01.18**

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## VVTA DEBT MANAGEMENT POLICY

### I. Introduction

The purpose of the Debt Management Policy (Policy) of the Victor Valley Transit Authority (Authority) is to establish guidelines for the issuance and management of the Authority's debt. This Debt Management Policy confirms the commitment of the Authority's Board of Directors (Board) to adhere to sound financial management practices, including prudent issuance of debt, full and timely repayment of all borrowings, and achieving the lowest possible cost of capital within prudent risk parameters. The debt policies and procedures of the Authority are subject to and limited by the applicable provisions of State and Federal law.

### II. Debt Management Policy Objectives

The primary objectives of the Authority's debt and financing related activities are to:

- Assure the timely delivery of and finance capital for projects in accordance with the priorities identified within the Authority's Capital Improvement Program (CIP) annually approved by the Board
- Achieve the lowest cost of borrowing while identifying mitigation factors for any additional risk to the Authority
- Preserve future financial flexibility
- Maintain strong credit ratings and good investor relations

### III. Scope and Authority

This Policy governs the issuance and management of all debt financings including ancillary transactions and investment of bond proceeds.

While adherence to this Policy is required in applicable circumstances, the Authority recognizes that changes in the capital markets, revenue receipts, program changes, and other unforeseen circumstances may produce situations that are not covered by the Policy or require modifications or exceptions to achieve Policy goals. In these cases, management flexibility is appropriate provided specific authorization from the Board is obtained.

The Finance Director/Controller ("FD") shall review the Policy periodically but at least once in any five-year period, and recommend amendments, if any, to the Executive Director ("ED") to be considered by the Board for approval. The FD and ED shall administer the Policy. The ED shall have the day-to-day responsibility and authority for recommending, structuring, implementing, and managing the Authority's debt and financing programs.

#### **IV. General Financial Practices and Context for Debt Management Policy**

This Policy must be viewed as an integral component of the Authority's overall financial practices and in the context of its capital-intensive expenditure plans. This Policy and its Overall approach to the Authority's finances must recognize that the Authority's future revenues that flow to the Authority must be available to repay the Authority's debt and to fund its entire operations. This Policy also recognizes that the Authority does not have control over external subsidies or certain revenues, which are dependent to some degree on the overall economy locally, the State, and the Nation. The Authority's financial practices, including the issuance of debt, must be designed to assure sufficient resources to fund all of its operating and capital requirements in all circumstances and be able to accommodate potential declines in external subsidies or other revenues.

#### **V. Debt Issuance Principles and Policies**

- A. **Board Authorization.** The Board shall specifically authorize any debt issuance. The Board's adoption of the Annual Budget or Capital Improvement Program (CIP) does not constitute authorization for debt issuance.
- B. **Appropriate Purposes for Debt Issuance.** Each debt issuance must accomplish a specific, appropriate purpose. Debt may be issued to accomplish the following objectives:
  1. Accelerate the delivery of projects. Debt financing allows the delivery of projects on an accelerated basis. Accelerating projects may provide a programmatic or financial benefit to the Authority.
  2. Spread cost over the useful life of an asset. Debt financing allows the Authority to spread the cost of a project over its useful life rather than paying for it at one time. In addition, financing effectively spreads the cost of a project among all users that benefit from it.

3. Smooth out annual cash flow. Debt financing spreads the cost of a project over a period of years, thereby evening out the Authority's cash flow.
  4. Finance Unfunded Actuarial Liabilities. Debt financing would allow the Authority to fund all or a portion of any unfunded actuarial liabilities relating to pension and other post-employment benefits.
  5. Refundings. Debt financing allows the Authority to issue bonds or other securities to refinance outstanding obligations, if desirable. The reasons for refinancing include:
    - a. Debt Service Savings. Refundings may be effectuated to achieve lower borrowing costs and/or achieve net present value savings.
    - b. Programmatic Reasons. Such as: restructuring outstanding debt, changing the type of debt instruments originally used, retiring a bond issue, removing covenants/pledges that have become restrictive, or retiring debt prior to maturity.
- C. **Debt Affordability.** Debt affordability shall be determined by the requirements of the Authority's bond indentures (e.g. additional bonds test/debt service coverage) and the Authority's ability to meet all of its on-going operating, capital, and reserve requirements.
- D. **Financing Goals.** The Authority shall issue debt so as to achieve the optimal balance of lowest borrowing cost, financing flexibility, and market acceptance.

## VI. Approach to Financing

The Authority is able to issue debt either directly on its own or through a conduit agency where the debt would be issued on behalf of the Authority by another entity, but the Authority remains the obligor.

### A. **Types of Financing Transactions**

The Authority has several options available to it by which to secure its borrowings. Upon Board approval, the Authority can utilize the method most advantageous to the particular borrowing being contemplated. Below are several options utilized by transit agencies and municipal agencies.

1. Revenue Bonds. Revenue bonds shall be the preferred method of debt financing. Such bonds may be issued as either a senior or junior lien and may be issued on a fixed or variable rate basis. There is no present intention to issue synthetic fixed-rate bonds.

2. Debt Secured by Federal, State, or Local Grants. The Authority may issue debt secured by federal formula assistance, full funding grant agreements, or comparable federal, state or local approved grants or funding assistance and may participate in loans, credit enhancement, or credit support provided under the Transportation Infrastructure Finance and Innovation Act (TIFIA).
3. Other kinds of Debt and Financing Transactions. The Authority may issue debt secured by other revenues or by its general credit (such as Certificates of Participation (“COPs”)), or engage in financial lease transactions, if appropriate for the funding need being addressed.
  - a) Lease or Installment Purchase Financing Structures. Lease or installment purchase obligations are a routine and appropriate means of financing capital equipment. These types of obligations should be considered where such financing will be more beneficial, either economically or from a policy perspective. A tax-exempt lease or installment purchase may be used to finance any property that the Authority has the statutory authorization to lease or purchase. As a general matter, only land and depreciable property may be leased or purchased. Generally, the leased or purchased property is a capital asset to be used by the Authority in its own operations.

Payments made by the Authority pursuant to a long-term lease or installment purchase agreement may be made from any lawfully available funds of the Authority. The useful life of the capital equipment, the terms and conditions of the lease, the direct impact on debt capacity and budget flexibility will be evaluated prior to the implementation of a lease program.

This Policy covers the following Lease Financing structures commonly used by transit agencies:

**Certificates of Participation (COPs):** If the Authority wishes to utilize a tax-exempt lease or installment purchase in connection with the sale of municipal securities, certificates of participation, representing undivided interests in the rental or installment payments, which may be sold to the public.

**Capital/Equipment Lease:** The Authority may also use long-term lease obligations to directly finance or refinance specific capital equipment.

## **B. Use of Long-Term and Short-Term Debt**

1. Long-Term Debt. The Authority may issue long-term debt, on a fixed

or variable rate basis to finance the construction, acquisition, installation, or rehabilitation of long-lived capital assets, and to finance actuarial unfunded liabilities with respect to pension and other post-employment benefits.

- a) **Fixed-Rate Debt.** Fixed rate debt is a form of long-term financing in which the interest rate is set at the time of bond issuance and does not change unless subsequently refinanced. It is expected that most of the Authority's debt obligations will be fixed rate.
  - b) **Variable Rate Debt.** Variable rate debt is a form of long-term financing in which the interest rates are reset periodically, typically on a weekly or daily basis. Forms of variable rate debt include variable rate demand bonds, index notes, and commercial paper. Typically, the interest rates for variable rate debt are lower than for fixed rate debt, although they will fluctuate throughout the term of a financing. Variable rate debt offers the benefits of diversifying the debt portfolio, reducing interest costs, providing interim funding for capital projects, and improving the match of assets to liabilities. The amount of unhedged variable rate debt will generally not exceed 30% of the principal amount of all outstanding debt. Prior to the issuance of variable rate debt, the Authority will evaluate through financial analysis that sufficient liquid funds exist to address any associated risks, such as rising interest rates, the non-renewal of credit facilities securing such variable obligations, and market access risks. If variable rate debt is used, the ED or other appropriate Authority staff shall periodically evaluate the appropriateness of converting the debt to fixed interest rates and at least annually report to the Board on the results of such evaluation.
2. **Short-Term Debt.** The Authority may finance operating and capital needs on an interim basis, with short-term debt, pending the receipt of expected funding sources using:
- a) **Tax and Revenue Anticipation Notes.** Tax and Revenue Anticipation Notes ("TRANs" or "RANs") are borrowings used to bridge temporary cash flow deficits within a fiscal year.
  - b) **Grant Anticipation Notes.** Grant Anticipation Notes ("GANs") are issued to fund capital projects in advance of the receipt of grants, typically federal grants. Such notes may also include a back-up pledge of farebox, sales tax, or other revenues, as appropriate, to enhance the creditworthiness of the GANs and to provide a source of repayment if the timing of the grant receipts is delayed due to the appropriation process.
  - c) **Bond Anticipation Notes.** Bond anticipation notes ("BANs") are

issued to fund projects in advance of a revenue stream that has not yet been received. At maturity, BANs are repaid from that revenue stream or by refunding bonds secured by that revenue stream.

- d) **Direct Line of Credit.** A Line of Credit (“Line”) may be used as an alternative to other short-term borrowing options. Lines are typically structured as short-term (up to five (5) year) agreements with a financial institution providing the Line.
- e) **Commercial Paper.** Commercial Paper (“CP”) is an interim financing product whereby the Authority issues CP on an as-needed basis with a final maturity up to 270 days. CP requires liquidity and security through a vehicle such as a Letter of Credit (LOC) and is sold by a commercial paper dealer in the public markets.

**C. Structural Features of Financing.** The ED and FD, with the advice of the Authority’s financial advisor, shall determine the structural features to be included as part of each debt financing. The structural features shall be appropriate to the transaction and the markets at the time of the financing and shall be consistent with this Policy.

1. **Coupon Payment Structure.** Coupon payment structures may consist of either current coupon bonds or capital appreciation bonds (or zero coupon bonds). Current coupon bonds pay interest periodically (generally, semi-annually), and pay principal at maturity. Capital appreciation bonds pay interest and principal at maturity and generally will increase the borrowing cost. Current coupon payment structures shall be used whenever possible. Capital appreciation bonds may be used to accomplish a structuring or programmatic objective that cannot be achieved with a current coupon payment structure.
2. **Maturity of Debt.** Generally, the final maturity of the debt shall not exceed the useful life of the assets being financed or the remaining term of the revenue stream pledged to repayment. The average life of the financing shall not exceed the average life of the assets being financed.
3. **Debt Service Structure.** The Authority’s debt service structure will be developed and maintained to achieve strong credit ratings while addressing its overall revenue constraints and financing capacity. The principal and interest on debt obligations shall be structured taking into account: a) the market conditions, b) indenture requirements, c) other outstanding debt, d) cash flow needs, and e) financing objectives. Absent unusual circumstances, debt service on the Authority’s obligations shall be structured to achieve approximately equal annual debt service payments over the life of the issue.

The Authority shall maintain the flexibility to consider deferred repayment structures if appropriate.

4. **Lien Levels.** The Authority may create senior and junior lien pledges for each revenue source that secure bond repayment to optimize the Authority's financing capacity and allow for the most beneficial use of the revenue source securing the bond.
5. **Discount and Premium Bonds.** Discount and Premium Bonds are those that are issued at a sale price below (Discount) or above (Premium) the principal amount or par value. The Authority shall evaluate the use of Discount and Premium bonds in the context of general market conditions at the time of sale and the manner in which it offers its bonds for sale.
6. **Redemption Features.** The Authority's securities shall contain appropriate redemption provisions relating to the ability to call or retire bonds prior to maturity. Redemption provisions shall reflect the kind of securities being issued, the market conditions at the time of issuance and the likelihood that it will receive future grants or revenues with which to retire debt early.
7. **Debt Service Reserve Funds.** The Authority may be required to issue bonds that are secured, in part, by amounts on deposit in or credited to a debt service reserve fund or account to maximize the bond rating, minimize the net cost of borrowing and/or to provide additional reserves for debt service or other purposes. Debt service reserve funds may secure one or more series of bonds, and may be funded by proceeds of bonds, other available moneys of the Authority, and/or by suitable surety policies, letters or lines of credit or other similar instruments, if available at a cost-effective price.
8. **Credit Enhancement**
  - a) **Bond Insurance.** Bond insurance provides improved credit quality for the bonds as a result of the insurance provider's guaranty of the payment of principal and interest on the bonds. Bond insurance may be used if, in the judgment of the ED and FD with the advice of the Authority's financial advisor, it will clearly result in a lower borrowing cost to the Authority or improve the marketability of its bonds.
  - b) **Letters of Credit.** A letter of credit (LOC) is an arrangement with a bank or other financial institution that provides additional security that moneys will be available to pay debt service on an issue. LOCs are typically issued by domestic and foreign banks or other financial institutions in connection with commercial paper and certain

variable rate transactions. Such banks and financial institutions improve the credit quality of variable rate financings by guaranteeing the repayment of bond principal and interest, and/or providing needed liquidity to investors. LOCs may be used where they provide an economic advantage to the transaction over other variable rate structures.

9. Financial Derivative Products. The Authority does not contemplate the use of financial derivative products.

D. **Method of Bond Sale.** The Authority's debt may be sold on either a competitive or negotiated basis or as a direct placement with a bank or other financial institution.

1. **Competitive Sale.** In a Competitive Sale, the Authority's debt will be offered for sale on a set date and time, and investment banks and other financial institutions ("Underwriters") will have an equal opportunity to purchase the debt. The award of the debt will be made to the bidder that offers the lowest true interest cost. Conditions under which a competitive sale would be preferred are as follows:
  - a) Bond prices are stable and/or demand is strong
  - b) Market timing and interest rate sensitivity are not critical to the pricing
  - c) The bond type and structure are conventional
  - d) The transaction size is manageable
  - e) Proposed security and repayment source have strong credit rating
  - f) Proposed security and repayment source are well known to investors
2. **Negotiated Sale.** In a negotiated sale, the Authority's debt will be offered to an Underwriter or syndicate of Underwriters that are pre-selected by the Authority to market its debt. Conditions under which a negotiated sale would be preferred are as follows:
  - a) Bond prices are volatile, or demand is weak, or supply of competing bonds is high
  - b) Market timing is important, such as for advance refunding's
  - c) The credit involves the need for greater pre-marketing by the Underwriter
  - d) Coordination of multiple components of the financing is required
  - e) Variable rate bonds or notes are issued
  - f) Early structuring and market participation by Underwriters is desired
  - g) The orderly placement of the Authority's bonds will benefit future transactions under that program

3. Direct Placement with Banks or Other Financial Institutions. In this structure, the Authority would place its bonds directly with a bank or other financial institution at a private sale. The bank or other financial institution would be selected through a competitive process. Direct placements typically involve lower transaction costs than competitive or negotiated sales. Conditions under which a direct placement would be preferred are as follows:
  - a) The financing is relatively small and the higher transaction costs associated with a competitive or negotiated sale would result in a higher all-in borrowing cost
  - b) The bonds are issued as variable rate bonds with terms that involve lesser risk to the Authority
  - c) The market for direct purchases is favorable

## VII. Documentation of Transactions

The major aspects of each financing, including the decision processes, shall be fully documented.

## VIII. Investment of Bond Proceeds

Proceeds raised in a debt financing shall be invested in a manner that is consistent with the applicable financing documents, and Federal and State law.

## IX. Refinancing Outstanding Debt

The Authority shall have the responsibility to analyze outstanding bond issues for refunding opportunities that may be presented by underwriting and/or financial advisory firms. The Authority will consider the following issues when analyzing possible refunding opportunities:

- A. **Debt Service Savings.** The Authority may effectuate refunding's to achieve present value savings and/or reduced borrowing costs. The present value savings will be net of all costs related to the refunding.
- B. **Restructuring.** The Authority may restructure outstanding debt to meet unanticipated revenue expectations, mitigate irregular debt service payments, release reserve funds or amend restrictive bond covenants.
- C. **Term of Refunding Issues.** The Authority may refund bonds within the term of the originally issued debt. However, the Authority may consider maturity extension, when necessary to achieve a desired outcome, if such extension is legally permissible and potential credit impacts are adequately evaluated.
- D. **Escrow Structuring.** The Authority may utilize State and Local Government Series Obligations (SLGS), Open Market Securities, or other

investments authorized by the refunded bond's legal documents as its escrow securities depending on which is most advantageous to the Authority at the time of sale.

- E. **Arbitrage.** The Authority shall take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding. Any resulting positive arbitrage will be rebated as necessary according to Federal guidelines.
- F. **Cash Defeasance.** The Authority may utilize appropriate funds available to cash defease all or a portion of its outstanding bonds if it is advantageous to do so.

## X. **Market Relationships**

- A. **Rating Agencies and Investors.** Rating Agencies - Moody's Investors Service, Standard & Poor's, and Fitch - evaluate the credit of public and corporate transactions. The ED or his/her appropriate designees, shall: 1) meet with the assigned Rating Agency analysts prior to each competitive or negotiated sale of the Authority's bonds, and 2) periodically update the Rating Agencies as to developments at the Authority.
- B. **The Authority Board of Directors Communication.** The FD and ED shall inform the Board of feedback from the Rating Agencies and investors regarding the Authority's financial strengths and weaknesses.
- C. **Continuing Disclosure.** The Authority shall remain in compliance with each continuing disclosure undertaking entered into by the Authority under Securities and Exchange Commission (S.E.C.) Rule 15c2-12 (the "Rule") by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within the period required by each continuing disclosure Undertaking entered into by the Authority under the Rule.
- D. **Rebate Reporting.** The use of bond proceeds and their investments must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate annual rebates related to any bond issues, with rebate paid every five years. The ED and FD shall ensure that proceeds and investments are tracked in a manner that facilitates accurate, complete calculation, and timely rebates, if necessary.

## XI. **Financing Team Members**

The implementation of the Authority's debt financings shall involve the following financing team members where appropriate:

- A. **Financial Advisor.** The Authority's financial advisor shall work with the ED and FD in developing the most appropriate approach to a particular debt

financing transaction, including the type of financing transaction, structural features, manner of sale, and other relevant matters. In a competitive sale, the financial advisor shall work with the Authority and the Authority's bond counsel to develop an appropriate set of documents, coordinating Authority rating presentations, managing the sale process, and overseeing the closing.

- B. **Bond Counsel.** Bond counsel provides the legal opinion delivered with the bonds confirming, among other things, that the bonds are valid and binding obligations of the issuer. The Authority's bond counsel shall work with the ED, FD, Authority Chief Counsel, and the Authority's financial advisor in providing legal advice on proposed financing structures, drafting the relevant legal documentation, providing the necessary legal opinions, and preparing the closing documentation.
- C. **Disclosure Counsel.** If utilized, a separate disclosure counsel coordinates the preparation of the Official Statement. Disclosure counsel shall be a firm with extensive experience in public finance and may also serve as Bond counsel.
- D. **Trustee.** A nationally recognized trust company, with assets of at least \$100,000,000 shall serve as trustee on the Authority's bond issues. If desired by the ED, the trustee may also serve as the Authority's dissemination agent for purposes of complying with applicable continuing disclosure requirements.
- E. **Underwriters.** If the Authority sells its debt securities at competitive sale, the underwriter shall be that firm or syndicate of firms that provides the Authority with the lowest true interest cost in accordance with the terms and conditions in the notice of sale.
- F. **Disclosure by Financing Team Members.** The Authority expects that all financing team members shall at all times provide the Authority with objective advice and analysis, maintain the confidentiality of the Authority financial plans, and be free from any conflicts of interest. All financing team members shall be required to provide full and complete disclosure, under penalty of perjury, relative to any agreements with other financing team members and outside parties that could compromise any firm's ability to provide independent advice that is solely in the best interests of the Authority or that could be perceived as a conflict of interest. The extent of disclosure may vary depending on the nature of the transaction.

## **XII. Post-Issuance Tax Compliance Procedures**

The Authority will establish and document procedures to ensure that the Authority is in compliance with requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied with respect to tax-

exempt bonds and other obligations after the bonds are issued so that interest on the bonds is, and will remain, tax-exempt. Additionally, as part of the post issuance compliance procedures the Authority will ensure that proceeds of the debt issuance are directed to the intended use. The Post-issuance Compliance Procedures will be reviewed at least every three years. The Authority will also ensure it is in compliance with all State continuing disclosure/reporting.

**AGENDA ITEM  
EIGHT**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Approve the issuance of a Not-to-Exceed amount of \$12 million of Certificates of Participation to pay for the Acquisition and Construction of Certain Improvements and Equipment to carry out the Purposes of VVTA in Constructing a New Maintenance Facility for its Barstow Division, and Approve the Form of the Financing documents and authorize VVTA's Executive Director to execute all necessary documents.**

**SUMMARY STATEMENT**

On June 20, 2016 the VVTA Board approved \$5m in funding to construct a new Bus Maintenance Facility for its Barstow Division. On July 16, 2018, the Board approved an additional \$5m in financing to this project, bringing the project total financing to \$10m. The facility would additionally include fueling for both CNG and Battery Electric Vehicles as well as state-of-the-art power management system such as a photovoltaic system with battery backup or similar system that would generate savings and would continue to promote VVTA's green initiatives. The Board further approved using Certificates of Participation as the main source of funding.

Staff is recommending the issuance of Certificates of Participation (the Certificates) that will pay for the acquisition and construction of certain improvements and equipment to carry out the purposes of VVTA in constructing a new Maintenance Facility for its Barstow Division and to approve the form of the financing documents and authorize the Executive Director to execute all necessary documents.

Continued

**RECOMMENDED ACTION**

Adopt Resolution 18-07 that approves the financing and form of documents, which include amendments to the trust agreement, lease agreement, and site agreement, and preliminary official statement and bond purchase agreement and authorize the Executive Director to execute all necessary documents to complete the transaction.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Steven Riggs, Finance Director	\$12,000,000	September 17, 2018	8

## VICTOR VALLEY TRANSIT AUTHORITY

### AGENDA MATTER

**Approve the issuance of a Not-to-Exceed amount of \$12 million of Certificates of Participation to pay for the Acquisition and Construction of Certain Improvements and Equipment to carry out the Purposes of VVTA in Constructing a New Maintenance Facility for its Barstow Division, and Approve the Form of the Financing documents and authorize VVTA's Executive Director to execute all necessary documents.**

### SUMMARY STATEMENT

The Certificates will be issued by the California Transit Finance Corporation (CTFC), which served as the issuer of the Prior Certificates for the Authority. The CTFC is a public benefit corporation sponsored by the California Transit Association and is needed as a conduit bond issuer. VVTA staff currently sits on the CTFC Board.

The CTFC financing team (PFM, Nossaman, RBC Capital Markets, and Stifel) began the drafting of documents in July 2018 and have requested a rating on the Certificates. Moody's Investors Service currently assigns an A2 rating to the Prior Certificates. The interest rates on the Certificates are expected to be commensurate with the bond rating, as well as the investor interest that the CTFC team and VVTA are able to achieve. Current market interest rates are 3.5% – 4.2%.

The 2018 Certificates sold and delivered shall not exceed \$12 million in order to achieve a \$10m project fund. The Purchasers' discount shall not exceed .65% of the principal amount of the 2018 Certificates, and the net interest cost with respect to the 2018 Certificates shall not exceed 5%. The Authority will fund a debt service reserve from the proceeds of the Certificates. This reserve can be used at the end of the loan term to pay down debt owed on the outstanding COP's.

The Lease Payments are secured by all legally available revenues of VVTA with the exception of Federal funds which staff has concluded will not be required to repay this debt. Debt repayment schedule is based on a 30-year level debt service.

Issuance costs (including both financing team and underwriter compensation) are estimated at \$266,000 and are funded from the financing. Upon Board approval, VVTA plans to set the interest rates (i.e., price the Certificates) at the end of September and close the issue in October 2018.

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**SOURCES AND USES OF FUNDS**

August 20th Scenario Analysis  
Scenario 3 - \$10 million PF, 30 Yr Net Lvl Debt

Dated Date                    10/11/2018  
Delivery Date                10/11/2018

**Sources:**

<b>Bond Proceeds:</b>	
Par Amount	9,660,000.00
Premium	1,236,086.55
	10,896,086.55

**Uses:**

<b>Project Fund Deposits:</b>	
Project Fund	10,000,000.00
<b>Other Fund Deposits:</b>	
Debt Service Reserve Fund	633,100.00
<b>Delivery Date Expenses:</b>	
Cost of Issuance	200,000.00
Underwriter's Discount	59,135.93
	259,135.93
<b>Other Uses of Funds:</b>	
Additional Proceeds	3,850.62
	10,896,086.55

## BOND DEBT SERVICE

August 20th Scenario Analysis  
 Scenario 3 - \$10 million PF, 30.Yr Net Lvl Debt

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2019	110,000	3.000%	344,933.33	454,933.33
07/01/2020	155,000	4.000%	474,300.00	629,300.00
07/01/2021	165,000	4.000%	468,100.00	633,100.00
07/01/2022	170,000	5.000%	461,500.00	631,500.00
07/01/2023	180,000	5.000%	453,000.00	633,000.00
07/01/2024	185,000	5.000%	444,000.00	629,000.00
07/01/2025	195,000	5.000%	434,750.00	629,750.00
07/01/2026	205,000	5.000%	425,000.00	630,000.00
07/01/2027	215,000	5.000%	414,750.00	629,750.00
07/01/2028	225,000	5.000%	404,000.00	629,000.00
07/01/2029	235,000	5.000%	392,750.00	627,750.00
07/01/2030	250,000	5.000%	381,000.00	631,000.00
07/01/2031	260,000	5.000%	368,500.00	628,500.00
07/01/2032	275,000	5.000%	355,500.00	630,500.00
07/01/2033	290,000	5.000%	341,750.00	631,750.00
07/01/2034	305,000	5.000%	327,250.00	632,250.00
07/01/2035	320,000	5.000%	312,000.00	632,000.00
07/01/2036	335,000	5.000%	296,000.00	631,000.00
07/01/2037	350,000	5.000%	279,250.00	629,250.00
07/01/2038	370,000	5.000%	261,750.00	631,750.00
07/01/2039	385,000	5.000%	243,250.00	628,250.00
07/01/2040	405,000	5.000%	224,000.00	629,000.00
07/01/2041	425,000	5.000%	203,750.00	628,750.00
07/01/2042	450,000	5.000%	182,500.00	632,500.00
07/01/2043	470,000	5.000%	160,000.00	630,000.00
07/01/2044	495,000	5.000%	136,500.00	631,500.00
07/01/2045	520,000	5.000%	111,750.00	631,750.00
07/01/2046	545,000	5.000%	85,750.00	630,750.00
07/01/2047	570,000	5.000%	58,500.00	628,500.00
07/01/2048	600,000	5.000%	30,000.00	630,000.00
	9,660,000		9,076,083.33	18,736,083.33

**CERTIFICATE OF THE CLERK OF THE GOVERNING BOARD  
OF THE VICTOR VALLEY TRANSIT AUTHORITY**

I, Clerk to the Governing Board of the Victor Valley Transit Authority (the “VVTA”), hereby certify as follows:

Attached hereto is a full, true and correct copy of Resolution No. 2018-07, duly adopted by a majority vote of the members of the Governing Board of VVTA at a meeting of the Governing Board of VVTA duly, regularly and legally held at 17150 Smoke Tree Street, Hesperia, California, on September 17, 2018, of which meeting all of the members of said Governing Board had due notice and at which a quorum was present and acting throughout. Said Resolution No. 2018-07 has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: \_\_\_\_\_, 2018

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Debi Lorrh, Clerk to the Governing Board  
of the Victor Valley Transit Authority

**RESOLUTION NO. 2018-07**

**RESOLUTION OF THE GOVERNING BOARD OF THE VICTOR VALLEY TRANSIT AUTHORITY APPROVING AMENDMENT NO. 2 TO LEASE AGREEMENT, AMENDMENT NO. 2 TO TRUST AGREEMENT, A SITE LEASE, CONTINUING DISCLOSURE AGREEMENT, PRELIMINARY AND FINAL OFFICIAL STATEMENT AND A PURCHASE CONTRACT; MAKING CERTAIN DETERMINATIONS RELATING THERETO; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.**

WHEREAS, the Victor Valley Transit Authority ("VVTA") is a public body duly organized and validly existing under the laws of the State of California; and

WHEREAS, VVTA and the California Transit Finance Corporation (the "Corporation") entered into that certain Lease Agreement dated as of August 1, 2007 (the "Lease Agreement") regarding the lease of certain transit facilities (the "Project"); and

WHEREAS, VVTA, the Corporation and The Bank of New York Mellon Trust Company, N.A. (the "Trustee") entered into that certain Trust Agreement dated as of August 1, 2007 (the "Trust Agreement") that among other matters authorized the Trustee to prepare and delivery \$36,830,000 aggregate principal amount of Certificates of Participation (Transit Facilities Project) (the "Prior Certificates"); and

WHEREAS, VVTA approved the sale and delivery of Refunding Certificates of Participation (Transit Facilities Project) (the "Refunding Certificates") in a principal amount sufficient to provide funds for the defeasance and redemption in whole of the outstanding principal amount of the Prior Certificates and to pay the costs of the sale and delivery of the Refunding Certificates;

WHEREAS, VVTA desires to authorize the sale and delivery of 2018 Certificates of Participation (Transit Facilities Project) (the "2018 Certificates") to pay for the acquisition and construction of certain improvements and equipment to carry out the purposes of VVTA; and

WHEREAS, there has been presented to this Board the form of Site Lease, dated as of October 1, 2018 ("Site Lease"), by and between VVTA and the Corporation, all under and in accordance with the laws of the State of California; and

WHEREAS, there has been presented to this Board the form of Amendment No. 2 to Lease Agreement, dated as of October 1, 2018 ("Amendment No. 2 to Lease Agreement"), by and between VVTA and the Corporation, and Amendment No. 2 to Trust Agreement, dated as of October 1, 2018 ("Amendment No. 2 to Trust Agreement"), by and among VVTA, the Corporation and the Trustee, all under and in accordance with the laws of the State of California; and

WHEREAS, there has been presented to this Board the form of a Continuing Disclosure Agreement between VVTA and Digital Assurance Certification L.L.C. (“DAC”); and

WHEREAS, this Board desires to approve the form of the agreements referred to in the recitals hereinabove, as well as the form of a Purchase Contract by and between VVTA and RBC Capital Markets LLC, as the initial purchaser of the 2018 Certificates, and a Preliminary and final Official Statement relating to the 2018 Certificates;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE GOVERNING BOARD OF THE VICTOR VALLEY TRANSIT AUTHORITY AS FOLLOWS:

SECTION 1. Approval of Agreements. The proposed forms of Amendment No. 2 to Lease Agreement, Amendment No. 2 to Trust Agreement, the Site Lease and the Continuing Disclosure Agreement (the "VVTA Agreements"), as presented to this meeting are hereby approved. The Chair, Vice Chair, or Executive Director or any other officers duly designated by VVTA (the "Officers") are hereby authorized and directed, for and on behalf of VVTA, to execute, acknowledge and deliver VVTA Agreements, in substantially the form presented to this meeting, with such insubstantial changes or such changes as shall relate to the final pricing or as otherwise required by a financial institution providing credit enhancement with respect to the 2018 Certificates, all therein as such Officers may require or approve, with the advice and approval of counsel to VVTA, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 2. Approval of Preliminary and Final Official Statement. The form of Preliminary Official Statement as presented to this meeting is hereby approved. The Officers are hereby authorized and directed, for and on behalf of VVTA, to execute all certificates necessary to deem final the Preliminary Official Statement as of its date, with the exception of certain final pricing and related information. The Officers are hereby authorized and directed, for and on behalf of VVTA, to execute and deliver the final Official Statement in substantially the form presented to this meeting, with such insubstantial changes therein or such changes as shall relate to the final pricing or as otherwise required by a financial institution providing credit enhancement with respect to the 2018 Certificates, all as such Officers may require or approve, with the advice and approval of counsel to VVTA, such approval to be conclusively evidenced by the execution and delivery thereof. The use and distribution of said Preliminary Official Statement and use and distribution of the final Official Statement in connection with the sale of the 2018 Certificates is hereby ratified and approved.

SECTION 3. Approval of Purchase Contract and Sale of Certificates. The form of purchase contract (“Purchase Contract”) by and between VVTA and RBC Capital Markets LLC, as the initial purchaser of the 2018 Certificates (the “Purchaser”) as presented to this meeting is hereby approved. The Officers are hereby authorized and directed, for and on behalf of VVTA, to execute and deliver the Purchase Contract in substantially the form presented to this meeting, with such insubstantial changes therein or such changes as shall relate to the final pricing or as otherwise required by a financial institution providing credit enhancement with respect to the 2018 Certificates, all as such Officers may require or approve, with the advice and

approval of counsel to VVTA, such approval to be conclusively evidence by the execution and delivery thereof; provided that, the principal amount of the 2018 Certificates sold and delivered shall not exceed \$12 million, the Purchasers' discount shall not exceed .65% of the principal amount of the 2018 Certificates, and the net interest cost with respect to the 2018 Certificates shall not exceed 5%.

SECTION 4. Other Acts. The Officers and staff of VVTA are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Nossaman LLP, the special counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, including, without limitation, any and all agreements and/or certificates as required by a financial institution providing credit enhancement with respect to the 2018 Certificates, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

SECTION 5. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 17th day of September 2018, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

VICTOR VALLEY TRANSIT AUTHORITY

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Kevin Kane, Executive Director

ATTESTED:

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Debi Lorrh, Clerk of the Board

I hereby certify that the above Resolution No. 18-07 was duly introduced, read and adopted by the Governing Board of the Victor Valley Transit Authority at a regular meeting held on September 17, 2018.

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Debi Lorrh, Clerk of the Board

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SITE LEASE

by and between the

CALIFORNIA TRANSIT FINANCE CORPORATION

and the

VICTOR VALLEY TRANSIT AUTHORITY

Dated as of October 1, 2018

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SITE LEASE

THIS SITE LEASE, dated as of October 1, 2018, by and between the CALIFORNIA TRANSIT FINANCE CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, including without limitation Section 5110, et seq., of the Corporations Code of the State of California (the "Corporation"), as lessee, and the VICTOR VALLEY TRANSIT AUTHORITY, a joint powers authority duly organized and existing under the Constitution and laws of the State of California (the "VVTA"), as lessor;

WITNESSETH:

WHEREAS, the Corporation intends to assist the VVTA with respect to financing the improvement, acquisition, construction and installation of transit facilities as more particularly described in Amendment No. 2 to Lease Agreement (as defined below) (the "Project") by leasing the Project to the VVTA pursuant to that certain Lease Agreement dated as of August 1, 2007, as amended by Amendment No. 1 to Lease Agreement dated as of May 1, 2016, as amended by Amendment No. 2 to Lease Agreement dated as of October 1, 2018 ("Amendment No. 2 to Lease Agreement", which along with the Lease Agreement and Amendment No. 1 to Lease Agreement as referred to herein at times as the "Lease Agreement"), and the VVTA proposes to enter into this Site Lease with the Corporation as a material consideration for the Corporation's agreement to lease the Project to the VVTA;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

SECTION 1. Site Lease.

The VVTA hereby leases to the Corporation and the Corporation hereby hires from the VVTA, on the terms and conditions hereinafter set forth, the real property described in Exhibit A attached hereto and made a part hereof, and any and all improvements located thereon (collectively, the real property and the improvements thereon shall be referred to herein as the "Project").

SECTION 2. Term.

The term of this Site Lease shall commence on the date of the deposit of funds with The Bank of New York Trust Company, N.A. (the "Trustee"), pursuant to that certain Amendment No. 2 to Trust Agreement dated as of October 1, 2018 (the "Amendment No. 2 to Trust Agreement"), and shall end on July 1, 20\_\_, unless such term is extended or sooner terminated as hereinafter provided. If on July 1, 20\_\_, the aggregate amount of Lease Payments payable under Amendment No. 2 to Lease Agreement shall not have been paid, or provision shall not have been made for their payment, then the term of this Site Lease shall be extended until

such Lease Payments and other payments shall be fully paid or provision made for such payment, to the extent permitted by law.

SECTION 3. Rental.

The VVTA acknowledges receipt from the Corporation as and for rental hereunder the sum of One Dollar (\$1.00) and other good and valuable consideration, on or before the date of delivery of this Site Lease, as payment in full for rental of the Project.

SECTION 4. Purpose.

The Corporation shall use the Project solely for the purpose of leasing it to the VVTA pursuant to Amendment No. 2 to Lease Agreement and for such purposes as may be incidental thereto; provided, that in the event of default by the VVTA under Amendment No.2 to Lease Agreement, the Trustee as assignee under the Assignment Agreement with the Corporation and its assigns may exercise the remedies provided in the Lease Agreement.

SECTION 5. Owner in Fee.

The VVTA covenants that it is the owner in fee of the Project.

SECTION 6. Assignments and Subleases.

Unless the VVTA shall be in default under Amendment No. 2 to Lease Agreement, the Corporation may not assign its rights under this Site Lease or sublet the Project, except as provided in the Lease Agreement, without the written consent of the VVTA.

SECTION 7. Right of Entry.

The VVTA reserves the right for any of its duly authorized representatives to enter upon the Project at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 8. Termination.

The Corporation agrees, upon the termination of this Site Lease, to quit and surrender the Project in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Project at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the VVTA.

SECTION 9. Default.

In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues

for thirty (30) days following notice and demand for correction thereof to the Corporation, the VVTA may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease Agreement shall be deemed to occur as a result thereof; provided, however, that so long as any of the 2018 Certificates (as defined in the Trust Agreement) are outstanding and unpaid in accordance with the terms thereof, the Lease Payments payable under Amendment No. 2 to Lease Agreement assigned by the Corporation to the Trustee shall continue to be paid to said Trustee except as provided in the Lease Agreement. In addition, so long as any of the 2018 Certificates (as defined in the Trust Agreement) are outstanding, this Site Lease shall not be terminated.

SECTION 10. Quiet Enjoyment.

The Corporation at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy the Project, subject to the provisions of the Lease Agreement and the Trust Agreement.

SECTION 11. Waiver of Personal Liability.

All liabilities under this Site Lease on the part of the Corporation are solely liabilities of the Corporation, and the VVTA hereby releases each and every member, director and officer of the Corporation of and from any personal or individual liability under this Site Lease. No member, director or officer of the Corporation shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Corporation hereunder.

SECTION 12. Taxes.

The VVTA covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Project or the improvements thereon (including both land and improvements).

SECTION 13. Eminent Domain.

In the event the whole or any part of the Project is taken by eminent domain proceedings, the interest of the Trustee as assignee of the Corporation under the Assignment Agreement shall be recognized and is hereby determined to be the amount of the then unpaid 2018 Certificates, including the unpaid principal and interest with respect to any then outstanding 2018 Certificates and the balance of the award, if any, shall be paid to the VVTA.

SECTION 14. Partial Invalidity.

If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes

final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 15. Notices.

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, at the addresses indicated in the Lease Agreement, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 16. Section Headings.

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 17. Execution.

This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same lease.

SECTION 18. Binding Effect.

This Site Lease shall inure to the benefit of and shall be binding upon Corporation and the VVTA and their respective successors and assigns. The Trustee shall be a third party beneficiary of this Site Lease.

SECTION 19. Amendments, Changes and Modifications.

This Site Lease may be amended or any of its terms modified with the written consent of (i) the VVTA and the Corporation, (ii) if such amendment will affect the rights of the Trustee hereunder or under the Trust Agreement, the Trustee and (iii) if required under Article X of the Trust Agreement, and the owners of a majority in aggregate principal amount of the 2018 Certificates outstanding.

IN WITNESS WHEREOF, the VVTA and the Corporation have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

VICTOR VALLEY TRANSIT AUTHORITY, as  
Lessor

By: \_\_\_\_\_  
Kevin Kane, Executive Director

CALIFORNIA TRANSIT FINANCE  
CORPORATION, as Lessee

By: \_\_\_\_\_  
Joshua Shaw, General Manager

**EXHIBIT A**  
**DESCRIPTION OF SITE**

All that real property located in the City of Barstow, County of San Bernardino, State of California, being a portion of the Southwest One-Quarter of Section 10, Township 9 North, Range 2 West, San Bernardino Meridian, more particularly described as follows:

Parcel 2 and 3 of Parcel Map No. 15451 as recorded in Book 190, Pages 22 and 23 inclusive, records of said county. Per Lot line adjustment recorded April 28, 2016 as instrument No 2016-166818 official records of said county

EXHIBIT A-1

1337413\_1 - vvtu Site Lease

1337413.v1

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AMENDMENT NO. 2 TO LEASE AGREEMENT

Dated as of October 1, 2018

by and between the

CALIFORNIA TRANSIT FINANCE CORPORATION,  
as Lessor

and the

VICTOR VALLEY TRANSIT AUTHORITY,  
as Lessee

2018 CERTIFICATES OF PARTICIPATION  
(Transit Facilities Project)

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**TABLE OF CONTENTS**

	<u>Page</u>
ARTICLE I DEFINITIONS AND EXHIBITS .....	2
Section 1.01. Definitions.....	2
Section 1.02. Exhibits.....	3
ARTICLE III DEPOSIT OF MONEYS.....	<del>42</del>
Section 3.01. Deposit of Moneys.....	<del>43</del>
Section 4.02. Term of the Lease Agreement.....	4
ARTICLE X MISCELLANEOUS.....	4
Section 10.01. Notices.....	4
EXHIBIT A DESCRIPTION OF 2018 TRANSIT FACILITIES PROJECT.....	A-1
EXHIBIT B SCHEDULE OF LEASE PAYMENTS.....	B-1

## AMENDMENT NO. 2 TO LEASE AGREEMENT

THIS AMENDMENT NO. 2 TO LEASE AGREEMENT, dated as of October 1, 2018 (“Amendment No. 2 to Lease Agreement”), by and between the CALIFORNIA TRANSIT FINANCE CORPORATION, a nonprofit, public benefit corporation organized and existing under the laws of the State of California, as Lessor (the “Corporation”), and the VICTOR VALLEY TRANSIT AUTHORITY, a public body corporate and politic organized and existing under the Constitution and laws of the State of California, as Lessee (the “VVTA”);

### WITNESSETH:

WHEREAS, the VVTA and the Corporation have entered into a Lease Agreement, dated August 1, 2007 (the “Original Lease Agreement”), whereby the VVTA agreed to lease from the Corporation that certain transit facilities project (collectively referred to herein as the “Project”); and

WHEREAS, the VVTA makes Lease Payments and such Additional Payments (as such terms are defined in the Lease Agreement) as are payable to the Trustee under such Lease Agreement representing the fair market value of the Project provided thereunder; and

WHEREAS, the VVTA, the Corporation and the Trustee entered into a Trust Agreement, dated August 1, 2007 (the “Original Trust Agreement”), pursuant to which the Trustee was authorized to prepare and deliver \$36,830,000 aggregate principal amount of Certificates of Participation (Transit Facilities Project) (the “Prior Certificates”); and

WHEREAS, as security therefor, the Corporation assigned to the Trustee the rights to receive such Lease Payments, which are in amounts sufficient to pay the components of principal, premium, if any, and interest represented by the Prior Certificates, and the Corporation and VVTA granted a security interest in all moneys held by the Trustee under the Original Trust Agreement (except for moneys in certain funds and accounts as provided herein) to the Trustee for the benefit of the Owners of Prior Certificates; and

WHEREAS, the VVTA and the Corporation deemed it necessary and appropriate to defease and provide for the redemption in whole of all of the outstanding principal amount of the Prior Certificates by authorizing the Trustee to prepare and deliver \$23,300,000 principal amount of Refunding Certificates of Participation (Transit Facilities Project) (the “Refunding Certificates”) pursuant to the terms and provisions of the Original Trust Agreement as amended by Amendment No. 1 to Trust Agreement dated as of May 1, 2016, by and between the Corporation and the Trustee (“Amendment No. 1 to Trust Agreement”); and

WHEREAS, in connection with the preparation and delivery of the Refunding Certificates of Participation, the Corporation and the VVTA entered into Amendment No. 1 to Lease Agreement dated as of May 1, 2016 (“Amendment No. 1 to Lease Agreement”); and

WHEREAS, the VVTA and the Corporation desire to authorize the preparation and delivery of Additional Certificates (as that term is defined in the Original Trust Agreement) to finance the acquisition, construction and equipping of a new transit facilities project with the proceeds of the sale and delivery of 2018 Certificates of Participation (Transit Facilities Project) (“2018 Certificates”), and in connection therewith will enter into Amendment No. 2 to Lease Agreement dated as of October 1, 2018 (“Amendment No. 2 to Lease Agreement”, together with the Original Lease Agreement and Amendment No. 1 to Lease Agreement referred to at times herein as the “Lease Agreement”), and the Corporation and the Trustee will enter into Amendment No. 2 to Trust Agreement dated as of October 1, 2018 (“Amendment No. 2 to Trust Agreement”, together with the Original Trust Agreement and Amendment No. 1 to Trust Agreement referred to at times herein as the “Trust Agreement”);

WHEREAS, the rights to receive Lease Payments, which are in amounts sufficient to pay the components of principal, premium, if any, and interest represented by the 2018 Certificates will be assigned to the Trustee in favor of the Owners of the 2018 Certificates, and the Corporation and the VVTA will grant a security interest in all moneys held by the Trustee under the Trust Agreement (except for moneys in certain funds and accounts as provided herein) to the Trustee for the benefit of the Owners of the 2018 Certificates.

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## **ARTICLE I DEFINITIONS AND EXHIBITS**

Section 1.01. Definitions. Section 1.01 of the Original Lease Agreement is hereby amended to revise certain of the definitions and to add certain other definitions to accommodate the preparation and delivery of the 2018 Certificates as follows:

“2018 Site Lease” means the Site Lease by and between the Corporation and VVTA dated as of October 1, 2018, relating to the real property upon which the 2018 Transit Facilities Project will be developed and more particularly described in Amendment No. 2 to Lease Agreement.

“2018 Transit Facilities Project” means the acquisition, construction and equipping of the transit facilities described in Exhibit A to this Amendment No. 2 to Lease Agreement.

“Assignment Agreement” means the Assignment Agreement dated as of August 1, 2007, by and between the Corporation and the Trustee, as amended by Amendment No. 1 to Assignment Agreement, dated as of May 1, 2016, by and between the Corporation and the Trustee, and Amendment No. 2 to Assignment Agreement, dated as of October 1, 2018, together with any duly authorized and executed amendments thereto.

“Certificate Year” means the period beginning on the Closing Date and ending on July 1, 2019, and each successive one-year or shorter period thereafter until there are no Outstanding Certificates.

“Certificates” means the Refunding Certificates, \$ \_\_\_\_\_ 2018 Certificates of Participation (Transit Facilities Project) and Additional Certificates.

“Closing Date” means October \_\_, 2018, which is the date of the sale and delivery of the 2018 Certificates to the Original Purchaser thereof.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement, dated as of October 1, 2018, by and between the VVTA and Digital Assurance Certification, L.L.C., as initial dissemination agent, together with any duly authorized and executed amendments thereto.

“Lease Agreement” means the Lease Agreement dated as of August 1, 2007, as amended by Amendment No. 1 to Lease Agreement dated as of May 1, 2016, and Amendment No. 2 to Lease Agreement dated as of October 1, 2018, all by and between the VVTA and the Corporation, and any duly authorized amendments thereto.

“Original Purchaser” means RBC Capital Markets, LLC,, as Original Purchaser of the Certificates.

“Refunding Certificates” means the Refunding Certificates of Participation (Transit Facilities Project) delivered on June 2, 2016, in the original principal amount of \$23,300,000.

“Revenues” solely for purposes of the 2018 Certificates means all funds of the VVTA legally available for payment of the Lease payments, including without limitation (i) Transit Development Act Funds, (ii) State Transportation Assistance funds, and (iii) Farebox Revenues, and shall exclude all funds received from the Federal Transit Administration.

“Trust Agreement” means the Trust Agreement, dated as of August 1, 2007, as amended by Amendment No. 1 to Trust Agreement dated as of May 1, 2016 and this Amendment No. 2 to Trust Agreement dated as of October 1, 2018, together with any amendments hereof or supplements hereto permitted to be made hereunder.

Section 1.02. Exhibits. Exhibit A to the Lease Agreement is hereby amended by adding the Project described in Exhibit A to this Amendment No. 2 to Lease Agreement which shall be applicable only to the 2018 Certificates. Exhibit B to the Lease Agreement is hereby amended and replaced by Exhibit B attached to this Amendment No. 2 to Lease Agreement.

**ARTICLE III  
DEPOSIT OF MONEYS**

Section 3.01. Deposit of Moneys. Section 3.01 of the Original Lease Agreement is hereby amended as follows:

On the Closing Date, the Corporation shall cause to be deposited with the Trustee the proceeds of the 2018 Certificates and other amounts as provided in the Trust Agreement.

**ARTICLE IV  
TERM OF THE  
LEASE AGREEMENT; LEASE PAYMENTS**

Section 4.02. Term of the Lease Agreement. Section 4.02 of the Original Lease Agreement is hereby amended as follows:

The Term of this Lease Agreement shall commence as of the date hereof and shall terminate on July 1, 20\_\_ unless such term is extended or sooner terminated as hereinafter provided. If on July 1, 20\_\_ the Trust Agreement shall not be discharged by its terms, then the Term of this Lease Agreement shall be extended until the Trust Agreement shall be discharged by its terms. If prior to July 1, 20\_\_ the Trust Agreement shall be discharged by its terms, the Term of this Lease Agreement shall end on the date of such discharge.

Section 4.11. Title to the Project. The second sentence of Section 4.11 of the Original Lease Agreement is hereby amended as follows:

The Corporation shall not have any right, title or interest in the 2018 Transit Facilities Project or in any additions, repairs, replacements or modifications thereto.

**ARTICLE X  
MISCELLANEOUS**

Section 10.01. Notices. Section 10.01 of the Original Lease Agreement is amended and restated in its entirety as follows:

All notices, certificates or other communications hereunder shall be sufficient when given and shall be deemed to have been received (except for notices to the Trustee, which shall be deemed effective upon actual receipt thereof) 48 hours after deposit in the United States mail with postage fully prepaid:

If to the VVTA:	Victor Valley Transit Authority 17150 Smoke Tree Street Hesperia, CA 92345 Attn: Executive Director
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If to the Corporation: California Transit Finance Corporation  
1415 L Street, Suite 1000  
Sacramento, CA 95814  
Attn: General Manager

If to the Trustee: The Bank of New York Trust Mellon Company, N.A. as  
the Trustee  
400 South Hope Street, Suite 500  
Los Angeles, CA 90071  
Attn: Corporate Trust Division

The Corporation, the Trustee and the VVTA, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.12. Effective Date. This Amendment No. 2 to Lease Agreement shall be effective as of the Closing Date.

For the avoidance of doubt, except as otherwise indicated in this Amendment No. 2 to Lease Agreement, it is the intent of the parties that the amendments to the Lease Agreement made by this Amendment No. 2 to Lease Agreement shall only apply to the 2018 Certificates.

IN WITNESS WHEREOF, the Corporation has caused this Amendment No. 2 to Lease Agreement to be executed in its corporate name by its duly authorized officer and sealed with its corporate seal; and the VVTA has caused this Amendment No. 2 to Lease Agreement to be executed in its name by its duly authorized officer as of the date first above written.

CALIFORNIA TRANSIT FINANCE  
CORPORATION, as Lessor

By: \_\_\_\_\_  
Joshua W. Shaw, General Manager

VICTOR VALLEY TRANSIT AUTHORITY,  
as Lessee

By: \_\_\_\_\_  
Kevin Kane, Executive Director

## **EXHIBIT A**

### **DESCRIPTION OF 2018 TRANSIT FACILITIES PROJECT**

This 2018 Transit Facilities Project includes the design and construction of a new Facility in Barstow, CA. The Facility is anticipated to be approximately 8500 square feet consisting of approximately 6,000 square feet for three maintenance bays, parts, tools, maintenance office space, and tire storage. The office space for operations and administration will be approximately 2,400 square feet. The Facility will be of a metal structure with an appealing façade and internal walls for necessary office and maintenance space. The Facility will require a parking lot including a photovoltaic (Solar) parking structure with sufficient spaces to accommodate current and future staff, revenue and non-revenue vehicles and will include the installation of four (4) plug-in electric charging stations as well as infrastructure needed to support the Authority's battery operated bus fleet. Additionally, a battery backup and storage system along with an energy generation system, will be installed. New equipment and facilities will also be installed to expand the current CNG station capability and provide a fuileing pump/station for the Authority's vehicles.

The Facility will be located on approximately 5.5 acres that surround the current Barstow LCNG fuel station located at 100 N. Sandstone Court, Barstow, CA. 92311.

**EXHIBIT B**  
**SCHEDULE OF LEASE PAYMENTS**

<b><u>Year</u></b>	<b><u>Principal Component</u></b>	<b><u>Interest Component</u></b>	<b><u>Total Amount</u></b>
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AMENDMENT NO. 2 TO TRUST AGREEMENT  
Dated as of October 1, 2018

by and among

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
as Trustee

and

CALIFORNIA TRANSIT FINANCE CORPORATION,

and

VICTOR VALLEY TRANSIT AUTHORITY

2018 CERTIFICATES OF PARTICIPATION  
(Transit Facilities Project)

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**TABLE OF CONTENTS**

	<u>Page</u>
ARTICLE I DEFINITIONS.....	2
Section 1.01. Amendment to Definitions and Rules of Construction.....	2
Section 1.02. Additions to Definitions .....	3
ARTICLE II THE 2018 CERTIFICATES OF PARTICIPATION.....	3
Section 2.01. Authorization. ....	3
Section 2.02. Description of Certificates. ....	4
Section 2.03. Form of Certificate.....	5
Section 2.04. Application of Proceeds.....	5
ARTICLE III PROJECT FUND; 2018 DELIVERY COSTS FUND .....	6
Section 3.01. Establishment of Project Fund.....	6
Section 3.02. Purpose.....	6
Section 3.03. Deposit of Moneys: Payment of Acquisition Costs.....	6
Section 3.05. Establishment of 2018 Delivery Costs Fund. ....	6
Section 3.06. Purpose.....	7
Section 3.07. Deposit of Moneys; Payment of Delivery Costs.....	7
ARTICLE IV PREPAYMENT OF CERTIFICATES .....	7
Section 4.01. Optional Prepayment .....	7
ARTICLE V MISCELLANEOUS .....	8
Section 5.01. Notices. ....	8
Section 5.02. Effective Date .....	8
APPENDIX A FORM OF 2018 CERTIFICATE.....	A-1
APPENDIX B-1 FORM OF REQUISITION FOR ACQUISITION COSTS .....	B-1
APPENDIX B-2 FORM OF REQUISITION FOR DELIVERY COSTS.....	B-1

THIS AMENDMENT NO. 2 TO TRUST AGREEMENT, made and entered into as of October 1, 2018, (the "Amendment No. 2 to Trust Agreement") by and among THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized under the laws of the United States formerly known as The Bank of New York Trust Company, N.A. (the "Trustee"), the CALIFORNIA TRANSIT FINANCE CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, including without limitation Section 5110, *et seq.*, of the Corporations Code of the State of California, as lessor under a Lease Agreement hereinafter referred to (the "Corporation"), and the VICTOR VALLEY TRANSIT AUTHORITY, a public body corporate and politic duly organized and existing under the Constitution and laws of the State of California, as lessee under said Lease Agreement (the "VVTA");

W I T N E S S E T H:

WHEREAS, the VVTA and the Corporation have entered into a Lease Agreement, dated August 1, 2007 (the "Original Lease Agreement"), whereby the VVTA agreed to lease from the Corporation that certain transit facilities project (collectively referred to herein as the "Project"); and

WHEREAS, the VVTA makes Lease Payments and such Additional Payments (as such terms are defined in the Lease Agreement) as are payable to the Trustee under such Lease Agreement representing the fair market value of the Project provided thereunder; and

WHEREAS, the VVTA, the Corporation and the Trustee entered into a Trust Agreement, dated August 1, 2007 (the "Original Trust Agreement"), pursuant to which the Trustee was authorized to prepare and deliver \$36,830,000 aggregate principal amount of Certificates of Participation (Transit Facilities Project) (the "Prior Certificates"); and

WHEREAS, as security therefor, the Corporation assigned to the Trustee the rights to receive such Lease Payments, which are in amounts sufficient to pay the components of principal, premium, if any, and interest represented by the Prior Certificates, and the Corporation and VVTA granted a security interest in all moneys held by the Trustee under the Original Trust Agreement (except for moneys in certain funds and accounts as provided herein) to the Trustee for the benefit of the Owners of Prior Certificates; and

WHEREAS, the VVTA and the Corporation deemed it necessary and appropriate to defease and provide for the redemption in whole of all of the outstanding principal amount of the Prior Certificates by authorizing the Trustee to prepare and deliver \$23,300,000 principal amount of Refunding Certificates of Participation (Transit Facilities Project) (the "Refunding Certificates") pursuant to the terms and provisions of the Original Trust Agreement as amended by Amendment No. 1 to Trust Agreement dated as of May 1, 2016, by and between the Corporation and the Trustee ("Amendment No. 1 to Trust Agreement"); and

WHEREAS, in connection with the preparation and delivery of the Refunding Certificates of Participation, the Corporation and the VVTA entered into Amendment No. 1 to Lease Agreement dated as of May 1, 2016 (“Amendment No. 1 to Lease Agreement”); and

WHEREAS, the VVTA and the Corporation desire to authorize the preparation and delivery of Additional Certificates (as that term is defined in the Original Trust Agreement) to finance the acquisition, construction and equipping of a new transit facilities project with the proceeds of the sale and delivery of 2018 Certificates of Participation (Transit Facilities Project) (“2018 Certificates”), and in connection therewith will enter into Amendment No. 2 to Lease Agreement dated as of October 1, 2018 (“Amendment No. 2 to Lease Agreement”, together with the Original Lease Agreement and Amendment No. 1 to Lease Agreement referred to at times herein as the “Lease Agreement”) by and among the VVTA, the Corporation and the Trustee, and the VVTA, the Corporation and the Trustee will enter into Amendment No. 2 to Trust Agreement dated as of October 1, 2018 (“Amendment No. 2 to Trust Agreement”, together with the Original Trust Agreement and Amendment No. 1 to Trust Agreement referred to at times herein as the “Trust Agreement”);

WHEREAS, the rights to receive Lease Payments, which are in amounts sufficient to pay the components of principal, premium, if any, and interest represented by the 2018 Certificates will be assigned to the Trustee in favor of the Owners of the 2018 Certificates, and the Corporation and the VVTA will grant a security interest in all moneys held by the Trustee under the Trust Agreement (except for moneys in certain funds and accounts as provided herein) to the Trustee for the benefit of the Owners of the 2018 Certificates.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

## **ARTICLE I DEFINITIONS**

Section 1.01. Amendment to Definitions. Section 1.01 of the Trust Agreement is hereby amended to revise the following definitions to accommodate the preparation and delivery of the 2018 Certificates.

“Assignment Agreement” means the Assignment Agreement dated as of August 1, 2007, by and between the Corporation and the Trustee, as amended by Amendment No. 1 to Assignment Agreement, dated as of May 1, 2016, by and between the Corporation and the Trustee, and Amendment No. 2 to Assignment Agreement, dated as of October 1, 2018 by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

“Lease Agreement” means the Lease Agreement dated as of August 1, 2007, as amended by Amendment No. 1 to Lease Agreement dated as of May 1, 2016, and Amendment No. 2 to Lease Agreement dated as of October 1, 2018, all by and between the VVTA and the Corporation, and any duly authorized amendments thereto.

“Trust Agreement” means the Trust Agreement, dated as of August 1, 2007, as amended by Amendment No. 1 to Trust Agreement dated as of May 1, 2016 and this Amendment No. 2 to Trust Agreement dated as of October 1, 2018, together with any amendments hereof or supplements hereto permitted to be made hereunder.

Section 1.02. Additions to Definitions. Section 1.01 of the Trust Agreement is hereby amended to add the following definitions to Section 1.01 of the Original Trust Agreement in the appropriate alphanumeric order.

“2018 Site Lease” means the Site Lease by and between the Corporation and VVTA, dated as of October 1, 2018, relating to the real property upon which the 2018 Transit Facilities Project will be developed and more particularly described in Amendment No. 2 to Lease Agreement.

“2018 Transit Facilities Project: means the acquisition, construction and equipping of the transit facilities described in Amendment No. 2 to Lease Agreement.

“2018 Certificate Year” means the period beginning on the Closing Date and ending on July 1, 2019, and each successive one-year or shorter period thereafter until there are no Outstanding Certificates.

“2018 Certificates” means the Refunding Certificates, \$\_\_\_\_\_ 2018 Certificates of Participation (Transit Facilities Project) and Additional Certificates.

“2018 Closing Date” means October \_\_, 2018, which is the date of the sale and delivery of the 2018 Certificates to the Original Purchaser thereof.

“2018 Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement, dated as of October 1, 2018, by and between the VVTA and the Trustee, together with any duly authorized and executed amendments thereto.

“2018 Project Fund” means the fund created, established and held by the Trustee under Section 3.01 hereof.

“Refunding Certificates” means the Refunding Certificates of Participation (Transit Facilities Project) delivered on June 2, 2016, in the original principal amount of \$23,300,000.

## **ARTICLE II THE 2018 CERTIFICATES OF PARTICIPATION**

Section 2.01. Authorization. Section 2.01 of the Trust Agreement is hereby amended by adding the following paragraph to the end of the section as follows:

The Trustee is hereby authorized and directed to execute and deliver to the Original Purchaser, the 2018 Certificates in an aggregate principal amount of \$\_\_\_\_\_ evidencing proportionate and undivided ownership interests in the Lease Payments and the Prepayments as provided herein.

Section 2.02. Description of Certificates. Section 2.02 of the Trust Agreement is hereby amended by adding the following sections to the end of the Section 2.02 as follows:

Each 2018 Certificate shall be executed and delivered in fully registered form and shall be numbered respectively from R-001 upwards in consecutive numerical order. Each Certificate shall be dated as of the 2018 Closing Date, and all 2018 Certificates shall be delivered in denominations of \$5,000 or integral multiples thereof.

(a) Principal Amounts; Interest Rates. The 2018 Certificates shall represent ownership interests in the right to receive Lease Payments and Prepayments. Each 2018 Certificate shall represent the right to receive, on a stated date, a stated amount of the principal component of the Lease Payments. The dates on which principal is due to Owners of the 2018 Certificates is shown below as “maturity dates” and shall be shown on the Certificates as the “maturity date.” The table below sets forth the maturity dates and the aggregate principal amounts of the 2018 Certificates which shall be due on such dates. The interest components of the Lease Payments shall be paid to the Owners of the 2018 Certificates bearing the maturity dates shown below on the basis of the interest rates shown below.

<b><u>Maturity Dates</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>
------------------------------	--------------------------------	-----------------------------

Interest shall be computed on the basis of a year of 360 days and twelve 30-day months and will be paid on the 2018 Certificates on each July 1 and January 1, commencing July 1, 2019.

(b) Dating of 2018 Certificates. Each 2018 Certificate shall represent the right to receive interest accruing from the Certificate Payment Date next preceding the date of registration of such 2018 Certificate, unless it is registered after a Record Date and before the close of business on the immediately following Certificate Payment Date, in which event interest with respect thereto shall commence to accrue from such immediately following Certificate Payment Date or unless it is registered prior to June 15, 2019, in which event interest with respect thereto shall accrue from the Closing Date; provided, however, that if at the time of registration of any 2018 Certificate interest with respect thereto is in default, interest with respect thereto shall be calculated from the Certificate Payment Date to which interest has previously been paid or made available for payment.

(c) Payment to Registered Owners. Interest to be distributed with respect to any 2018 Certificate shall be payable on each Certificate Payment Date to the Owner thereof as of the close of business on the Record Date immediately preceding such Certificate Payment Date. Interest will be paid by check or draft of the Trustee, mailed on the Certificate Payment Date, by first-class mail, postage prepaid, to the Owner at the Owner's address as it appears on the Certificate Register. Payments of defaulted interest shall be paid to the Owners as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the Owners not less than 10 days prior

thereto. Principal and premium, if any, with respect to each 2018 Certificate is payable upon surrender of such 2018 Certificate at the Principal Office of the Trustee, or at the office of any paying agent. The principal, premium, if any, and interest with respect to the 2018 Certificates shall be payable by check or draft of the Trustee or by wire transfer, as herein provided, in each case, denominated in lawful money of the United States of America. Payment of principal, premium, if any, and interest with respect to the 2018 Certificates may, at the option of any Owners of at least \$1,000,000 principal amount of 2018 Certificates of the same series (such option to be exercised by written request of such Owners to the Trustee), be transmitted by wire transfer to such Owner to an account in the United States to the account number filed with the Trustee at least fifteen (15) days prior to a Certificate Payment Date.

Section 2.03. Form of Certificate. Section 2.03 of the Trust Agreement is hereby amended by adding the following paragraph to the end of the Section 2.03 as follows:

The Certificates and the assignment to appear thereon shall be substantially in the form set forth in Exhibit A attached to this Amendment No. 2 to Trust Agreement and by this reference incorporated herein. Pending the preparation of definitive 2018 Certificates, at the request of the Original Purchaser, the 2018 Certificates may be delivered by the Trustee in temporary form exchangeable for 2018 definitive Certificates when ready for delivery. If temporary 2018 Certificates are delivered, definitive 2018 Certificates in an equal aggregate principal amount shall be executed and delivered by the Trustee, when available, without additional charge to the Owner, and thereupon the temporary 2018 Certificates shall be surrendered to the Trustee at its Principal Office. Until so exchanged, the temporary 2018 Certificates shall be entitled to the same benefits under this Trust Agreement as definitive 2018 Certificates.

Section 2.04. Application of Proceeds. Section 2.05 of the Trust Agreement is hereby amended by adding the following sections to the end of the 'Section 2.05 as follows:

The proceeds received by the Trustee from the original sale of the 2018 Certificates (net of the underwriters' discount) shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

(a) The Trustee shall deposit \$ \_\_\_\_\_, representing Acquisition Costs of the 2018 Transit Facilities Project, in the Victor Valley Transit Authority Project Fund;

(b) The Trustee shall deposit \$ \_\_\_\_\_, in the Reserve Fund; and

(b) The Trustee shall deposit \$ \_\_\_\_\_, representing Delivery Costs of the 2018 Certificates, in the Victor Valley Transit Authority 2018 Delivery Costs Fund.

**ARTICLE III  
PROJECT FUND;  
2018 DELIVERY COSTS FUND**

Section 3.01. Establishment of Project Fund Section 3.01 of the Trust Agreement is hereby amended by adding the following paragraph to the end of Section 3.01 as follows:

The Trustee shall establish a special fund designated as the "Victor Valley Transit Authority Project Fund" (the "2018 Project Fund") and shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund.

Section 3.02. Purpose. Section 3.02 of the Trust Agreement is hereby amended by adding the following paragraph to the end of Section 3.02 as follows:

Moneys in the 2018 Project Fund shall be expended for Acquisition Costs relating to the 2018 Transit Facilities Project.

Section 3.03. Deposit of Moneys: Payment of Acquisition Costs.. Section 3.03 of the Trust Agreement is hereby amended by adding the following paragraph to the end of Section 3.03 as follows:

There shall be credited to the 2018 Project Fund the proceeds of the sale of the 2018 Certificates required to be deposited therein pursuant to Section 2.04(a) hereof and any other funds from time to time deposited with the Trustee for such purposes, subject to the provisions of Article VIII hereof. The Trustee shall disburse moneys in the Project Fund from time to time to pay Acquisition Costs directly or to reimburse VVTA for payment of Acquisition Costs upon receipt by the Trustee of a requisition signed by the VVTA Representative, such requisition to be in the form of Appendix B-1. Each such requisition shall b3e sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Section 3.04. Transfers of Unexpended Proceeds. Section 3.04 of the Trust Agreement is hereby amended to add the following paragraph at the end of Section 3.04 as follows:

The Trustee shall transfer and be directed by VVTA to use amounts deposited in the 2018 Project Fund which are no longer needed to pay Acquisition Costs first to the Reserve Fund until the amount therein equals the Reserve Requirement, and thereafter to the Lease Payment Fund to be credited to the payment of the 2018 Certificates as provided herein. In the event the Acquisition Fund has not been depleted by the date which is three years after the Closing Date relating to the 2018 Certificates, any remaining amounts in the Acquisition Fund shall first be transferred to the Reserve Fund to increase the amount therein to an amount equal to the Reserve Requirement, and thereafter shall be transferred to the Lease Payment Fund to be used to pay the next Lease Payments due and payable.

Section 3.05. Establishment of 2018 Delivery Costs Fund. Section 3.05 of the Trust Agreement is hereby amended and restated in its entirety as follows:

The Trustee shall establish a special fund designated as the "Victor Valley Transit Authority 2018 Delivery Costs Fund;" shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as herein provided. The Delivery Costs Fund shall be held and applied by the Trustee in accordance herewith.

Section 3.06. Purpose. Section 3.06 of the Trust Agreement is hereby amended and restated in its entirety as follows:

Moneys in the Delivery Costs Fund shall be expended for Delivery Costs relating to the 2018 Certificates.

Section 3.07. Deposit of Moneys; Payment of Delivery Costs. Section 3.07 of the Trust Agreement is hereby amended and restated in its entirety as follows:

There shall be credited to the 2018 Delivery Costs Fund the proceeds of sale of the 2018 Certificates required to be deposited therein pursuant to Section 2.05 hereof and any other funds from time to time deposited with the Trustee for such purposes. Investment earnings on moneys held in the 2018 Delivery Costs Fund shall be retained therein. The Trustee shall disburse moneys in the 2018 Delivery Costs Fund from time to time on or after the Closing Date to pay Delivery Costs or to reimburse the VVTA for payment of Delivery Costs upon receipt by the Trustee of a Requisition signed by the VVTA Representative in the form of Appendix B-2. On April 1, 2019, the Trustee shall withdraw all remaining moneys in the 2018 Delivery Costs Fund (other than to pay Delivery Costs not then due and payable and certified by the VVTA Representative) and shall deposit such moneys in the Lease payment Fund to be applied as a credit to the payment Lease Payments then due and payable.

#### **ARTICLE IV PREPAYMENT OF CERTIFICATES**

Section 4.01. Optional Prepayment. Section 4.03 of the Trust Agreement is hereby amended by adding the following paragraphs to the end of the section as follows:

The 2018 Certificates maturing on or before July 1, 20\_\_ are not subject to optional prepayment prior to their maturity. The 2018 Certificates maturing after July 1, 20\_\_, are subject to optional prepayment on any Interest Payment Date, at a prepayment price equal to the principal amount of 2018 Certificates to be prepaid, plus accrued interest to the date of prepayment, without premium.

The Corporation shall have the right to rescind any optional prepayment by written notice to the Trustee upon receipt of written notice therefor from VVTA on or prior to the date fixed for prepayment. Any such notice of optional prepayment shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the 2018 Certificates then called for prepayment, and such cancellation shall not constitute an Event of Default hereunder or under the Lease Agreement. The Corporation, the Trustee or VVTA shall have no liability to the Owners or any other party related to or arising

from such rescission of prepayment. The Trustee shall mail notice of such rescission of prepayment in the same manner as the original notice of prepayment was sent.

**ARTICLE V  
MISCELLANEOUS**

Section 5.01. Notices. Section 5.01 of the Trust Agreement is hereby amended in its entirety as follows:

All written notices to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice to the Trustee shall be effective upon receipt. Notice to all other parties shall be deemed to have been received upon the earlier of actual receipt or five business days after deposit in the United States mail, in certified form, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to VVTA:	Victor Valley Transit Authority 17150 Smoke Tree St. Hesperia, Ca 92345 Attn: Executive Director
If to the Corporation:	California Transit Finance Corporation 1415 L Street, Suite 1000 Sacramento, CA 95814 Attn: General Manager/Vice President
If to the Trustee:	The Bank of New York Trust Mellon Company, N.A., as Trustee 700 South Flower Street, Suite 500 Los Angeles, CA 90071 Attn: Corporate Trust Division

Notwithstanding any provision contained in this Trust Agreement to the contrary, the Trustee shall notify Moody's of any of the following occurrences of which the Trustee has actual knowledge: (1) prepayment of any Certificates, (2) modifications or amendments to this Trust Agreement or the Lease Agreement, and (3) defeasance of the Certificates, to the address set forth in Section 14.11 of the Trust Agreement.

Section 5.02. Effective Date. This Amendment No. 2 to Trust Agreement shall be effective on the Closing Date.

For the avoidance of doubt, except as otherwise indicated in this Amendment No. 2 to Trust Agreement, it is the intent of the parties that the amendments to the Trust Agreement made by this Amendment No. 2 to Trust Agreement shall only apply to the 2018 Certificates.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 2 to Trust Agreement as of the date and year first above written.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

CALIFORNIA TRANSIT FINANCE  
CORPORATION

By: \_\_\_\_\_  
Joshua W. Shaw, General Manager

VICTOR VALLEY TRANSIT AUTHORITY

By: \_\_\_\_\_  
Kevin Kane, Executive Director

*[Signature Page to Amendment No. 2 to Trust Agreement]*

APPENDIX A

2018 CERTIFICATE OF PARTICIPATION  
(TRANSIT FACILITIES PROJECT)  
Evidencing the Proportionate Interest of the Owner Hereof  
In Lease Payments to be Made by  
VICTOR VALLEY TRANSIT AUTHORITY  
Pursuant to a Lease Agreement With  
CALIFORNIA TRANSIT FINANCE CORPORATION

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
%	July 1, _____	October __, 2018	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THIS IS TO CERTIFY THAT the registered owner named above, or registered assigns, as the Registered Owner of this 2018 Certificate of Participation (the "Certificate") is the owner of a proportionate and undivided interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease Agreement dated as of July 1, 2007, by and between the CALIFORNIA TRANSIT FINANCE CORPORATION, a nonprofit public benefit corporation duly organized under the laws of the State of California (the "Corporation") and the VICTOR VALLEY TRANSIT AUTHORITY, a public body corporate and politic duly organized and existing under and by virtue of the Constitution and the laws of the State of California (the "VVTA"), as amended pursuant to Amendment No. 1 to Lease Agreement, dated as of May 1, 2016 and Amendment No. 2 to Lease Agreement, dated as of October 1, 2018, all by and between the Corporation and the VVTA (collectively, the "Lease Agreement"), which Lease Payments and Prepayments and certain other rights and interests under the Lease Agreement have been assigned to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), pursuant to that certain Trust Agreement, dated as of July 1, 2007, by and among the Corporation, the VVTA and the Trustee, as amended by Amendment No. 1 to Trust Agreement dated as of May 1, 2016, and Amendment No. 2 to Trust Agreement dated as of October 1, 2018, all by and among the Corporation, the VVTA and the Trustee (collectively, the "Trust Agreement"). All capitalized terms appearing on this Certificate and not otherwise defined herein shall have the meanings given to such terms in the Trust Agreement.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of the Trust Agreement. The VVTA is authorized to enter into the Lease Agreement and the Trust Agreement under the Constitution and the laws of the State of California. Reference is hereby made to the Lease Agreement and the Trust Agreement (copies of which are on file at the Principal Office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the VVTA under the Lease

Agreement, to all of the provisions of which Agreement and Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

Additional provisions of the Certificate are set forth on the following pages of this Certificate.

The VVTA has certified that all acts, conditions and things required by the Constitution and statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate, and that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by The Bank of New York Mellon Trust Company, N.A., as Trustee, acting pursuant to the Trust Agreement.

Date of Execution: October \_\_, 2018

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By \_\_\_\_\_  
Authorized Signatory

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease Agreement, on the maturity date specified above, the principal amount specified above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on July 1, 2019 and semi-annually thereafter on July 1 and January 1 of each year (the "Certificate Payment Dates") until payment in full of said portion of principal, the Registered Owner's portion of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Certificate Payment Dates; provided that interest with respect hereto shall be payable from the Certificate Payment Date next preceding the date of execution of this Certificate (unless (i) this Certificate is executed as of a Certificate Payment Date in which event interest shall be payable from the date of execution thereof, or (ii) this Certificate is executed after the Record Date (as defined below) with respect to a Certificate Payment Date and before the following Certificate Payment Date, in which event interest shall be payable from such following Certificate Payment Date, or (iii) this Certificate is executed prior to June 15, 2019, in which event interest shall be payable from the Dated Date). "Record Date" means the close of business on the fifteenth day of the month immediately preceding the Certificate Payment Date. The portion of the Lease Payments designated, as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the interest rate payable with respect to the Certificates (specified above). Said amounts are payable in lawful money of the United States of America.

Payment of interest with respect to any Certificate on any Certificate Payment Date or prepayment date shall be made to the person appearing on the registration books of the Trustee as the Owner thereof as of the Record Date immediately preceding such Certificate Payment Date or prepayment date, as the case may be, such interest to be paid by check or draft mailed by the Trustee by first-class mail on the Certificate Payment Date to such Owner at his address as it appears on such registration books. Payments of defaulted interest shall be paid by check of the Trustee mailed to the registered Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than 10 days prior to such special record date. Payment of interest represented by the Certificates may, at the option of any Owner of at least \$1,000,000 principal amount of Certificates (such option to be exercised by written request of such Owner to the Trustee), be transmitted by wire transfer to such Owner to an account in the United States to the account number filed with the Trustee prior to the Record Date for a Certificate Payment Date.

The principal payable upon maturity or prepayment with respect to the Certificates shall be payable upon surrender at the Principal Office of the Trustee with such principal to be paid by check mailed by the Trustee on the Certificate Payment Date by first-class mail to each Owner at his address as it appears on the registration books; provided, however, that payment of such principal shall be made by wire transfer to an Owner of Certificates who has exercised its option for payment of interest by wire transfer as described in the preceding paragraph. Said amounts shall be payable in lawful money of the United States of America. Upon surrender by the Owner of a Certificate for partial prepayment at the Principal Office of the Trustee, payment of such partial prepayment of the principal amount of a Certificate will be made to such Owner by check mailed by the Trustee on the payment date by first-class mail to the Owner at his address as it appears on the registration books of the Trustee, or by wire transfer to any Owner who has

exercised its option for payment of interest by wire, as described above. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the VVTA, a new Certificate or Certificates which shall be of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

The VVTA has agreed to pay Lease Payments from "Revenues", if and to the extent such funds received by VVTA are approved for making Lease Payments by the relevant funding authorities within any applicable funding periods. Revenues include all funds of VVTA legally available to pay Lease Payments of the VVTA, including Farebox Revenues (as defined in the Lease Agreement), which are also pledged to secure payment of the Lease Payments, but not including any funds received from the Federal Transit Administration. The VVTA has covenanted in the Lease Agreement to annually budget and to make the necessary appropriations to pay Lease Payments. The obligation of the VVTA to pay the Lease Payments does not constitute an obligation of the VVTA for which the VVTA is obligated to levy or pledge any form of taxation or for which the VVTA has levied or pledged any form of taxation. The obligation of the VVTA to pay Lease Payments does not constitute a debt of the VVTA, the State of California or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement and the Lease Agreement may be amended by the parties thereto with the written consent of the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding, and may be amended without such consent under certain circumstances but in no event such that the interests of the Owners of the Certificates are adversely affected. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Trust Agreement or the Lease Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

This Certificate is transferable by the Owner hereof, in person or by his duly authorized attorney, at the Principal Office of the Trustee, upon surrender and cancellation of this Certificate as prescribed in the Trust Agreement. Upon such transfer a new Certificate or Certificates, for the same aggregate principal amount, maturity and interest rate will be delivered to the transferee in exchange here for. This Certificate also may be exchanged at the Principal Office of the Trustee (but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement) for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity and interest rate. The VVTA, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes whether or not this Certificate shall be overdue, and the VVTA, the Corporation and the Trustee shall not be affected by any notice to the contrary.

Upon damage or destruction of the Project, the Certificates are subject to prepayment in whole or in part on any date from amounts transferred by the Trustee at the direction of the VVTA representing the net proceeds of insurance or condemnation award, in a principal amount not less than \$20,000, plus accrued interest to the date for prepayment, without premium.

Except as otherwise provided in the Trust Agreement, notice of prepayment shall be mailed, not less than 30 nor more than 60 days before the prepayment date, to the Registered Owner of this Certificate, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment.

If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest shall cease to accrue and be payable with respect hereto from and after the date fixed for prepayment.

The Trustee has no obligation or liability to the Owners of the Certificates for the payment of the interest or principal evidenced and represented by the Certificates; but rather the Trustee's sole obligation is to administer, for the benefit of the VVTA, the Corporation and the Owners of the Certificates, the various funds established under the Trust Agreement. The Corporation has no obligation or liability whatsoever to the Owners of the Certificates.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(please print or typewrite name, address and social security or other identifying number of Transferee)

\_\_\_\_\_  
the within Certificate and all rights thereunder, a irrevocably constitutes and appoints

\_\_\_\_\_  
to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an authorized guarantor organization.

\_\_\_\_\_  
NOTICE: The Signature to this assignment must correspond to the name that appears upon the face of this Certificate in every respect without any change or alteration whatsoever.



APPENDIX B-1  
FORM OF REQUISITION  
REQUISITION FOR DISBURSEMENT  
From 2018 Project Fund  
2018 Certificates of Participation  
(Transit Facilities Project)  
Victor Valley Transit Authority

The undersigned hereby states and certifies:

1. That he is the duly appointed and qualified Director of Finance and Administration of the Victor Valley Transit Authority, a public body corporate and politic, duly organized and validly existing under the constitution and laws of the State of California (the "VVTA").

2. That he is a "VVTA Representative," as such term is defined in Section 1.01 of the Trust Agreement, dated as of August 1, 2007 (the "Trust Agreement"), among The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), the California Transit Finance Corporation and the VVTA, as amended by Amendment No. 1 to Trust Agreement dated as of May 1, 2016, and Amendment No. 2 to Trust Agreement dated as of October 1, 2018, by and among the Trustee, the California Transit Finance Corporation and the VVTA.

3. That, pursuant to Section 3.03 of the Trust Agreement, the undersigned hereby requests the Trustee to disburse from the Project Fund established under the Trust Agreement, to the VVTA, the amount of \$\_\_\_\_\_ representing payment of a portion of the Acquisition Costs, as that term is defined in the Trust Agreement.

4. That the amounts to be disbursed are for Acquisition Costs properly chargeable to the Project Fund.

Dated: \_\_\_\_\_, 20\_\_.

VICTOR VALLEY TRANSIT AUTHORITY

By: \_\_\_\_\_  
Title: Director of Finance and Administration

APPENDIX B-2

FORM OF REQUISITION

REQUISITION FOR DISBURSEMENT  
From Delivery Costs Fund

2018 Certificates of Participation  
(Transit Facilities Project)  
Victor Valley Transit Authority

The undersigned hereby states and certifies:

1. That he is the duly appointed and qualified Director of Finance and Administration of the Victor Valley Transit Authority, a public body corporate and politic, duly organized and validly existing under the constitution and laws of the State of California (the "VVTA").

2. That he is a "VVTA Representative," as such term is defined in Section 1.01 of the Trust Agreement, dated as of August 1, 2007 (the "Trust Agreement"), among The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), the California Transit Finance Corporation and the VVTA, as amended by Amendment No. 1 to Trust Agreement dated as of May 1, 2016, and Amendment No. 2 to Trust Agreement dated as of October 1, 2018, by and among the Trustee, the California Transit Finance Corporation and the VVTA.

3. That, pursuant to Section 3.07 of the Trust Agreement, the undersigned hereby requests the Trustee to disburse from the Delivery Costs Fund established under the Trust Agreement, to the VVTA, the amount of \$\_\_\_\_\_ representing payment of a portion of the Delivery Costs, as that term is defined in the Trust Agreement.

4. That the amounts to be disbursed are for Delivery Costs properly chargeable to the Delivery Costs Fund.

Dated: \_\_\_\_\_, 20\_\_.

VICTOR VALLEY TRANSIT AUTHORITY

By: \_\_\_\_\_  
Title: Director of Finance and Administration

*In the opinion of Nossaman LLP, Los Angeles, California, Special Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Lease Payment designated as and representing interest and received by the Owners of the Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Special Counsel, for tax years beginning prior to January 1, 2018 the Interest Portion is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that it is included in adjusted current earning in calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding the federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of the Interest Portion of, the Certificates. See "TAX EXEMPTION" herein.*

§  
**2018 Certificates of Participation**  
**(Transit Facilities Project)**  
**Evidencing Proportionate Interests of the Owners Thereof**  
**in Lease Payments to be Made by the**  
**VICTOR VALLEY TRANSIT AUTHORITY**  
**Pursuant to the Lease Agreement with**  
**California Transit Finance Corporation**

**Dated: Date of Delivery**

**Due: July 1, as shown below**

The 2018 Certificates of Participation (Transit Facilities Project) (the "Certificates") are being executed and delivered on behalf of the Victor Valley Transit Authority (the "Authority"), to (i) finance the acquisition of certain capital improvements serving the Authority; (ii) fund a bond reserve fund; and (iii) pay certain costs associated with the issuance of the Certificates. The Certificates evidence and represent the proportionate interests of the owners thereof in the lease payments (the "Lease Payments") required to be made by the Authority to the California Transit Finance Corporation (the "Corporation") pursuant to a Lease Agreement, dated as of August 1, 2007, as amended by Amendment No. 1 to Lease Agreement and an Amendment No. 2 to Lease Agreement (collectively, the "Lease Agreement") each by and between the Authority and the Corporation. The obligation of the Authority to make Lease Payments is an unconditional obligation of the Authority (and not subject to abatement) payable from all legally available funds of the Authority as described herein (collectively, the "Revenues"). See "SOURCES OF REVENUES" herein. The Lease Payments are required to be made by the Authority from Revenues whether or not the Leased Property or any part thereof is operating or operable or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part.

The Certificates will be delivered in book-entry-only form and when delivered, the Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Certificates. Purchasers will not receive certificates representing their ownership interest in the Certificates purchased. Principal of and interest evidenced by the Certificates (such principal being due on July 1 in the years shown below and such interest being due on each January 1 and July 1, commencing July 1, 2019) will be payable by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), to DTC. Payments of principal and interest to the actual purchasers of the Certificates will be made through the DTC System. See "BOOK-ENTRY-ONLY SYSTEM" herein. The Certificates will be available in book-entry form only in the denomination of \$5,000 or any integral multiple thereof.

The Certificates are subject to prepayment prior to maturity as described herein. Certain risk factors are associated with the purchase of the Certificates. See "RISK FACTORS" herein.

THE LIMITED OBLIGATION OF THE AUTHORITY TO MAKE LEASE PAYMENTS FROM REVENUES DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR OTHER SOURCE OF REVENUE OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION OR OTHER SOURCE OF FUNDS. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE AUTHORITY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTE A DEBT OF THE AUTHORITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY. THE TRUSTEE DOES NOT HAVE THE RIGHT TO RESELL, RELET OR TAKE POSSESSION OF THE LEASED PROPERTY IN THE EVENT OF DEFAULT BY THE AUTHORITY UNDER THE LEASE AGREEMENT.

**MATURITY SCHEDULE**

<b>Maturity (July 1)</b>	<b>Principal Amount</b>	<b>Rate</b>	<b>Yield</b>	<b>CUSIP</b>	<b>Maturity (July 1)</b>	<b>Principal Amount</b>	<b>Rate</b>	<b>Yield</b>
2019	\$	%	%	926057	2030	\$	%	%*
2020				926057	2031			
2021				926057	2032			
2022				926057	2033			

2023	926057__	2034
2024	926057__	2035
2025	926057__	2036
2026	926057__	2037
2027	926057__	20__
2028	926057__	20__
2029	926057__	20__

\* Yield to optional call on July 1, 20\_\_ at par.

***This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.***

The Certificates are offered to the public by the Underwriter when, as and if executed, delivered and received, subject to the approval of Nossaman LLP, Los Angeles, California, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP. It is anticipated that the Certificates in definitive form will be available for delivery through the DTC Book-Entry-Only System on or about \_\_\_\_\_, 2018.

## **RBC CAPITAL MARKET**

**VICTOR VALLEY TRANSIT AUTHORITY  
BOARD OF DIRECTORS**

Rich Harpole – Chair, City of Barstow  
Gloria Garcia — Vice Chair, City of Victorville  
Richard Kerr — Director, City of Adelanto  
Larry Bird — Director, City of Hesperia  
Barb Stanton — Director, Town of Apple Valley  
Robert Lovingood — Director, San Bernardino County  
James Ramos — Director, San Bernardino County

**EXECUTIVE STAFF**

Kevin Kane — Executive Director  
Steven Riggs — Finance Director

**FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
San Francisco, California

**SPECIAL COUNSEL**

Nossaman LLP  
Los Angeles, California

**TRUSTEE**

The Bank of New York Mellon Trust Company, N.A.  
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the Corporation, the Authority or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation may not be relied upon as having been authorized by the Corporation, the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to its accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Corporation or the Authority since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

## TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	1	<b>Independent Accountants</b> .....	24
<b>General Description</b> .....	1	<b>Budgets</b> .....	25
<b>Plan of Finance</b> .....	2	<b>RISK FACTORS</b> .....	27
<b>Source of Payment</b> .....	2	<b>Full Faith and Credit Not Pledged</b> .....	27
<b>Limited Liability</b> .....	3	<b>Local, State and Federal Funding for</b>	
<b>Terms of the Certificates</b> .....	4	<b>Transit</b> .....	27
<b>Book-Entry-Only</b> .....	4	<b>No Liability of the Federal Transit</b>	
<b>Continuing Disclosure</b> .....	4	<b>Administration, the Federal Government or</b>	
<b>Tax Matters</b> .....	4	<b>any of its Agencies</b> .....	27
<b>Other Information</b> .....	4	<b>Insurance</b> .....	27
<b>THE CERTIFICATES</b> .....	5	<b>Service Contracts</b> .....	27
<b>General Provisions</b> .....	5	<b>Limited Recourse on Default</b> .....	28
<b>Prepayment</b> .....	6	<b>Loss of Tax Exemption</b> .....	28
<b>SECURITY AND SOURCE OF PAYMENT</b>		<b>Limited Ability to Accelerate Lease</b>	
<b>FOR THE CERTIFICATES</b> .....	7	<b>Payments</b> .....	28
<b>Lease Payments</b> .....	7	<b>No Liability of Corporation to the Owners</b> .....	28
<b>Pledge of Farebox Revenues</b> .....	8	<b>Bankruptcy and Equitable Limitations</b> .....	28
<b>Unconditional Obligation</b> .....	8	<b>BOOK-ENTRY-ONLY SYSTEM</b> .....	29
<b>Limited Obligation</b> .....	8	<b>ABSENCE OF MATERIAL LITIGATION</b> .....	32
<b>Reserve Fund</b> .....	9	<b>TAX EXEMPTION</b> .....	32
<b>Lease Payment Schedule</b> .....	9	<b>General</b> .....	32
<b>Limitations on Future Obligations</b> .....	9	<b>Tax Treatment of Original Issue Discount</b>	
<b>ESTIMATED SOURCES AND USES OF</b>		<b>and Premium</b> .....	33
<b>FUNDS</b> .....	11	<b>Changes in Federal and State Tax Law; IRS</b>	
<b>DESCRIPTION OF THE PROJECT</b> .....	11	<b>Matters</b> .....	33
<b>SOURCES OF REVENUES</b> .....	12	<b>RATING</b> .....	34
<b>General</b> .....	12	<b>CONTINUING DISCLOSURE OBLIGATION</b> .....	34
<b>[NET] LEASE PAYMENTS AND</b>		<b>APPROVAL OF LEGALITY</b> .....	35
<b>ANTICIPATED FUNDING SOURCES</b> .....	12	<b>UNDERWRITING</b> .....	35
<b>Fiscal Year Ending</b> .....	12	<b>FINANCIAL ADVISOR</b> .....	35
<b>Section 5307 Funds</b> .....	12	<b>MISCELLANEOUS</b> .....	36
<b>2016 Certificate Lease Payments</b> .....	12		
<b>Remaining 2016 Certificate Lease Payments</b> .....	12		
<b>2018 Certificate Lease Payments</b> .....	12		
<b>Total Lease Payments</b> .....	12		
<b>Farebox Revenues</b> .....	12		
<b>Total Available Revenues</b> .....	12		
<b>Local Revenues</b> .....	13		
<b>Federal Funding</b> .....	18		
<b>CALIFORNIA TRANSIT FINANCE</b>			
<b>CORPORATION</b> .....	20		
<b>THE AUTHORITY</b> .....	21	<b>APPENDIX A</b> SUMMARY OF PRINCIPAL LEGAL	
<b>General</b> .....	21	DOCUMENTS AND DEFINITIONS OF	
<b>Governance and Management</b> .....	22	CERTAIN TERMS	
<b>Existing Facilities and Equipment; Plan for</b>		<b>APPENDIX B</b> FORM OF CONTINUING DISCLOSURE	
<b>Future Capital Improvements</b> .....	22	AGREEMENT	
<b>Employees</b> .....	23	<b>APPENDIX C</b> INFORMATION CONCERNING THE	
<b>Pension System</b> .....	23	REGION	
<b>Results of Operations</b> .....	23	<b>APPENDIX D</b> VICTOR VALLEY TRANSIT	
		AUTHORITY AUDITED FINANCIAL	
		STATEMENT FOR FISCAL YEAR	
		ENDING JUNE 30, 2017	
		<b>APPENDIX E</b> FORM OF OPINION OF SPECIAL	
		COUNSEL	

## OFFICIAL STATEMENT

\$ \_\_\_\_\_  
2018 Certificates of Participation  
(Transit Facilities Project)  
Evidencing Proportionate Interests of the Owners Thereof  
in Lease Payments To Be Made by the  
VICTOR VALLEY TRANSIT AUTHORITY  
Pursuant to a Lease Agreement with  
California Transit Finance Corporation

### INTRODUCTION

The following introduction presents a brief description of certain information in connection with the Certificates and is qualified in its entirety by reference to the entire Official Statement and the documents summarized or described herein. References to, and summaries of, provisions of the Constitution and the laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof.

#### General Description

The purpose of this Official Statement, including the front cover and the Appendices hereto (the "Official Statement"), is to provide certain information in connection with the sale and delivery of the 2018 Certificates of Participation (Transit Facilities Project) (the "Certificates" or the "2018 Certificates") in the aggregate principal amount of \$ \_\_\_\_\_. The Certificates evidence and represent the proportionate interests of the registered owners thereof (the "Owners") in the lease payments (the "Lease Payments") to be made by the Victor Valley Transit Authority (the "Authority") to the California Transit Finance Corporation (the "Corporation") as rental payment for transit facilities of the Authority, as further described under "DESCRIPTION OF THE PROJECT" (the "Project" or the "Leased Property") being leased from the Corporation pursuant to a Lease Agreement, dated as of August 1, 2007 (the "Original Lease Agreement", as amended by Amendment No. 1 to Lease Agreement, dated as of May 1, 2016 (the "Amendments No. 1 to Lease Agreement") and Amendment No. 2 to Lease Agreement dated as of October 1, 2018 (the "Amendment No. 2 to Lease Agreement," and together collectively with the Original Lease Agreement and Amendment No. 1 to Lease Agreement, the "Lease Agreement"), each by and between the Authority and the Corporation.

Pursuant to a Site Lease by and between the Corporation and Authority dated as of October 1, 2018 (the "Site Lease"), relating to the real property upon which the Project (as defined below) will be developed and more particularly described in Amendment No. 2 to Lease Agreement, the Corporation will continue to lease from the Authority the site upon which the Leased Property will be constructed. The Certificates, in book-entry-only form, are being executed and delivered pursuant to a Trust Agreement, dated as of August 1, 2007 (the "Original Trust Agreement"), as amended by Amendment No. 1 to Trust Agreement, dated as of May 1, 2016 (the "Amendment No. 1 to Trust Agreement") and Amendment No. 2 to Trust Agreement dated as of October 1, 2018 (the "Amendment No. 2 to Trust Agreement," and together collectively with the Original Trust Agreement and Amendment No. 1 to Trust Agreement, the "Trust Agreement"), each by and among the Authority, the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

Pursuant to an Assignment Agreement, dated as of August 1, 2007 (the “Original Assignment Agreement”), as amended by Amendment No. 1 to Assignment Agreement (the “Amendment No. 1 to Assignment Agreement”) and Amendment No. 2 to Assignment Agreement dated as of October 1, 2018 (the “Amendment No. 2 to Assignment Agreement,” and together collectively with the Original Assignment Agreement and Amendment No. 1 to Assignment Agreement, the “Assignment Agreement”), the Corporation will assign to the Trustee for the benefit of the Owners of the Certificates its rights and remedies under the Lease Agreement (except certain rights to indemnity and reimbursement of expenses), including its rights to receive Lease Payments under the Lease Agreement.

### **Plan of Finance**

Proceeds from the Certificates will be used to (i) finance the acquisition and construction of certain capital improvements and equipment serving the Authority; (ii) fund a bond reserve fund; and (iii) pay certain costs associated with the issuance of the Certificates. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

### **Source of Payment**

The obligation of the Authority to make Lease Payments is an unconditional obligation of the Authority (and not subject to abatement) payable from all legally available funds of the Authority, including, without limitation, (a) Local Transportation Fund (“LTF”) funds; (b) State Transit Assistance (“STA”) funds; and (c) the Authority’s farebox revenues and contract service revenues collected by the Authority in connection with the operation of all transit vehicles owned or leased by the Authority (the “Farebox Revenues”) (collectively, the “Revenues”). For purpose of the 2018 Certificates, “Revenues” expressly exclude all FTA capital grant funds, however FTA Section 5307 capital grant funds remain a major revenue source for the Authority and will continue to be a source of payment for the Authority’s Refunding Certificates of Participation (Transit Facilities Project) (the “2016 Refunding Certificates”), which were also executed and delivered pursuant to the Trust Agreement. See “SOURCES OF REVENUES” herein. The Lease Payments are required to be made by the Authority from Revenues whether or not the Leased Property or any part thereof is operating or operable or seized or its use is suspended, interfered with, reduced or curtailed, or terminated in whole or in part. The obligation of the Authority to make Lease Payments from Revenues does not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation or other source of revenue or for which the Authority has levied or pledged any form of taxation or other source of revenue. Neither the Certificates nor the obligation of the Authority to make Lease Payments under the Lease Agreement constitute a debt of the Authority, the State of California or any of its political subdivisions within the meaning of the Constitution of the State of California or otherwise or a pledge of the faith and credit of the Authority. See “SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES” herein.

### **Limited Liability**

**The limited obligation of the Authority to make Lease Payments solely from Revenues does not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation or for which the Authority has levied or pledged any form of taxation or other sources of funds. Neither the Certificates nor the obligation of the Authority to make Lease Payments under the Lease Agreement constitute a debt of the Authority, the State of California or any of its political subdivisions within the meaning of any limitation on incurring indebtedness in the Constitution of the State of California or otherwise or a pledge of the faith and credit of the Authority. The Trustee has no right to relet, resell or take possession of the Leased Property in the event of a default by the Authority under the Lease Agreement. See “SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES” herein.**

## **Terms of the Certificates**

The Certificates will mature on the dates and in the principal amounts set forth on the front cover page of this Official Statement. Interest with respect to the Certificates is payable on January 1 and July 1, commencing on July 1, 2019, computed at the respective rates of interest set forth on the front cover page of this Official Statement. The Certificates are subject to prepayment as described herein. See “THE CERTIFICATES” herein.

## **Book-Entry-Only**

The Certificates will be delivered in book-entry form only and when delivered, the Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. Purchasers will not receive certificates representing their ownership interest in the Certificates purchased. See “BOOK-ENTRY-ONLY SYSTEM” herein. The Certificates will be available in book-entry form only in the denomination of \$5,000 or any integral multiple thereof.

## **Continuing Disclosure**

The Authority has covenanted in the Continuing Disclosure Agreement (the “Disclosure Agreement”), to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository and any public or private repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”) certain annual financial information and operating data of the type set forth herein including, but not limited to, the Victor Valley Transit Authority Annual Financial Report and, in a timely manner, notice of certain material events. See “CONTINUING DISCLOSURE OBLIGATION” and “APPENDIX B—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT” for a description of the specific nature of the annual report and notices of material events and a summary description of the terms of the Disclosure Agreement pursuant to which such reports and notices are to be made. These covenants have been made in order to assist the Underwriter in complying with the Rule.

## **Tax Matters**

In the opinion of Special Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, the portion of each Lease Payment designated as and representing interest and received by the Owners of the Certificates (the “Interest Portion”) is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Special Counsel, for tax years beginning prior to January 1, 2018 the Interest Portion is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of the Interest Portion of, the Certificates. See “TAX EXEMPTION” herein.

## **Other Information**

The Certificates will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Special Counsel and certain other conditions. It is anticipated that the Certificates in definitive form will be available for delivery to DTC on or about \_\_\_\_\_, 2018.

The descriptions of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site Lease and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of those documents, which documents are available at the principal corporate trust office of the Trustee in Los Angeles, California. During the period of the offering of Certificates, copies of such documents will also be available from the Underwriter named on the cover of this Official Statement. See “APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS OF CERTAIN TERMS” for the definitions of some of the terms used in the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site Lease and this Official Statement, and not otherwise defined herein.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the Authority since the date hereof.

## THE CERTIFICATES

### General Provisions

The Certificates will be dated as of the date of their delivery to the Underwriter, and will be executed and delivered in fully registered, book-entry-only form in \$5,000 denominations or any integral multiple thereof (“Authorized Denominations”). Payment of principal and interest to the actual purchasers of the Certificates will be made through the DTC System. See “BOOK-ENTRY-ONLY SYSTEM” herein. Interest with respect to the Certificates will be computed using a year of 360 days comprised of twelve 30-day months and is payable on January 1 and July 1 of each year, commencing on July 1, 2019 (the “Interest Payment Dates”). The Certificates will mature on the dates and in the principal amounts, and the interest with respect thereto shall be computed at the rates, all as set forth on the cover page of this Official Statement.

If the book-entry-only system is no longer in effect, principal and redemption premium, if any, with respect to the Certificates will be payable upon surrender thereof at maturity or the earlier redemption thereof at the principal corporate trust office of the Trustee in Los Angeles, California (the “Principal Office”). Interest will be payable by check or draft, mailed to the persons who are the Owners as of the close of business on the fifteenth day of the month immediately preceding any Interest Payment Date (a “Record Date”), or, upon the request of any Owner of at least \$1,000,000 in aggregate principal amount of the Certificates, by wire transfer for such payment, as their names and addresses appear on the registration books maintained by the Trustee.

If the book-entry-only system is no longer in effect, the registration of any Certificates may be transferred upon the surrender of such Certificates to the Trustee and payment of such reasonable transfer fees as the Trustee may establish. Certificates may be exchanged at the Principal Office of the Trustee for a new Certificate of like aggregate principal amount and maturity in Authorized Denominations of the same maturity. The Trustee may require the payment by the Owner thereof of any tax or other governmental charge required to be paid with respect to such exchange. No registration of any transfer or exchange of Certificates shall be required to be made during the 15 days prior to the date of selection of Certificates for redemption or of any Certificate selected for redemption.

## **Prepayment**

***Establishment of Prepayment Fund.*** The Trustee shall establish a special fund designated as the "Victor Valley Transit Authority Prepayment Fund" (the "Prepayment Fund"). The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in the Trust Agreement. Moneys from prepaid Lease Payments to be used for prepayment of the Certificates shall be deposited into the Prepayment Fund for the purpose of prepaying the Certificates as set forth in the Trust Agreement.

***Optional Prepayment.*** The Certificates maturing on or before July 1, 20\_\_ are not subject to optional prepayment. The Certificates maturing after July 1, 20\_\_ are subject to optional prepayment on any date on or after July 1, 20\_\_, at a prepayment price equal to the principal amount of the Certificates to be prepaid, plus accrued interest to the date of prepayment, without premium.

***Prepayment in the Event of Damage or Destruction of the Leased Property.*** The Certificates are subject to prepayment in whole or in part on any date from amounts transferred by the Trustee at the direction of the Authority from the "Victor Valley Transit Authority Insurance and Condemnation Fund," established pursuant to the Trust Agreement, to the Prepayment Fund representing the Net Proceeds of insurance or condemnation award, in a principal amount not less than \$20,000, plus accrued interest to the date for prepayment, without premium.

***Notice of Prepayment.*** When prepayment is authorized or required pursuant to the Trust Agreement, the Trustee shall prepare, with the assistance of the Authority, and give notice of prepayment of the Certificates. Such prepayment notice shall specify: (a) that the Certificates or a portion thereof are to be prepaid; (b) the CUSIP numbers of the Certificates to be prepaid; (c) the date of prepayment; (d) the place or places where the prepayment will be made; (e) whether any conditions exist in order for prepayment to occur, and if so, what those conditions are; (f) the date, interest rates and stated maturity dates of the Certificates to be prepaid; and (g) that a new Certificate in an amount equal to that portion not so prepaid will be executed by the Trustee and delivered to the Owner in the event of a partial prepayment. Such prepayment notice shall further state that on the specified date there shall become due and payable upon each Certificate to be prepaid, the portion of the principal amount of such Certificate to be prepaid, together with interest accrued to the said date, and that from and after such date, provided that moneys therefore have been deposited with the Trustee, interest with respect thereto shall cease to accrue and be payable.

Notice of such prepayment shall be mailed by first-class mail, postage prepaid, to the Authority, to all municipal Securities Depositories (as defined below) and to at least one national Information Service (as defined below) which the Authority shall designate to the Trustee, and the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books at least 30 days, but not more than 60 days, prior to the prepayment date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates.

Securities Depositories (the "Securities Depositories") include the Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories as the Authority may designate in writing to the Trustee.

Information Services (the "Information Services") include Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's Investors Service "Municipal and Government," 99 Church Street, 9th Floor, New York, New York 10007 Attention: Municipal News Reports; Standard and Poor's Corporation "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services providing information with respect to called bonds as the Authority may designate in writing to the Trustee.

The Authority shall have the right to rescind any optional prepayment by written notice to the Corporation which will immediately give notice thereof to the Trustee on or prior to the date fixed for prepayment. Any such notice of optional prepayment shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation shall not constitute an Event of Default under the Trust Agreement. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of prepayment. The Trustee shall mail notice of such rescission of prepayment in the same manner as the original notice of prepayment was sent.

Upon surrender of any Certificate prepaid in part only, the Trustee shall authenticate and deliver to the Owner thereof a new Certificate or Certificates equal to the unprepaid principal amount of the Certificate surrendered.

***Effect of Notice of Prepayment.*** Notice having been given as described above, and the moneys for the prepayment (including the interest to the applicable date of prepayment), having been set aside in the Prepayment Fund, the Certificates shall become due and payable on said date of prepayment, and, upon presentation and surrender thereof at the Principal Office of the Trustee, said Certificates shall be paid at the unpaid principal price with respect thereto, plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as aforesaid, then, from and after said date of prepayment, interest with respect to the Certificates shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid.

All Certificates paid at maturity or prepaid prior to maturity pursuant to the Trust Agreement shall be cancelled upon surrender thereof and delivered to or upon the order of the Authority.

## **SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES**

### **Lease Payments**

Each Certificate represents a proportionate interest in the Lease Payments to be made by the Authority to the Corporation. The Corporation, pursuant to the Assignment Agreement, will assign its rights and remedies under the Lease Agreement (except certain rights to indemnity and reimbursement of expenses) to the Trustee for the benefit of the Owners of the Certificates, including its right to receive Lease Payments thereunder. Principal and interest due with respect to the Certificates will be made from the Lease Payments payable by the Authority, insurance or

condemnation proceeds pertaining to the Leased Property, to the extent that such proceeds are not used for repair or replacement, and interest or other income derived from the investment of the funds and accounts by the Trustee pursuant to the Trust Agreement. Lease Payments will be paid from Revenues of the Authority. See "SOURCES OF REVENUES" herein.

### **Pledge of Farebox Revenues**

The Authority pledges and assigns to the Trustee, as assignee of the Corporation, and grants to the Trustee, as assignee of the Corporation, a lien on and security interest in all right, title and interest of the Authority in and to the Farebox Revenues and provides that such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Authority in the Farebox Revenues. The Certificates are payable on a parity basis with the 2016 Refunding Certificates, which were also executed and delivered pursuant to the Trust Agreement. Other than the pledge created with respect to the 2016 Refunding Certificates, the Authority has not previously created any charge or lien on or any security interest in the Farebox Revenues and the Authority agrees that, until all the Lease Payments and the 2016 Refunding Certificates and the 2018 Certificates are paid or are deemed to have been paid, it will not grant any prior or parity pledge of or any security interest in the Farebox Revenues pledged under the Lease Agreement; provided, however, that the Authority may grant a lien on or security interest in the Farebox Revenues as provided in the Lease Agreement. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES—Limitation on Future Obligations" below.

### **Unconditional Obligation**

The obligation of the Authority to make the Lease Payments solely from Revenues is unconditional (and is not subject to abatement) until such time as all Lease Payments shall have been fully paid and the Certificates are no longer outstanding (or provision for the payment thereof shall have been made pursuant to the Trust Agreement). Pursuant to the Lease Agreement, the Authority will not, under any circumstances, discontinue or suspend any Lease Payments required to be made thereunder when due, whether or not the Leased Property or any part thereof is operating or operable or seized, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained in the Lease Agreement for any cause whatsoever.

### **Limited Obligation**

**THE OBLIGATION OF THE AUTHORITY TO MAKE LEASE PAYMENTS FROM REVENUES DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR OTHER SOURCE OF REVENUE OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION OR OTHER SOURCE OF REVENUE. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE AUTHORITY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTE A DEBT OF THE AUTHORITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY. THE TRUSTEE DOES NOT HAVE THE RIGHT TO RELET, RESELL OR TAKE POSSESSION OF THE LEASED PROPERTY IN THE EVENT OF DEFAULT BY THE AUTHORITY UNDER THE LEASE AGREEMENT.**

**Reserve Fund**

A Reserve Fund is established under the Trust Agreement for the 2018 Certificates which will be additionally funded by the Authority in the amount indicated under the heading “ESTIMATED SOURCES AND USES OF FUNDS.” Proceeds of the 2018 Certificates deposited in Reserve Fund are to be used only for the payment of Lease Payments relating to the payment of principal of and interest on the 2018 Certificates to the extent amounts in the Lease Payment Fund are insufficient therefore and for the payment of the Lease Payments relating to the 2018 Certificates at final maturity. See “APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF TRUST AGREEMENT—Funds and Accounts—Reserve Fund.”

**Lease Payment Schedule**

Pursuant to the Lease Agreement, the Authority will be required to deposit the Lease Payments due each January 1 and July 1 on or before the fifteenth day of the immediately preceding month.

<b>Year Ending</b>			
<b><u>July 1</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Lease Payment</u></b>
2019	\$	\$	\$
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
20__			
20__			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Limitations on Future Obligations**

*No Obligation Superior to Pledge of Farebox Revenues or Obligation of the Authority to use Local Transportation Funds to Secure Lease Payments.* In order to protect further the security for the Lease Payments and any Parity Debt, the Authority agrees under the Lease Agreement that the Authority shall not, so long as any the 2016 Refunding Certificates and 2018 Certificates are outstanding, issue or incur any obligations payable from or secured by a pledge of the Farebox Revenues or the LTF Funds (as defined below under the caption “SOURCES OF REVENUES—Local Revenues—LTF Funds) superior to the pledge of Farebox Revenues and the obligation to use

LTF Funds to secure the payment of Lease Payments or such Parity Debt. As of the date of the delivery of the 2018 Certificates, the 2016 Refunding Certificates and 2018 Certificates will be the only obligations outstanding payable from or secured by a pledge of the Farebox Revenues or the LTF Funds.

***Additional Certificates and Parity Debt.*** The Authority may authorize the sale and delivery of Additional Certificates and may incur Parity Debt, payable from or secured by a pledge of Farebox Revenues and payable from LTF Funds equally and ratably with the Lease Payments, subject to the following specific conditions, which are hereby made conditions precedent to the sale and delivery of Additional Certificates or the incurrence of any such Parity Debt:

(a) No Event of Default shall have occurred and then be continuing.

(b) The Authority shall provide the Trustee with a certificate from an Authority Representative, certifying that the amount of Farebox Revenues and LTF Funds received for any period of twelve (12) consecutive months during the eighteen (18) months immediately preceding the date on which such Additional Certificates will be delivered or such Parity Debt will be incurred shall have been at least 2 times the amount of Maximum Annual Debt Service on the Certificates and all Parity Debt then outstanding and the Additional Certificates or the additional Parity Debt then proposed to be incurred; provided that such certificate will not be required in connection with the sale and delivery of Additional Certificates or the issuance of Parity Debt, the proceeds of which are to be used to defease the outstanding principal amount of Certificates or Parity Debt and such defeasance will result in a net present value reduction in the aggregate amount of Lease Payments or payments with respect to the outstanding Parity Debt.

(c) The Reserve Fund shall be funded in an amount equal to the Reserve Requirement following the sale and delivery of Additional Certificates.

Notwithstanding satisfaction of other conditions to the issuance of Additional Certificates contained in the Trust Agreement or in the Lease Agreement, no such issuance of Additional Certificates may occur (i) should any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing unless such default shall be cured upon such issuance and (ii) unless the Reserve Fund is fully funded at its requirement (including the new issue) upon the issuance of such Additional Certificates.

The Authority has no plans to issue Additional Certificates or Parity Debt in the near future.

***Subordinated Indebtedness.*** The Authority may, from time to time, incur indebtedness which is subordinated to the Lease Payments and Parity Debt. Such indebtedness may be incurred at such times and upon such terms as the Authority shall determine, provided that: (a) any lien or security interest granted in the Revenues shall be specifically stated to be junior and subordinate to the lien on and security interest in such Revenues granted to secure the Lease Payments and Parity Debt; and (b) payment of principal and interest on such subordinate indebtedness shall be permitted, provided that all deposits required to be made to the Corporation or the Trustee to be used to pay debt service on the Certificates and Parity Debt or to replenish the Reserve Fund or reserve funds created for such Parity Debt are then current.

## ESTIMATED SOURCES AND USES OF FUNDS

Set forth below is the estimated sources of funds to be received in connection with the sale of the Certificates, and the estimated application thereof.

### Sources of Funds:

Par Amount of Certificates	\$
Net Premium	
Total Sources	\$

### Uses of Funds:

Reserve Fund	\$
Project Fund	
Costs of Issuance <sup>1</sup>	
Total Uses	\$

<sup>1</sup> Includes costs of issuance, rounding amount, and Underwriter's discount.

The proceeds of the Certificates, net of amounts used to pay costs of issuance and deposited in the Reserve Fund, will be used to finance the acquisition and construction of certain capital improvements and equipment serving the Authority.

## DESCRIPTION OF THE PROJECT

On August 17, 2015, the VVTA Board of Directors approved a new capital project titled the "Barstow Facility Project" (the "Project"). This project included the allocation of \$564,500 in STA funds and \$250,000 in LCFS funds for the purchase of land and equipment in the total amount of \$814,500. This initial purchase included 5.58 acres of unimproved land and 1.07 acres of improved land including a fully operational Liquid Natural Gas (LNG) and Compressed Natural Gas (CNG) station. The initial phase of the Project was completed on June 30, 2016. The proceeds of the Certificates, net of amounts used to pay costs of issuance and deposited in the Reserve Fund, will be used to finance the second phase of the Project to improve the 5.58 acre parcel by constructing a bus maintenance facility, anticipated to be approximately 8,500 square feet in size (consisting of (i) approximately 6,000 square feet for three maintenance bays, parts, tools, maintenance office space, and tire storage and (ii) office space for operations and administration approximately 2,400 square feet in size). The maintenance facility will be a metal structure with an appealing façade and internal walls for necessary office and maintenance space. The maintenance facility will require a parking lot including a photovoltaic (solar) parking structure with sufficient spaces to accommodate current and future staff, revenue and non-revenue vehicles and will include the installation of four (4) plug-in electric charging stations as well as infrastructure needed to support its Battery Electric Bus (BEB) fleet. Additionally, a battery backup and storage system along with an energy generation system, will insure the Authority has ample energy available for its facility and fleet needs. New equipment and facilities will also be installed to expand the current CNG station capability and provide a unique fueling pump station for the Authorities vehicles.

[INSERT DESCRIPTION OF CNG FUELING STATION, SOLAR PANELS AND BATTERY INFRASTRUCTURE]

## SOURCES OF REVENUES

### General

The Authority expects to make Lease Payments with respect to the Certificates from all legally available funds of the Authority. Revenues include, without limitation, (a) LTF funds; (b) STA funds; and (c) Farebox Revenues. Revenues exclude all FTA capital grant funds, however FTA Section 5307 capital grant funds remain a major revenue source for the Authority and will continue to be a source of payment for the Authority's 2016 Refunding Certificates.

The Authority expects to fund the Net Lease Payments (commonly referred to as its "local share") from certain LTF and STA revenues of the Authority available under the Lease Agreement for such payment as more fully described below and, if such amounts are not sufficient, from Farebox Revenues.

Set forth below is a table which projects Lease Payments through the final maturity of the Certificates as well as the estimated LTF, STA and Farebox Revenues of the Authority. It is estimated that the Maximum Annual Net Lease Payment, which will occur in the fiscal year ending June 30, 20\_\_, will be \$\_\_\_\_\_.

Although the Authority believes that the projections shown below are reasonable estimates, no assurance can be given that the amounts projected in future fiscal years will be available.

<b>LEASE PAYMENTS AND ANTICIPATED FUNDING SOURCES</b>								
<b>Fiscal Year Ending</b>	<b>2016 Certificate Lease Payments<sup>1</sup></b>	<b>Section 5307 Funds<sup>2</sup></b>	<b>Remaining 2016 Certificate Lease Payments</b>	<b>2018 Certificate Lease Payments<sup>2</sup></b>	<b>Total Lease Payments<sup>3</sup></b>	<b>Farebox Revenues<sup>4</sup></b>	<b>Total Available Revenues<sup>4</sup></b>	<b>Annual Coverage Ratio<sup>5</sup></b>
2019	\$1,537,900	\$1,230,320	\$307,580			\$2,760,914	\$18,575,200	
2020	1,539,300	1,231,440	307,860			2,760,914	18,575,200	
2021	1,538,550	1,230,840	307,710			2,760,914	18,575,200	
2022	1,536,300	1,229,040	307,260			2,760,914	18,575,200	
2023	1,537,550	1,230,040	307,510			2,760,914	18,575,200	
2024	1,542,050	1,233,640	308,410			2,760,914	18,575,200	
2025	1,539,550	1,231,640	307,910			2,760,914	18,575,200	
2026	1,540,300	1,232,240	308,060			2,760,914	18,575,200	
2027	1,539,050	1,231,240	307,810			2,760,914	18,575,200	
2028	1,540,800	1,232,640	308,160			2,760,914	18,575,200	
2029	1,535,300	1,228,240	307,060			2,760,914	18,575,200	
2030	1,537,800	1,230,240	307,560			2,760,914	18,575,200	

2031	1,537,800	1,230,240	307,560			2,760,914	18,575,200
2032	1,540,300	1,232,240	308,060			2,760,914	18,575,200
2033	1,540,050	1,232,040	308,010			2,760,914	18,575,200
2034	1,542,050	1,233,640	308,410			2,760,914	18,575,200
2035	1,536,050	1,228,840	307,210			2,760,914	18,575,200
2036	1,542,300	1,233,840	308,460			2,760,914	18,575,200
2037	2,289,036	1,831,229	457,807			2,760,914	18,575,200
2038						2,760,914	18,575,200
2039						2,760,914	18,575,200
2040						2,760,914	18,575,200
2041						2,760,914	18,575,200
2042						2,760,914	18,575,200
2043						2,760,914	18,575,200
2044						2,760,914	18,575,200
2045						2,760,914	18,575,200
2046						2,760,914	18,575,200
2047						2,760,914	18,575,200
2048						2,760,914	18,575,200

<sup>1</sup> The Authority is required to deposit, with the Trustee, the principal of and interest on the 2016 Refunding Certificates and the 2018 Certificates due on each January 1 and July 1 on or before the fifteenth day of the month immediately preceding each such date

<sup>2</sup> Projected. FTA 5307 Funds equal to 80% of 2016 Certificates Lease Payments. For Fiscal Year ending June 30, 2018, the total apportionment was \$7,568,961. Assumes future available FTA funds in an amount equal to FTA funds received for Fiscal Year Ending June 30, 2018 (unaudited).

<sup>3</sup> Includes Lease Payments due and payable with respect to the 2016 Refunding Certificates and the 2018 Certificates.

<sup>4</sup> Projected. Assumes future LTF, STA and Farebox Revenues in an amount equal to LTF, STA and Farebox Revenues equal to the amount received by the Authority for Fiscal Year Ending June 30, 2018 (unaudited). FTA capital grant funds are NOT available to pay Lease Payments applicable to the 2018 Certificates; however, FTA capital grant funds are available to pay 80% of Lease Payments applicable to the 2016 Refunding Certificates.

<sup>5</sup> A portion of the final Lease Payment is assumed to be made from moneys in the Reserve Fund.

## Local Revenues

**TDA Funds.** The Revenues consist in part of an allocation of sales tax revenue under the California Transportation Development Act of 1971, as amended (the “TDA”), whereby one-fourth of 1% of the State’s current 7.25% sales tax is made available for public transportation and operating and capital expenses in the County in which the sales tax is collected. The TDA provides two sources for funding public transportation. The first is the county Local Transportation Fund (“LTF”) which was established in 1972. The second is the State Transit Assistance Program (“STA”) which was established in 1979.

**LTF Funds.** The LTF is used for the deposit of sales tax revenues apportioned to San Bernardino County (the “County”) on the basis of the amount of such tax revenues collected by the State Department of Tax and Fee Administration, as successor to the prior State Board of

Equalization, within the County (“LTF Funds”). LTF Funds are apportioned, allocated and paid by designated local or regional transportation planning entities to individual transportation service entities. The San Bernardino County Transportation Authority (“SBCTA”), as successor to the San Bernardino Associated Governments (“SANBAG”), is the agency responsible for approving allocations of LTF Funds from the San Bernardino County Transportation Fund. LTF Funds of the County are “apportioned” to the Authority based on the proportional population in the service area.

In accordance with procedures and eligibility requirements set forth in the TDA, the Authority submits an annual budget and TDA claim to SBCTA in order to request the payment of apportioned LTF Funds. SBCTA then releases these funds in equal quarterly payments. LTF Funds are generally received in four equal quarterly installments.

The Authority has been in compliance with TDA eligibility requirements and has received LTF Funds in each year since the Authority’s inception in 1991. The Authority makes the determination each year as to the amount to be allocated to operations and capital from the total amount of LTF Funds received each year.

The Authority may submit supplemental claims for LTF Funds during the year. Funds remaining with the County Auditor/Controller-Recorder are carried over to the following year. The Authority currently has \$6,583,570 in unspent LTF Funds from FY 2017-18 carried over into FY 2018-19.

Below are the historical and projected amounts of budgeted LTF Funds apportioned by the SBCTA to the Authority each fiscal year, the amount of allocated funds included in the annual budget for transit operations by the Authority each year, and the amount actually expended by the Authority each fiscal year for transit operations in the fiscal years indicated.

**VICTOR VALLEY TRANSIT AUTHORITY  
LTF Funding Trends  
Fiscal Years 2010-2011 through 2018-19**

<u>Fiscal Year</u>	<u>Apportioned Annual LTF Funds Available for Transit<sup>1</sup></u>	<u>Budgeted LTF Funds for Transit<sup>2</sup></u>	<u>Actual LTF Funds expended on Transit Operations<sup>3</sup></u>
2010-11	\$9,026,973	\$6,589,662	\$5,315,424
2011-12	10,581,723	6,605,901	6,264,367
2012-13	13,038,303	6,776,663	6,356,954
2013-14	13,989,028	8,929,662	7,818,550
2014-15	13,884,116	8,839,258	8,827,902
2015-16	19,706,671	11,256,236	13,522,817
2016-17 <sup>4</sup>	21,281,084	13,381,882	12,318,159
2017-18 <sup>4, 6</sup>	23,408,898	16,825,328	15,055,943
2018-19 <sup>5, 7</sup>	18,180,039	15,802,216	N/A

<sup>1</sup>Represents amount of apportioned LTF Funds available to the Authority for transit purposes. To the extent not needed by the Authority for Transit operations, the balance is used for street maintenance and construction within the member entities of the Authority. Transit operations, including debt service, have priority when budgeting these funds.

<sup>2</sup>Represents amount of budgeted LTF Funds to be used by the Authority each fiscal year for transit operations.

<sup>3</sup>Represents amount of LTF Funds actually expended by the Authority for operations. To the extent the budgeted share is not used by the Authority, such excess is carried over for future fiscal years.

<sup>4</sup>Increase in LTF largely driven by release of accumulated non-allocated funds surplus generated in prior years by variance between issuing authority's (SBCTA's) assumptions and actual tax revenues. In FY 2017-18 excess funds released to VVTA were \$3.9m.

<sup>5</sup>SBCTA has flushed out all accumulated reserves (see note 4) and increased its "emergency funds reserve," resulting in a lowered funding amount for VVTA in FY 2018-19.

<sup>6</sup> Unaudited, actual.

<sup>7</sup> Projected.

Source: The Authority

**STA Funds.** STA Funds come from the Public Transportation Account ("PTA"), which derives its revenues from the state sales tax on diesel fuel. Since STA, as part of the PTA, is tied to the value of sales on these fuels, this funding source is subject to significant fluctuations.

The distribution of STA Funds, as determined by the State Transportation Blueprint legislation in 1990 and as amended by Senate Bill 45 in 1997 and Senate Bill 1 in 2017, is as follows:

- • SB 1 added a new 4% sales tax rate to the State's rate on diesel fuel; of that new revenue, 87.5% (i.e. the 3.50% increment of the new 4.00%) is dedicated solely to STA Funds.
  - 50% of the new SB 1 funds are distributed to regional transportation planning agencies on the basis of population, for allocation to public transportation programs supported by and consistent with LTF.
  - 50% of the new SB 1 funds are distributed among the regional transportation planning agencies on the basis of the proportion of local transit revenues generated in the region to the total local transit fare revenues generated in the State. Within each

region, these funds are distributed by formula among the public transit operators on the basis of local transit revenue generation.

- 25% of the underlying, historic (i.e. pre-SB 1) funds are distributed to regional transportation planning agencies on the basis of population, for allocation to public transportation programs supported by and consistent with LTF.
- 25% of the underlying, historic (i.e. pre-SB 1) funds are distributed among the regional transportation planning agencies on the basis of the proportion of local transit revenues generated in the region to the total local transit revenues generated in the State. Within each region, these funds are distributed by formula among the public transit operators on the basis of local transit revenue generation.
- 50% of the funds are available for appropriation by the legislature to State transit programs, including Amtrak contracts, intercity passenger rail services, abandoned railroad right-of-way acquisition, bus rehabilitation, guideway construction, rolling stock acquisition, grade separations and multimodal interface facilities.

The Authority has always been in compliance with STA eligibility requirements. Each year SBCTA, the regional transportation planning agency for San Bernardino County, allocates VVTA STA funds which are to be used for capital projects. VVTA then budgets those funds and they are claimed on a reimbursement basis by the Authority as these capital expenditures are made. STA funds are available to support debt service, and they also are a source of capital funding which increases the amount of funds from other sources which are available for debt service.

Below are the historical and projected amounts of STA Funds available from the STA Fund in the years indicated.

**VICTOR VALLEY TRANSIT AUTHORITY  
STA Funding Trends  
Fiscal Years 2010-2011 through 2018-19**

<u>Fiscal Year</u>	<u>Total</u>
2010-11	\$1,007,610
2011-12	971,600
2012-13	495,469
2013-14	349,267
2014-15	208,262
2015-16	900,936
2016-17	537,385
2017-18	263,577
2018-19*	581,304

\*Projected.  
Source: The Authority

**Farebox Revenues.** The Authority utilizes different types of fare payment on the fixed routes, county routes and deviated (going off-route due if needed) routes. The following table shows current cash fares for various categories of transit riders.

**VICTOR VALLEY TRANSIT AUTHORITY**  
**Current Fares by Service Type**

<u>Service Type</u>	<u>Regular</u>	<u>Student</u>	<u>Senior and Disabled</u>	<u>Children 5 and Under (3 per adult fare)</u>
Fixed Routes	\$1.50	\$1.25	\$0.75	Free
County Routes	2.50	2.25	1.25	Free
Deviated Routes	2.00	2.00	1.00	Free
Commuter Routes	13.00	N/A	N/A	Free

Source: The Authority

The Authority also offers day passes and monthly passes available for fixed and county routes.

The Authority's ridership, passenger fare revenues and operating expenses for fiscal years 2010-2011 through 2017-18 are summarized below. The increase in passengers, Farebox Revenues and Operating Expenses beginning in FY 2015-2016 is due to the merger of the Authority with Barstow Area Transit on July 1, 2015. On October 1, 2017, the Authority implemented a fare increase of \$0.25 for Fixed and County Route fares, \$1.00 for Commuter Routes, and \$0.50 for Intercity routes.

**VICTOR VALLEY TRANSIT AUTHORITY**  
**Ridership, Farebox Revenues and Operating Expenses**  
**For Fiscal Years 2010-2011 through 2017-18**

<u>Fiscal Year</u>	<u>Passengers</u>	<u>Farebox Revenues</u>	<u>Operating Expenses</u>
2010-11	1,686,194	\$1,865,371	\$9,139,378
2011-12	1,880,612	2,006,421	10,416,630
2012-13	2,151,301	2,538,309	12,664,795
2013-14	2,369,734	2,618,125	12,612,728
2014-15	2,695,213	2,810,617	14,063,154
2015-16	2,725,591	2,767,592	19,362,613
2016-17	2,502,130	2,861,282	20,431,026
2017-18 <sup>1</sup>	2,292,161	2,758,317	23,608,909

<sup>1</sup> Unaudited, actual.  
Source: The Authority

## Federal Funding

*The Authority expects to make Lease Payments with respect to the Certificates from all legally available funds of the Authority. Revenues include, without limitation, (a) LTF funds; (b) STA funds; and (c) Farebox Revenues. Revenues exclude all FTA capital grant funds, however FTA capital grant funds remain a major revenue source for the Authority and will continue to be a source of payment for the 2016 Refunding Certificates.*

Funds are available from FTA to qualified transit authorities pursuant to procedures set forth in the Federal Transit Act (“FT Act”) and regulations published pursuant to the FT Act, subject to Congressional authorization and approval and subject to the continuing compliance of the recipient with FTA funding requirements and guidance.

The FT Act was enacted for the purpose of providing Federal assistance to public mass transportation systems. The Authority currently receives funds as provided under Sections 5307, 5310 and 5311 of the FT Act. Section 5307 capital grants are allocated by FTA directly to Authority on the basis of population, population density, bus revenue miles, passengers and passenger miles. These funds can be used for both operating and capital assistance.

The Authority currently receives federal operating and capital assistance pursuant to the Fixing America’s Surface Transportation Act (“FAST”). FAST was signed by President Obama on December 4, 2015, and with guaranteed funding for highways, highway safety, and public transportation totaling \$305 billion over the next five years. FAST represents the largest surface transportation investment in U.S. history. FAST replaces the Moving Ahead for Progress in the 21<sup>st</sup> Century (“MAP21”), which governed federal surface transportation programs from July 2012, was extended 5 times until the adoption of FAST. FAST addresses challenges such as improving safety, reducing traffic congestion, improving efficiency in freight movement, increasing intermodal connectivity and protecting the environment.

Below are the amounts of FTA Section 5307 funds made available and projected to be made available to the Authority for capital purposes (including preventative maintenance) in the years indicated, including the current fiscal year. Although the Authority believes that the projections are reasonable estimates, no assurance can be given that the amounts projected in future fiscal years will be available.

### **VICTOR VALLEY TRANSIT AUTHORITY FTA Section 5307 Capital Grant Funding Trends Fiscal Years 2010-11 through 2018-19**

<u>Year</u>	<u>FTA Section 5307 Capital Funds Allocated</u>
2010-11	\$2,568,357
2011-12	2,651,504
2012-13 <sup>1</sup>	2,922,855
2013-14 <sup>1</sup>	4,584,709
2014-15	3,352,928
2015-16 <sup>2</sup>	5,417,539
2016-17	6,932,681
2017-18	6,696,879
2018-19 <sup>3</sup>	6,932,681

<sup>1</sup> FY 2013-14 included \$1.03M in carryover from FY 2012-13.

<sup>2</sup> Increase due to first year of receipt of vanpool subsidy funds due to the

reporting of vanpool miles.

<sup>3</sup> Projected. There can be no assurance that the amounts projected in future fiscal years will be equal to such amounts.

Source: The Authority

The process of obtaining funds authorized by Section 5307 of the FT Act begins with the filing of a funding request with FTA. Each year, the Authority files an annual funding request with the FTA for the approval of the payment of the Net Lease Payments for the 2016 Refunding Certificates only. At its current funding level, the FTA Section 5307 funds will be sufficient to pay 80% of the Net Lease Payments for the 2016 Refunding Certificates until the final maturity of the 2016 Refunding Certificates. FAST provides federal funding for transportation purposes through September 30, 2020, and receipt of funding by the Authority beyond such date is subject to future Congressional appropriation for transit purposes. Any future funding by FTA, including the actual funding level, is subject to future Congressional authorization and future Congressional appropriation beyond September 30, 2020, including any changes to the FT Act and FAST. Future Congressional legislation or action could reduce or eliminate Section 5307 capital funding levels, thus requiring a corresponding increase in the local share needed to pay debt service on the 2016 Refunding Certificates. The Authority's receipt of future FTA funding is also subject to the Authority's continuing compliance with FTA funding requirements and guidance. FTA may withdraw, suspend, or delay funding if the Authority fails to comply with such requirements. The Authority has covenanted in the Lease Agreement to comply with all applicable FTA funding requirements and guidance to continue to receive Section 5307 funds. See "RISK FACTORS—Local, State and Federal Funding for Transit."

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**CALIFORNIA TRANSIT FINANCE CORPORATION**

The California Transit Finance Corporation (the "Corporation") is a nonprofit, public benefit corporation created in 1990 by the California Transit Association to provide assistance to transit entities in the State of California in financing (a) certain capital improvements and equipment, such as the Leased Property, and (b) cash flow deficiencies. The Corporation may enter into other financings with other transit entities located in California which will have no impact on the Certificates. None of the funds of the Corporation are pledged to make any payments with respect to the Certificates. No assets of the Corporation are available to make any payments with respect to the Certificates. Neither the Corporation nor any of its officers have any personal liability with respect to the Certificates. The Corporation is governed by a five-member Board, who are representatives of members of the California Transit Association, including various transit entities located in the State of California. The current Directors of the Corporation are listed below; Joshua W. Shaw serves as the General Manger of the Corporation.

<u>Director</u>	<u>Occupation</u>
Kevin Kane	Executive Director, Victor Valley Transit Authority
Gloria Salazar	Chief Financial Officer, San Joaquin Regional Transit District
Kam Shadan	Vice President, Gannet Fleming
Raj Srinath	Chief Financial Officer, Santa Clara Valley Transportation Authority
[]	

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## THE AUTHORITY

### General

Victor Valley Transit Authority is a joint powers authority that provides bus, ADA paratransit, vanpool, commuter service, and mobility management services. The Authority's service area spans over 950 square miles, and provides daily service to Adelanto, Apple Valley, Barstow, Hesperia, Victorville and unincorporated San Bernardino County, including Helendale, Lucerne Valley, Oro Grande, Phelan, Pinon Hills, and Wrightwood. The Authority provides commuter service to Fort Irwin National Training Center and lifeline service connecting the High Desert to the Inland Empire on weekdays and Needles to Barstow on Fridays. The Authority is the designated Coordinated Transportation Services Agency (CTSA) for the High Desert Area of San Bernardino County and is responsible for developing alternative transportation programs such as "car sharing", Transportation Reimbursement Programs, a vanpool subsidy initiative, and developing partnerships with non-profit agencies to provide transit services in remote areas.

The Victor Valley service area is located on the western edge of the Mojave Desert just north of the San Bernardino Mountains, roughly 45 miles north of the City of San Bernardino and 80 miles northeast of downtown Los Angeles. The area is known as the "high desert", with an elevation of about 3,000 feet above sea level and is located in San Bernardino County (the "County"), stretching from the City of San Bernardino on the western edge to the Nevada state line approximately 200 miles to the east.

The County of San Bernardino, the Cities of Victorville, Adelanto, and Hesperia, Barstow and the Town of Apple Valley (collectively, the "Parties") first entered into a joint powers agreement ("JPA") in 1974 in order to address the need for public transit in the Victor Valley area. On July 15, 2002, the Parties entered into a revised JPA, which has since been amended on August 21, 2006. The JPA creates the Authority, a joint exercise of powers authority separate and distinct from the Parties. On May 19, 2014, the Authority agreed to assume operations and administration of Barstow Area Transit ("BAT"), as a first step in merging BAT with the Authority. On April 20, 2015, the Parties agreed to amend the JPA to add the City of Barstow to the JPA. The merger was completed and the amended JPA became effective on July 1, 2015.

Effective May 1, 1993, the Cities of Victorville and Hesperia and the Town of Apple Valley formed a regional fixed route bus system providing integrated routes to coordinate travel throughout the urban areas of the Victor Valley. The City of Victorville operated the entire Regional Fixed Route bus system under contract with the Authority until April 1998, at which time operations were divided and shared with a new contractor, ATC Vancom (which has since been bought by Veolia Transportation, Inc. ("Veolia"), now operating as Transdev). The City of Victorville operated those fixed routes or portions of fixed routes that travel mostly within Victorville's city limits. However, on January 3, 2005, all Victorville transit operations were turned over to Veolia.

Operational services are provided by Transdev Inc. ("Transdev"), pursuant to a Contract for Transit Services (the "Transit Services Contract") between the Authority and Transdev (formerly known as Veolia Transportation, Inc.), dated as of August 17, 2011. The Transit Services Contract provides for the maintenance and operation of all Authority bus services, as well as facilities maintenance of the Leased Property. The Transit Services Contract commenced on September 1, 2011 and is set to terminate on September 30, 2018. The Authority will competitively bid the next 7 year operational service contract and an award of new contract is expected in August 2018.

The Authority currently operates twenty local fixed routes, four fixed routes in unincorporated San Bernardino County, seven county commuter routes, an interregional "B-V Link"

between Barstow and Victorville, and Americans with Disabilities Act (“ADA”) complementary paratransit bus services.

### **Governance and Management**

**Board of Directors.** The Authority is governed by its Board of Directors (the “Board”) with representatives from each constituent community. The Board sets policy and direction for the Authority’s administration to follow. The current members of the Board are set forth below.

#### **VICTOR VALLEY TRANSIT AUTHORITY Board of Directors**

Rich Harpole, Chair	City of Barstow
Gloria Garcia, Vice Chair	City of Victorville
Richard Kerr, Director	City of Adelanto
Larry Bird, Director	City of Hesperia
Barb Stanton, Director	Town of Apple Valley
Robert Lovingood, Director	San Bernardino County
James Ramos, Director	San Bernardino County

**Kevin Kane, Executive Director.** Mr. Kane has been with the Authority since 1998, and serving as the Executive Director since 2010. Prior to joining the Authority staff, Mr. Kane served as Vice President of McDonald Transit Associates, Inc., operating as an administrative contractor for the Authority and as the Director of Marketing and Service Development for Knoxville Area Transit in Knoxville, Tennessee.

Since 2010, Mr. Kane has led the Authority in the achievement of several prestigious awards including the CalACT Transportation Agency of the Year award and the CTA Transit Leadership award. This latter award was for providing strong leadership and vision to the transit industry as a whole.

Mr. Kane has been active in community and professional activities and currently serves on the CTA Executive Committee, the CalACT Board of Directors and the APTA small operators committee. He has also served on the Board of the Victorville Chamber of Commerce, the Victorville Rotary Board, the Victor Valley College Foundation Board, the Public Employees Risk Management Authority Board, the Southern California Associated Governments Regional Transit Task Force, the CALTRANS Smart Card Working Group, and the California Transit Association.

Mr. Kane earned his Bachelor of Arts degree in Communications at Iona College in New Rochelle, New York in 1972.

### **Existing Facilities and Equipment; Plan for Future Capital Improvements**

The Authority maintains a fleet of approximately 110 vehicles in active use for fixed route or ADA paratransit service. All vehicles are wheelchair-accessible, and the majority of the fleet operates using CNG.

The fleet is stored outside at the Leased Property within its high security Yard. The Authority’s management and operations are currently housed at the Leased Property in Hesperia, CA with a second location on State St. in Barstow, CA.

The Authority has also completed the initial phase of the Barstow Facility Project. The second phase of the Barstow Facility Project will be to improve the 5.58 acre parcel by constructing a

Bus maintenance and operations facility, which phase will be funded with the proceeds of the Certificates and which constitutes the Project. See “DESCRIPTION OF THE PROJECT” herein.

### **Employees**

The Authority has 24 full-time and 4 part-time employees.

### **Pension System**

The Authority employees are eligible to participate in the California Public Employees’ Retirement System (“CalPERS”), one of the largest public employee pension systems in the United States with approximately 1.7 million members made up of employees of the State of California and other California public agencies. The Authority is part of the Miscellaneous Employee Pension Plan (the “CalPERS Pool”), a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. The Authority’s employer required contribution to the pension plan was \$172,892 for the Fiscal Year ended June 30, 2018, which amount the Authority funded at a 100% level. As of June 30, 2018, and following the implementation of Governmental Accounting Standards Board Statement No. 68 (“Accounting and Financial Reporting for Pensions”), the Authority has an allocated pension liability of \$153,000 based on its share of the CalPERS Pool’s liability.

### **SB 1 Funding**

Senate Bill 1 (“SB 1”), the Road Repair and Accountability Act of 2017, was enacted into law on April 28, 2017. SB 1 is projected to make available \$54 billion to pay for road, bridge, local street and rail/transit projects over the next decade. SB 1 increases gas and diesel taxes and enacts new vehicle taxes and fees to provide the revenues to pay for these transportation projects. An initiative has qualified for the November 2018 general election ballot that would seek to repeal SB 1. The Authority does not anticipate using SB 1 funding for the Project.

The Authority includes within its 2018-2019 Adopted Budget SB 1 funding, which it will receive even if the repeal of SB 1 is successful. However, at this time the Authority is not budgeting for additional, future SB 1 funds in excess of those expected receipts.

### **Results of Operations**

The audited results of financial operations for the Authority for the past five fiscal years are summarized below.

**VICTOR VALLEY TRANSIT AUTHORITY**  
**Statements of Operations Years Ended June 30, 2013 through June 30, 2018**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>OPERATING REVENUE</b>						
Passenger Fares	\$2,419,169	\$2,489,965	\$2,669,197	\$2,619,972	\$2,650,632	\$2,546,084
Special Transit Fares	119,140	128,160	141,420	147,620	210,650	214,830
<b>TOTAL OPERATING REVENUE</b>	<b>2,538,309</b>	<b>2,618,125</b>	<b>2,810,617</b>	<b>2,767,592</b>	<b>2,861,282</b>	<b>2,760,914</b>
<b>OPERATING EXPENSES</b>						
Operations	10,301,767	12,612,728	14,063,154	16,996,159	17,569,115	18,798,032
General administration	2,363,028	1,970,049	2,270,728	2,366,454	2,861,911	3,234,442
Interest on Lease Payments (non-capitalized)	0	1,514,034	1,485,034	1,839,136	898,151	970,811
Depreciation	3,028,340	3,659,414	3,872,939	4,413,950	4,730,084	4,871,987
<b>TOTAL OPERATING EXPENSES</b>	<b>15,693,135</b>	<b>19,756,225</b>	<b>21,691,855</b>	<b>25,615,699</b>	<b>26,059,261</b>	<b>27,875,272</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(13,154,826)</b>	<b>(17,138,100)</b>	<b>(18,881,238)</b>	<b>(22,848,107)</b>	<b>(23,197,979)</b>	<b>(25,114,358)</b>
<b>NONOPERATING REVENUE</b>						
Nontransportation revenue						
Interest income	186,467	180,645	196,601	192,601	60,976	55,457
Reimbursements						
Gain (loss) on disposal of fixed assets	0	(5,790)	24,424	36,129	61,536	19,236
Miscellaneous	538,414	2,444,110	1,143,962	2,614,347	400,535	253,600
Local Transportation Fund						
Article 8c	6,671,960	8,236,473	9,255,896	13,498,317		
Article 4					12,930,092	14,993,993
Article 3	53,263	84,166	1,846	24,500	24,148	60,950
State Transit Assistance Fund						
Article 6.5	495,469	349,267	208,262	3,224,440	476,435	759,343
Federal Transportation Administration						
Section 5307	2,922,855	3,388,154	3,305,282	5,417,539	3,519,363	3,953,539
Section 5309	326,851	518,661	626,227	19,461	0	0
Section 5310	0	0	0	22,481	50,648	230,662
Section 5311	341,694	349,418	322,534	591,098	632,855	647,285
Section 5316	132,178	63,541	65,704	195,401	47,511	95,135
Section 5317	72,558	223,431	315,932	127,841	86,566	58,741
Section 5339	27,016	352,150	78,249	668,946	0	564,908
CMAQ	630,215	926,593	47,646	2,334,977	81,005	2,475,945
A.B. 2766	132,120	247,120	133,260	205,320	113,320	235,151
Measure I	739,412	799,665	916,985	1,555,011	1,975,721	1,385,581
CA. State Toll Credits	0	0	0	0	23,348	0
LCTOP	0	0	0	0	10,018	11,274
Proposition 1B	731,968	1,836,167	2,623,038	832,871	428,008	2,457,355
Other Capital Grants	0	490,000	0	40,237	40,237	674,815
<b>TOTAL NONOPERATING REVENUE</b>	<b>14,002,440</b>	<b>20,483,771</b>	<b>19,265,848</b>	<b>31,601,517</b>	<b>20,962,322</b>	<b>28,932,969</b>
<b>NET INCOME (LOSS)</b>	<b>847,614</b>	<b>3,345,671</b>	<b>384,610</b>	<b>8,753,410</b>	<b>(2,235,657)</b>	<b>3,818,611</b>
Prior Period Adjustment			(67,944)	0	0	0
<b>RETAINED EARNINGS-BEGINNING</b>	<b>35,697,812</b>	<b>36,545,426</b>	<b>39,891,097</b>	<b>40,207,763</b>	<b>48,961,173</b>	<b>46,725,516</b>
<b>RETAINED EARNINGS-END</b>	<b>\$36,545,426</b>	<b>\$39,891,097</b>	<b>\$40,207,763</b>	<b>\$48,961,173</b>	<b>\$46,725,516</b>	<b>\$50,544,127</b>

**Independent Accountants**

The financial statements of the Authority for the fiscal year ended June 30, 2017 have been audited by Vavrinek, Trine, Day & Co., L.L.P., Certified Public Accountants. The Authority's financial statements for the fiscal year ended June 30, 2017 are attached hereto as "APPENDIX D". See the footnotes to the Authority's financial statements included herein as "APPENDIX D" for certain other information concerning the Authority.

Vavrinek, Trine, Day & Co., LLP, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in its report. Vavrinek, Trine, Day & Co., LLP also has not performed any procedures relating to this Official Statement.

### **Budgets**

In June of each year, the Executive Director submits to the Board a proposed budget for the following fiscal year. Public hearings are then conducted to obtain comments. The budget is legally enacted through passage of a resolution by the Board.

The following table summarizes Authority's 2017-18 Adopted Budget and 2018-2019 Adopted Budget.

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**VICTOR VALLEY TRANSIT AUTHORITY**  
**Adopted Budgets for Fiscal Years 2017-2018 and 2018-2019**

	<u>2017-2018</u> <u>Adopted Budget</u>	<u>2018-2019</u> <u>Adopted Budget</u>
<b>REVENUES</b>		
<b>Operating Revenue</b>		
Section 5311	647,285	671,949
Section 5310	35,000	28,048
Section 5316/5317 (JARC, New Freedom)	89,294	16,000
CMAQ Demonstration	101,689	280,617
LTF	12,481,745	12,727,216
Measure I	1,549,464	1,144,842
AB 2766	113,320	1,105,015
LCTOP	45,878	646,529
Passenger fares	3,146,150	3,036,000
Other	142,700	225,000
<b>Total Operating Revenues</b>	<u>18,352,525</u>	<u>19,881,216</u>
<b>Capital Revenues</b>		
Section 5307	5,203,357	7,430,971
Section 5339	753,992	2,969,755
LTF	4,343,582	3,075,000
CMAQ	2,713,000	966,000
STAF	263,557	581,304
SB1 Gas Tax (State of Good Repair)	0	1,363,694
Certificates of Participation	0	5,000,000
Other	850,280	1,055,440
<b>Total Capital Revenues</b>	<u>14,127,768</u>	<u>22,442,164</u>
<b>TOTAL ALL REVENUES</b>	<u>\$32,480,293</u>	<u>\$42,323,380</u>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Fixed Route	\$8,094,765	\$9,460,010
Complementary Paratransit	4,238,679	4,533,187
Community routes	1,610,474	2,164,784
BV Link	642,700	666,080
Barstow Area Transit	2,626,365	2,878,984
NTC Commuter	604,756	727,146
Van Pools	1,239,500	1,238,337
CTSA	743,112	748,135
VVTA Yard	192,404	207,578
VVTA administration	2,359,769	2,556,974
Total Operating Expenses	<u>22,352,526</u>	<u>25,181,216</u>
(Less) Capital Operating Assistance	-4,000,000	-5,300,000
<b>Net Operating Expenses</b>	<u>18,352,526</u>	<u>19,881,216</u>
<b>Capital Expenses</b>		
Fixed route	7,714,441	13,379,718
Complementary Paratransit	917,884	1,564,000
Community routes	3,380,481	400,000
Barstow Area Transit	-	5,696,827
CTSA	67,762	0
Facilities	2,035,500	1,401,618
qVVTA administration	11,700	0
<b>Total Capital Expenses</b>	<u>14,127,768</u>	<u>22,442,164</u>
<b>TOTAL ALL EXPENSES</b>	<u>\$32,480,293</u>	<u>\$42,323,380</u>

Source: The Authority's Annual Budget Fiscal Year 2017-2018 and Annual Budget Fiscal Year 2018-2019

## **RISK FACTORS**

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating a purchase of the Certificates. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

### **Full Faith and Credit Not Pledged**

The Authority has not pledged its full faith and credit to the payment of Lease Payments. In the event that the Revenues are in any year insufficient to pay a portion of Lease Payments, the Authority is not obligated to pay the remaining portion of Lease Payments from any other funds of the Authority.

### **Local, State and Federal Funding for Transit**

The Revenues of the Authority available to make Lease Payments include revenues derived from a portion of the sales taxes levied in the County. The amount of Revenues could significantly change if current laws governing the use and distribution of Revenues is amended or if there is a significant decrease in future sales tax revenues in the County. See “SOURCES OF REVENUES—Local Revenues” herein.

### **No Liability of the Federal Transit Administration, the Federal Government or any of its Agencies**

Neither the Certificates nor the obligation of the Authority to make Lease Payments under the Lease Agreement constitutes a debt of the Federal Transit Administration, the federal government, or any of its departments, agencies, administrations, or subdivision nor a commitment or moral obligation by any of these federal entities to authorize or approve funding for repayment of the Authority’s Lease Payments.

### **Insurance**

The Authority covenants under the Lease Agreement to cause to be maintained property insurance on the Project; provided, however, that at any time that such insurance is not available on commercially reasonable terms at reasonable rates from reputable insurers, the Authority may self-insure. See “APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SUMMARY OF LEASE AGREEMENT—Insurance; Eminent Domain.”

### **Service Contracts**

The Authority currently maintains the Transit Services Contract with Transdev, set to expire, unless extended according to the terms of the contract, no later than September 30, 2018. The Transit Services Contract includes operation and regular maintenance of facilities. The Authority will competitively bid the next 5 year operational service contract that will include 2 1-year options to extend the term of the contract in favor of the Authority; the new contract was awarded to \_\_\_\_\_. There can be no assurance that upon the expiration date the service contract will be renewed, nor can there be any assurance that the Authority will be able to negotiate new service contracts with other service providers.

### **Limited Recourse on Default**

In the event the Authority defaults on its obligations to make Lease Payments with respect to the Project under the Lease Agreement, the Trustee, as assignee of the Corporation, may (subject to the restrictions described below) retain the Lease Agreement and hold the Authority liable, but solely from Farebox Revenues and LTF Funds, for all Lease Payments on an annual basis. Alternatively, the Trustee may, by written notice, terminate the Lease Agreement with respect to the Leased Property and proceed against the Authority to recover damages pursuant to the Lease Agreement. The Trustee, the Corporation, or any of their assignees, do not have the right to resell, relet or take possession of the Leased Property in the event of default by the Authority under the Lease Agreement. The Authority, the Trustee, the Corporation, or any of their assignees do not have the right to execute any transfer of title, lease, lien, pledge, mortgage, encumbrance, third party agreement, grant anticipation note, alienation, innovative finance arrangement or any other obligation pertaining to the Leased Property, without prior FTA approval.

It is uncertain what remedies will actually be available to the Trustee in the event of a default. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

### **Loss of Tax Exemption**

As discussed under the heading "TAX EXEMPTION" herein, the interest represented by the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates, as a result of acts or omissions of the Authority in violation of its covenants in the Trust Agreement and the Lease Agreement. Should such an event of taxability occur, the Certificates would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Trust Agreement. In addition, if the Authority defaults on its obligations to make Lease Payments, the Trustee may have limited ability to re-let the Leased Property so as to preserve the tax-exempt nature of the interest component of the Lease Payments and the Certificates.

### **Limited Ability to Accelerate Lease Payments**

In the event of a default, although the Lease Agreement provides that the Trustee may accelerate payment of the Lease Payments, as a practical matter, the Authority is unlikely to have sufficient Revenues available to pay all of the Lease Payments in the event the Trustee accelerates payment of the Lease Payments upon the occurrence of an Event of Default.

### **No Liability of Corporation to the Owners**

Except as expressly provided in the Trust Agreement, the Corporation shall not have any obligation or liability to the Owners of the Certificates with respect to the payment when due of the Lease Payments by the Authority, or with respect to the performance by the Authority of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

### **Bankruptcy and Equitable Limitations**

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement and the Lease Agreement may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or

equitable principles that may affect the enforcement of creditors' rights. The various legal opinions to be delivered concurrently with the delivery of the Certificates (including Special Counsel's approving legal opinion) will be qualified, as to the enforceability of the Certificates, the Trust Agreement, the Lease Agreement and other related documents, by bankruptcy, reorganization, moratorium, insolvency, fraudulent conveyance or other similar laws relating to or affecting the enforcement of creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in the appropriate cases and to the limitation on legal remedies against public agencies in the State.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) which governs the bankruptcy proceedings for public agencies such as the Authority, there are no involuntary petitions in bankruptcy. If the Authority was to file a petition under Chapter 9 of the Bankruptcy Code, the Owners and the Trustee could be prohibited from taking any steps to enforce their rights under the Lease Agreement and the Trust Agreement, and from taking any steps to collect amounts due from the Authority under the Lease Agreement.

### **BOOK-ENTRY-ONLY SYSTEM**

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, interest and other payments on the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Certificates (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Certificates (the "Agent") take any responsibility for the information contained in this section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

**BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF CERTIFICATES AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.**

In the event that the book entry only system is discontinued, payments of principal, premium, if any, and interest with respect to the Certificates and payment of the maturity amount, and prepayment premium, if any, of the Certificates shall be payable as described herein under the caption "THE CERTIFICATES—General Provisions."

## ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation now pending against the Corporation or the Authority or, to the knowledge of their officers, threatened, restraining or enjoining the sale, execution or delivery of the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement or the Site Lease or in any way contesting or affecting the validity of the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement or the Site Lease.

Various other claims have been asserted against the Authority which in the opinion of the Authority will not materially adversely affect the Authority's ability to meet its obligations under the Lease Agreement, including its obligation to make Lease Payments.

## TAX EXEMPTION

### General

In the opinion of Nossaman LLP, Special Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Lease Payment designated as and representing interest and received by the Owners of the Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. A copy of the proposed opinion of Special Counsel is set forth in "APPENDIX E" hereto.

The Internal Revenue Code of 1986 (the "Code") imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as that represented by the Certificates. The Authority has covenanted to comply with certain restrictions designed to assure that the Interest Portion will not be included in federal gross income. Failure to comply with these covenants may result in the Interest Portion being included in federal gross income, possibly from the date of execution and delivery of the Certificates. The opinion of Special Counsel assumes compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Certificates may affect the value of, or the tax status of the Interest Portion of, the Certificates. Further, no assurance can be given that pending or future legislation or amendments to the Code will not adversely affect the value of, or the tax status of the Interest Portion of, the Certificates. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Special Counsel is further of the opinion that, for tax years beginning prior to January 1, 2018, the Interest Portion is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Special Counsel observes, however, that the Interest Portion is included in adjusted current earnings in calculating corporate alternative minimum taxable income.

Although Special Counsel is of the opinion that the Interest Portion is excluded from gross income tax purposes and is exempt from State of California personal taxes, the ownership or disposition of, or the accrual or receipt of the Interest Portion may otherwise affect a Beneficial Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any other such tax consequences.

## **Tax Treatment of Original Issue Discount and Premium**

If the initial offering price to the public (excluding bond houses and brokers) at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Certificate is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Certificate (other than a purchaser who holds such Certificate as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Certificate constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as the Interest Portion. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Certificate and the basis of such Certificate acquired at such initial offering price by an initial purchaser of each such Certificate will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase such Certificates after the initial offering of a substantial amount thereof. Owners who do not purchase such Certificates in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Certificates. All holders of such Certificates should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Certificate based on the purchaser's yield to maturity in such Certificates, except that in the case of such a Certificate callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Certificate. A purchaser of such a Certificate is required to decrease his or her adjusted basis in such Certificate by the amount of premium attributable to each taxable year in which such purchaser holds such Certificate. The amount of premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Certificates should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of premium attributable to each taxable year and the effect of premium on the sale or other disposition of such a Certificate, and with respect to the state and local tax consequences of owning and disposing of such a Certificate.

### **Changes in Federal and State Tax Law; IRS Matters**

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Certificates. Such proposals, if enacted into law, may reduce the market value of tax-exempt debt, such as the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Certificates issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates or the market value thereof would be impacted thereby. Purchasers of the Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

The opinion of Special Counsel is based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates, covers certain matters not directly addressed by such legal authorities, and represents Special Counsel's judgment as to the proper treatment of the Interest Portion for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code or the applicable regulations, or the enforcement thereof by the IRS. The Authority has, however, covenanted to comply with the requirements of the Code.

Special Counsel's engagement with respect to the Lease and the Certificates ends with the issuance of the Lease and the Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Interest Portion in the event of an examination by the IRS. Under current procedures, parties other than the Authority (such as the Beneficial Owners) would have little, if any right, to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to the selection of the Certificates for audit, or the course or result of such audit, may affect the market price for or the marketability of the Certificates and may cause the Authority or the Beneficial Owners to incur significant expenses.

#### **RATING**

The Certificates have been assigned the rating of "\_\_\_" from Moody's Investors Service Inc. ("Moody's"). An explanation of the significance of such ratings may be obtained from Moody's at the following address: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007. The ratings reflect the views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. Further, there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely if in the sole judgment of such organizations circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Certificates.

#### **CONTINUING DISCLOSURE OBLIGATION**

The Authority has covenanted to provide such annual financial statements and other information in the manner required by Rule 15c2-12. The Authority has entered into an undertaking (the "Undertaking") for the benefit of the Owners of the Certificates to provide certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board or to certain information repositories of certain events, pursuant to the requirements of section (b)(5)(i) of Rule 15c2-12. See "APPENDIX B—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT" herein for a description of the Undertaking. These covenants are being made in order to assist the Underwriter (as defined below) in complying with Rule 15c2-12.

The Authority is in compliance with its continuing disclosure obligations under Rule 1502-12 for the last few Fiscal Years.

A failure by the Authority to comply with the Undertaking will not constitute an Event of Default under the Trust Agreement. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before

recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

### **APPROVAL OF LEGALITY**

Legal matters incident to the delivery of the Certificates are subject to the approving opinions of Nossaman LLP, Los Angeles, California, Special Counsel. The proposed form of the opinion of Special Counsel is attached hereto as "APPENDIX E." Copies of such opinion will be available at the time of delivery of the Certificates. Except for the matters discussed in their opinions, Special Counsel has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of this Official Statement or any proceedings, reports, correspondence, financial statements or other documents containing financial or other information related to the Authority which have been or may be furnished or disclosed to purchasers of the Certificates, and Special Counsel expresses no opinion with respect to such financial or other information or the accuracy or sufficiency thereof. Certain matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP. Payment of fees of Special Counsel and Underwriter's Counsel is contingent upon the execution and delivery of the Certificates.

### **UNDERWRITING**

The Certificates are being purchased by RBC Capital Markets, LLC (the "Underwriter"). The Underwriter has agreed to purchase the Certificates at a price of \$ \_\_\_\_\_ (being the par amount of the Certificates plus a net premium of \$ \_\_\_\_\_ less the Underwriter's discount of \$ \_\_\_\_\_). The purchase agreement relating to the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

Certificates may be offered and sold to certain dealers and others at prices lower than the offering prices stated on the cover hereof. The offering prices may be changed from time to time.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority.

### **FINANCIAL ADVISOR**

The Authority has retained PFM Financial Advisors LLC, San Francisco, California, as Financial Advisor in connection with the authorization and delivery of the Certificates. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fee of the Financial Advisor is contingent upon the execution and delivery of the Certificates.

## MISCELLANEOUS

The foregoing summaries do not purport to be complete and are expressly made subject to the provisions of the documents, copies of which may be obtained from the Trustee, or during the period of the offering, the Underwriter.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement does not constitute an agreement between the Corporation, the Authority or the Underwriter and the purchasers or owners of any of the Certificates.

Additional information relating to the Certificates and the Authority may be obtained upon request from the Authority located at 17150 Smoke Tree Street, Hesperia, California 92345, Attention: Executive Director.

This Official Statement and its distribution and use by the Underwriter has been duly authorized and approved by the Authority.

VICTOR VALLEY TRANSIT AUTHORITY

By \_\_\_\_\_  
Kevin Kane, Executive Director

**APPENDIX A**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**  
**AND DEFINITIONS OF CERTAIN TERMS**

[TO COME]

## APPENDIX B

### FORM OF CONTINUING DISCLOSURE AGREEMENT

§ \_\_\_\_\_  
**2018 Certificates of Participation  
(Transit Facilities Project)  
Evidencing Proportionate Interests of the Owners Thereof  
in Lease Payments to be Made by the  
VICTOR VALLEY TRANSIT AUTHORITY  
Pursuant to the Lease Agreement with  
California Transit Finance Corporation**

### CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the Victor Valley Transit Authority (the “VVTA” or the “Issuer”) and Digital Assurance Certificate, L. L.C., as the initial dissemination agent (“DAC” or “Dissemination Agent”) in connection with the issuance of the above-captioned 2018 Certificates of Participation (the “Certificates”). The Certificates are issued pursuant to a Trust Agreement, dated as of August 1, 2007, as amended by Amendment No. 1 to Trust Agreement, dated as of May 1, 2016 and Amendment No. 2 to Trust Agreement dated as of October 1, 2018 (collectively, the “Trust Agreement”), by and among the Issuer, the California Transit Finance Corporation (the “Corporation”), and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). The Issuer and DAC covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer and the Trustee for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates, including persons holding Certificates through nominees or depositories.

“Disclosure Representative” means the Finance Director/Controller of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee (and if the Dissemination Agent is not the Trustee, the Dissemination Agent) from time to time.

“Dissemination Agent” means any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. (“DAC”).

“Fiscal Year” means the twelve month period beginning on July 1 of each year and ending on June 30 of the following year.

“Holders” means either the registered owners of the Certificates, or, if the Certificates are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in its depository system.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Participating Underwriter” shall mean the original Underwriter of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Trustee” means The Bank of New York Mellon Trust Company, N.A.

### SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine months (presently March 31st, the “Annual Report Filing Deadline”) after the end of the Issuer’s Fiscal Year, commencing with the report for the [2017-18], provide to the MSRB (and upon request each year to the Participating Underwriter) an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. If the Annual Report Filing Deadline falls on a non-business day, then the Annual Report will be submitted on the next regularly scheduled business day. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the Annual Report Filing Deadline if they are not available by that date. The Issuer shall give notice of any change in its Fiscal Year in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the Annual Report Filing Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer and the Trustee to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the Annual Report Filing Deadline, the Dissemination Agent shall send notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Filing Deadline the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. (a) The Issuer's Annual Report shall contain, or incorporate by reference, the following updated information for the prior Fiscal Year:

(i) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the audited financial statements of the Issuer are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) The amount of LTF Funds allocated to the Issuer, the amount of LTF funds budgeted for transit, and the actual amount of LTF Funds expended on Transit, and all as set forth in the table in the section "SOURCES OF REVENUES – Local Revenues - LTF Funding Trends" in the final Official Statement.

(iv) The amount of STA Funds allocated to the Issuer in the prior Fiscal Year, as set forth in the table entitled "VICTOR VALLEY TRANSIT AUTHORITY - STA Funding Trends" in the final Official Statement.

(v) An update to the information set forth in the table entitled "NET LEASE PAYMENTS AND ANTICIPATED FUNDING SOURCES" in the final Official Statement showing the actual amounts and associated Annual Coverage Ratio for the prior Fiscal Year.

(vi) An update to the information about the Issuer's current fares by service type in the prior Fiscal Year, in the form set forth in the table entitled "VICTOR VALLEY TRANSIT AUTHORITY - Current Fares by Service Type" in the final Official Statement.

(vii) An update to the information about the Issuer's ridership, passenger fare revenues and operating expenses in the prior Fiscal Year, in the form set forth in the table entitled "VICTOR VALLEY TRANSIT AUTHORITY - Ridership, Farebox Revenues and Operating Expenses" in the final Official Statement.

(b) In addition to any of the information expressly required to be provided under paragraph (a) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above under Section 4(a) may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates not later than ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or an obligated person, or the sale of all or substantially all of the assets of the Issuer or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall, or shall cause the Dissemination Agent (if not the Issuer) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix)

above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The Issuer acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), and (a)(xiv) of this Section 5 contain the qualifier “if material.” The Issuer shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Issuer determines the event’s occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be DAC.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment requested by the Issuer, provided the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities law, acceptable to the Issuer and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Certificates, shall) or any Holder or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Trust Agreement and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

SECTION 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer: Victor Valley Transit Authority  
17150 Smoke Tree Street  
Hesperia, CA 92345  
Attn: Executive Director

To the Trustee: The Bank of New York Mellon Trust Company, N.A.  
400 South Hope Street, Suite 500  
Los Angeles, CA 90071  
Attn: Corporate Trust Division

To DAC: Digital Assurance Certification L.L.C. (DAC)  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Underwriter, the Holders of the Certificates and the Beneficial Owners of the Certificates from time to time, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: \_\_\_\_\_, 2018

**VICTOR VALLEY TRANSIT AUTHORITY**

By: \_\_\_\_\_  
Executive Director

**DIGITAL ASSURANCE CERTIFICATION, L.L.C.**

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Victor Valley Transit Authority

Name of Issue: 2018 Certificates of Participation (Transit Facilities Project)

Date of Issuance: \_\_\_\_\_, 2018

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Agreement dated as of \_\_\_\_\_, 2018. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

Cc: Issuer

## APPENDIX C

### INFORMATION CONCERNING THE REGION

*Neither the Lease Payments nor the Certificates are secured by or payable from any taxes or General Fund or any other revenues of the Authority but solely from the Revenues. The following information concerning the Authority and the area it services is presented only as general background data.*

#### **History and Background**

The Victor Valley area is located on the western edge of the Mojave Desert just north of the San Bernardino Mountains, roughly 45 miles north of the City of San Bernardino and 80 miles northeast of downtown Los Angeles. Major municipalities in the Victor Valley area include Victorville, Hesperia, Adelanto and Apple Valley. The area is known as the “high desert”, with an elevation of about 3,000 feet above sea level, and is located in San Bernardino County (the “County”), stretching from the City of San Bernardino on the western edge to the Nevada state line approximately 200 miles to the east. The County was established by an act of the State Legislature on April 23, 1853, and is the largest county in the State of California, encompassing an area of over 20,000 square miles, including twenty-four incorporated cities.

The Victor Valley region was historically known for its agricultural, industrial, and military land uses. During the last several decades, however, Victor Valley has become an area of increasing development in the Southern California Basin. As indicated above, the largest cities in the region are Apple Valley, Hesperia, and Victorville, each with populations exceeding 60,000, and each projected to have significant growth in the coming years. As the area’s residential population continues to grow, the economy of the area is diversifying, with a growing number of large-scale commercial or industrial office developments both completed and in the planning stages in the region.

#### **Geography and Climate**

Ninety percent of the County land area lies in the Mojave Desert region, while the remainder of the County includes the southern slopes of the San Bernardino Mountains and a valley into which an increasing population is moving.

In general, the climate of the County is similar to that typical of Southern California. However, the climate varies considerably with the topography and tends to be warmer in summer with less fog than coastal areas and cooler in the winter, especially in the higher elevations. Average yearly precipitation is about 18 inches, temperatures average 65 degrees Fahrenheit and humidity about 45%. Air quality is similar to that in the rest of the Los Angeles/San Bernardino Basin with seasonally fluctuating levels of secondary air pollutants.

Geologically, the area is characterized by deep unconsolidated alluvium overlying bedrock. Seismic considerations affecting the area are comparable to those affecting most of the surrounding areas. The elevation of the Ontario-Montclair area is 1,060 feet above sea level.

#### **Demographics and Economics**

The County is a charter county divided into five supervisory districts on the basis of registered voters and population. The County is governed by a five-member Board of Supervisors (the “Board”) who serve staggered four-year terms. The Chairman is elected by and from the members of the Board.

The County provides a wide range of services to its residents in the areas of police protection, medical and health care, senior citizen assistance, consumer affairs, public libraries, courts support programs, airports, parks, and public assistance programs. Other services such as fire protection, lighting, road maintenance, and flood control are provided by special districts that are governed by the Board of Supervisors. Some municipal services are provided by the County on a contractual basis to incorporated cities within their boundaries. This allows cities to contract for municipal services without incurring the cost of creating their own city departments and facilities.

## Population

The table below provides a summary of population changes for the County and the State from 2009-2018.

### SAN BERNARDINO COUNTY AND STATE OF CALIFORNIA POPULATION ESTIMATES

Year	County of San Bernardino	State of California
2009	2,019,432	36,966,713
2010	2,033,141	37,223,900
2011	2,054,451	37,529,913
2012	2,070,638	37,874,977
2013	2,085,944	38,234,391
2014	2,100,689	38,568,628
2015	2,120,672	38,912,464
2016	2,133,906	39,179,627
2017	2,155,590	39,500,973
2018	2,174,938	39,809,693

*Source: State Department of Finance estimates, Demographic Research Unit (as of January 1). Includes March 2010 Benchmark.*

## Employment

The unemployment rate in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (“MSA”) was 3.7% in May 2018. This compares with an unadjusted unemployment rate of 3.7% percent for the State and 3.6% for the nation during the same period. The unemployment rate was 3.8% in Riverside County and 3.6% in San Bernardino County.

The following table summarizes the civilian labor force, employment and unemployment, and wage and salary employment data for the MSA for calendar years 2013 through 2017. Annual figures are not yet available for the calendar year 2018.

**RIVERSIDE-SAN BERNARDINO-ONTARIO MSA  
(RIVERSIDE AND SAN BERNARDINO COUNTIES)  
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT  
(ANNUAL AVERAGES)**

	2013	2014	2015	2016	2017
Civilian Labor Force: <sup>(1)</sup>	1,893,100	1,921,000	1,956,900	1,984,900	2,022,100
Employment	1,706,800	1,765,300	1,828,200	1,866,600	1,918,600
Unemployment	186,300	155,700	128,600	118,300	103,600
Unemployment Rate	9.8%	8.1%	6.6%	6.0%	5.1%
Wage and Salary Employment: <sup>(2)</sup>					
Agriculture/Farm	14,500	14,400	14,800	14,600	14,400
Mining and Logging	1,200	1,300	1,300	900	900
Construction	70,000	77,600	85,700	92,000	97,000
Manufacturing	87,300	91,300	96,100	98,600	98,700
Wholesale Trade	56,400	58,900	61,600	62,800	63,700
Retail Trade	164,800	169,400	174,300	178,000	182,100
Trans., Warehousing, Utilities	78,500	86,600	97,400	107,300	120,200
Information	11,500	11,300	11,400	11,500	11,300
Finance and Insurance	26,200	26,600	26,900	26,700	26,200
Real Estate and Rental and Leasing	15,600	16,300	17,000	17,900	18,200
Professional and Business Services	131,900	138,700	147,400	145,000	147,200
Educational and Health Services	187,600	194,800	205,100	214,300	224,800
Leisure and Hospitality	135,900	144,800	151,700	160,200	165,700
Other Services	41,100	43,000	44,000	44,600	45,600
Federal Government	20,300	20,200	20,300	20,400	20,600
State Government	27,800	28,200	28,700	29,700	30,700
Local Government	177,100	180,400	184,400	192,200	198,600
Total, All Industries <sup>(3)</sup>	1,247,800	1,303,700	1,367,900	1,416,600	1,466,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Data is not seasonally adjusted. Totals may not add due to rounding.

Source: State of California Employment Development Department, Labor Market Information Division. Includes March 2017 Benchmark.

## Major Employers

The following table lists the major manufacturing and non-manufacturing employers in the County.

### COUNTY OF SAN BERNARDINO MAJOR EMPLOYERS, LISTED ALPHABETICALLY

Employer Name	Location	Industry
Amazon.com Inc.	Redlands	Distribution Centers (whls)
Arrowhead Regional Medical Ctr	Colton	Hospitals
BNSF Railway Co	San Bernardino	Railroads
Burlington	San Bernardino	Railroads
California State-San Brnrn	San Bernardino	Schools-Universities & Colleges Academic
Colton Joint Unified Sch Dist	Colton	Schools
Environmental Systems Research	Redlands	Geographics Information Systems
Fedex Ground	Bloomington	Delivery Service
Ferrellgas	Big Bear Lake	Gas-Propane-Refilling Stations
Ferrellgas	Yucca Lake	Propane (lp) Gas
Ferrellgas	Fontana	Gas-Propane-Refilling Stations
Ferrellgas	Apple Valley	Gas-Propane-Refilling Stations
Kaiser Permanente Fontana Med	Fontana	Hospitals
Loma Linda University Health	Loma Linda	Health Care Management
Loma Linda University Med Ctr	Loma Linda	Hospitals
Ontario International Airport	Ontario	Airports
Ontario-Montclair School District	Ontario	School Districts
Patton State Hospital	Patton	Hospitals
San Antonio Community Hospital	Upland	Hospitals
San Bernardino Cnty Schl Supt	San Bernardino	Schools
San Bernardino County Sherriff	San Bernardino	County Government-General Offices
St Bernardine Medical Ctr	San Bernardino	Hospitals
St Mary's Medical Ctr	Apple Valley	Hospitals
Transportation Department	San Bernardino	Government Officers-State
YRC Freight	Bloomington	Trucking-Motor Freight

Source: State of California Employment Development Department; America's Labor Market Information System (ALMIS) Employer Database, 2018 2<sup>nd</sup> Edition.

## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other than labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, nontax payments, fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2014 through 2018.

### COUNTY OF SAN BERNARDINO EFFECTIVE BUYING INCOME 2014 THROUGH 2018

Year	Area	Total Effective Buying Income (000s’ Omitted)	Median Household Effective Buying Income
2014	San Bernardino County	\$33,477,907	\$43,034
	California	858,676,636	48,340
	United States	6,982,757,378	43,715
2015	San Bernardino County	\$33,866,800	\$43,919
	California	901,189,698	50,072
	United States	7,357,153,421	45,448
2016	San Bernardino County	\$36,970,540	\$46,789
	California	981,231,666	53,589
	United States	7,757,960,398	46,738
2017	San Bernardino County	\$38,150,683	\$47,423
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	San Bernardino County	\$40,600,305	\$50,226
	California	1,113,648,180	59,646
	United States	8,640,770,228	50,735

*Source: The Nielsen Company (US), LLC.*

## Commercial Activity

During the calendar year 2016, total taxable transactions in the County were reported to be \$36,981,694, a 4.44% increase over the total taxable transactions of \$35,338,556 that were reported in the County during the calendar year 2015. A summary of historic taxable sales within the County during the past five years is shown in the following table. Annual figures are not yet available for calendar year 2017.

### COUNTY OF SAN BERNARDINO TAXABLE TRANSACTIONS (FIGURES IN THOUSANDS)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	35,095	\$19,980,937	48,936	\$29,531,921
2013	32,986	21,173,875	46,632	31,177,823
2014	34,455	22,240,376	48,349	33,055,967
2015	38,282	23,142,828	56,961	35,338,556
2016	38,366	24,242,145	57,542	36,981,694

*Source: State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

## Construction Activity

Building activity for the past five fiscal years in the County is shown in the following table.

**COUNTY OF SAN BERNARDINO  
BUILDING PERMIT VALUATIONS  
CALENDAR YEARS 2013 THROUGH 2017  
(DOLLARS IN THOUSANDS)**

<u>Permit Valuation</u>	2013	2014	2015	2016	2017
New Single-family	\$450,790.1	\$490,036.4	\$830,771.7	\$706,601.8	\$1,009,450.8
New Multi-family	157,932.1	137,909.2	155,341.4	119,497.6	278,760.5
Res. Alterations/Additions	<u>57,443.7</u>	<u>80,525.4</u>	<u>70,459.1</u>	<u>62,042.4</u>	<u>77,811.9</u>
<b>Total Residential</b>	<b>\$666,165.9</b>	<b>\$708,470.9</b>	<b>\$1,056,572.2</b>	<b>\$888,141.8</b>	<b>\$1,366,023.2</b>
New Commercial	\$202,969.6	\$240,662.5	\$296,938.6	\$165,286.1	\$251,982.3
New Industrial	335,338.5	265,851.8	445,168.7	426,747.9	543,462.7
New Other	44,334.1	221,124.3	146,086.4	93,977.7	159,539.8
Com. Alterations/Additions	<u>192,784.8</u>	<u>230,628.1</u>	<u>258,527.9</u>	<u>308,269.9</u>	<u>330,612.1</u>
<b>Total Nonresidential</b>	<b>\$775,427.0</b>	<b>\$958,267.0</b>	<b>\$1,146,721.6</b>	<b>\$994,281.6</b>	<b>\$1,285,596.9</b>
<b><u>New Dwelling Units</u></b>					
Single Family	1,874	1,937	2,753	2,896	4,253
Multiple Family	<u>1,439</u>	<u>1,266</u>	<u>1,159</u>	<u>976</u>	<u>2,578</u>
<b>Total</b>	<b>3,313</b>	<b>3,203</b>	<b>3,912</b>	<b>3,872</b>	<b>6,831</b>

Source: Construction Industry Research Board, Building Permit Summary

## Transportation

Ontario International Airport is located close to the Authority. An airline service from Ontario International Airport is provided to approximately 50 cities in the United States. The airport has the capacity to serve wide-bodied jet airplanes and also has expansion capacity. Los Angeles International Airport is the closest major airport to the Authority.

The major highways providing access through the Victor Valley area are Interstate 15 and State Highways 18 and 295. Interstate 15 is a popular route between southern California and Las Vegas (approximately 190 miles northeast of the Victor Valley area). Major trucking and rail routes also run through the area.

Three railroads provide freight service to the area: Union Pacific Railroad, and the Burlington Northern Santa Fe Railroad. Amtrak provides passenger service to the area as well.

The Port of Los Angeles, located approximately 50 miles to the southwest, provides major international cargo and passenger service.

Greyhound provides transcontinental bus service.

**APPENDIX D**

**VICTOR VALLEY TRANSIT AUTHORITY  
AUDITED FINANCIAL STATEMENT  
FOR FISCAL YEAR ENDING JUNE 30, 2017**

## APPENDIX E

### FORM OF OPINION OF SPECIAL COUNSEL

\_\_\_\_\_, 2018

California Transit Finance Corporation  
Sacramento, CA

Re: 2018 Certificates of Participation  
(Transit Facilities Project) - Final Opinion

Ladies/Gentlemen:

We have acted as Special Counsel in connection with the sale, execution and delivery of \$\_\_\_\_\_ aggregate principal amount of 2018 Certificates of Participation (Transit Facilities Project) (the "Certificates"), representing proportionate interests of the Owners thereof in the right of the California Transit Finance Corporation, a California nonprofit corporation (the "Corporation") to receive Lease Payments (the "Lease Payments") to be made by the Victor Valley Transit Authority (the "VVTA") pursuant to a Lease Agreement, dated as of August 1, 2007, as amended by Amendment No. 1 to Lease Agreement and Amendment No. 2 to Lease Agreement (collectively, the "Lease Agreement"), each by and between the Authority and the Corporation. The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of August 1, 2007, as amended by Amendment No. 1 to Trust Agreement and Amendment No. 2 to Trust Agreement (collectively, the "Trust Agreement"), among the Corporation, the VVTA and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). All capitalized terms used herein and not otherwise defined shall have the same meanings assigned to them in the Trust Agreement and the Lease Agreement.

The VVTA is obligated under the Lease Agreement to pay the Lease Payments solely from Revenues (as defined in the Trust Agreement). A portion of each Lease Payment is designated as interest. The Corporation has assigned its right to receive Lease Payments and certain other rights and interests in the Lease Agreement to the Trustee pursuant to an Amendment No. 2 to Assignment Agreement dated as of October 1, 2018 (the "Assignment Agreement"), between the Corporation and the Trustee.

As Special Counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the Board of Directors of the Corporation and the Governing Board of the VVTA in connection with the authorization and sale of the Certificates. Our services as Special Counsel were limited to an examination of the transcript of such proceedings and to rendering the opinions set forth herein. In this connection, we have also examined such other documents, opinions and instruments as we have deemed necessary in order to render the opinions expressed herein. In such examination, we have assumed the genuineness of all signatures on original documents (other than signatures of the VVTA and the Corporation) and the conformity to the original documents of all copies submitted to us. We have also assumed the due execution and delivery of all documents (other than with respect to the VVTA and the Corporation) which we have examined where due execution and delivery are a prerequisite to the

effectiveness thereof. As to the various questions of fact material to our opinion, we have relied upon statements or certificates of officers and representatives of the Corporation, the VVTA, public officials and others.

On the basis of the foregoing examination and assumptions and in reliance thereon and on all such other matters of fact as we deemed relevant under the circumstances, and upon consideration of the applicable law, we are of the opinion that:

1. The Trust Agreement and the Lease Agreement constitute the legal, valid and binding obligations of the VVTA enforceable in accordance with their respective terms. The Trust Agreement and the Lease Agreement create a valid pledge, which they purport to create, of the Lease Payments and the Farebox Revenues (as defined in the Lease Agreement), respectively. The obligation of the VVTA to make the Lease Payments does not constitute a debt of the VVTA, or of the State of California or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the VVTA is obligated to levy or pledge any form of taxation or for which the VVTA has levied or pledged any form of taxation. The Certificates are entitled to the benefits of the Trust Agreement. The Assignment Agreement constitutes the legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms.

2. The portion of each Lease Payment accruing under the Lease Agreement designated as and comprising interest and received by the Owners of the Certificates is excluded under existing statutes, regulations, rulings and court decisions, from gross income for federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The portion of each Lease Payment accruing under the Lease Agreement designated as and comprising interest and received by the Owners of the Certificates is exempt from personal income taxes of the State of California under present law. In addition, the Certificates and the Lease Agreement are not a "private activity bond" as defined in Section 141(a) of the Code, and therefore, the portion of each Lease Payment designated as and comprising interest received by the Owners of the Certificates is not an item of tax preference for purposes of the Code's alternative minimum tax provisions for tax years beginning prior to January 1, 2018, except to the extent provided in the following sentence. Interest received by a corporation will be included in adjusted current earnings for purposes of computing its alternative minimum tax liability.

In rendering the opinions expressed in paragraph 2 above, we are relying upon representations and covenants of the VVTA in the Trust Agreement and the Lease Agreement and in the Tax and Non-Arbitrage Certificate of the VVTA dated as of the date hereof, concerning the use of the proceeds of the Certificates and the rebate to the federal government of certain earnings thereon. In addition, we have assumed that all such representations are true and correct and that the VVTA will comply with such covenants. We express no opinion with respect to the exclusions of the interest from gross income under Section 103(a) of the Code in the event that any such representations are untrue or the VVTA or the Corporation fail to comply with such covenants. Except as stated above, we express no opinion as to any federal tax consequences of the receipt of the portion of each Lease Payment designated as and comprising interest with respect to, or the ownership or disposition of, the Certificates. We express no opinion with regard to any indemnification, contribution or choice of law provisions contained in the agreements.

NOSSAMAN LLP

California Transit Finance Corporation

\_\_\_\_\_, 2018

Page 3

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Lease Agreement, the Tax and Non-Arbitrage Certificate and other relevant documents may be changed, and certain actions (including, without limitation, defeasance of the Certificates) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Lease Payment or the interest represented thereby if any such change occurs or action is taken or omitted to be taken upon the advice or approval of counsel other than ourselves.

The opinions expressed in paragraph 1 above are qualified to the extent that enforcement of the agreements referred to in such paragraphs may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors' rights generally, and are subject to the effect of the application of general principles of equity. We express no opinion as to the availability of equitable remedies, and advise you that a California court may not strictly enforce certain covenants if it concludes that enforcement would be unreasonable under the circumstances.

No opinion is expressed herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates.

Respectfully submitted,

BAA

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Ratify Contract #2018-16 with MARRS Services, Inc., for Construction Project Manager.**

**SUMMARY STATEMENT**

At its May 21, 2018 meeting, the VVTA Board approved the release of RFP 2018-16 Construction Project Manager.

The RFP was released on June 4, 2018; posted to the VVTA website bids page as well as Notices Inviting Proposals were published in local newspapers of general circulation; and Transit publications such as Transit Talent, Passenger Transport, and Mass Transit. Four (4) Proposals were received. On Thursday, August 9, 2018, the evaluation committee met to discuss the proposals, gather scores and determine a recommendation for award. The final scores tabulated, of a maximum possible score of 100 points:

MARRS Services, Inc., Riverside, CA	77.29 Points
Weaver Inc., Yorba Linda, CA	67.70 Points
Jenkins/Gale & Martinez, Los Angeles, CA	51.71 Points
Barekat Construction, Anaheim Hills, CA	47.35 Points

On August 20, 2018, the Board approved VVTA Staff to enter into negotiations with MARRS Services Inc., for the Construction and Project Manager Contract solicited as VVTA RFP 2018-16 and delegated authority for executing and overseeing the contract to the Executive Director.

On Friday August 24, 2018, VVTA had a meeting with MARRS, Inc., to discuss some of the issues VVTA had with its previous Construction project. MARRS' management were able to provide the answers needed by Staff to proceed with the award.

**RECOMMENDED ACTION**

Ratify Contract #2018-16 MARRS Service, Inc for the Construction Project Manager.

PRESENTED BY	FISCAL IMPACT	MEETING DATE	ITEM NUMBER
Kevin Kane, Executive Director	\$442,716.00	September 17, 2018	9



**VICTOR VALLEY TRANSIT AUTHORITY**

*Representing the communities of Adelanto, Apple Valley, Barstow, Hesperia,  
Victorville, and San Bernardino County.*

**RFP 2018-16  
CONSTRUCTION PROJECT MANAGER**

**June 4, 2018**

THIS AGREEMENT is made and entered into this 28th day of August 2018, by and between the **VICTOR VALLEY TRANSIT AUTHORITY**, a Joint Powers authority, created pursuant to the laws of the State of California ("VVTA" OR "Agency") and, **MARRS Services, Inc.** ("CONTRACTOR").

### **RECITALS**

**WHEREAS**, VVTA circulated and distributed a Request for Proposal from prospective interested firms to provide Construction Project Management Services, a copy which is attached herein as Exhibit 1; and

**WHEREAS**, CONTRACTOR submitted a bid to provide the required services per the Scope of Work described in the RFP, a copy which is attached herein as Exhibit 2; and

**WHEREAS**, CONTRACTOR has represented and warrants to VVTA that it has the necessary training, experience, expertise, physical capacity and staff competency to provide the services, goods and materials that are described in this Agreement, at a cost to VVTA as herein specified and that it will be able to perform the herein described services to VVTA by virtue of its current resources and specialized knowledge of relevant data, issues, and conditions: and

**WHEREAS**, CONTRACTOR represents and warrants that neither CONTRACTOR, nor any of its officers, agents, employees, contractors, subcontractors, volunteers, or five percent owners, is excluded or debarred from participating in or being paid for participation in any Federal or State program; and

**WHEREAS**, CONTRACTOR further represents and warrants that no conditions or events now exist which give rise to CONTRACTOR, or any of its officers, agents, employees, contractors, subcontractors, volunteers or five percent owners being excluded or debarred from any Federal or State program; and

**WHEREAS**, CONTRACTOR understands that VVTA is relying upon these representations in entering into this Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises and conditions herein contained, VVTA and CONTRACTOR hereby agree as follows:

## 1. SCOPE OF WORK

- A. CONTRACTOR will perform the Work and related tasks as described in Attachment A, Scope of Work (Exhibit 2) hereto and is incorporated by reference into and made a part of this Agreement.
  
- B. This is a non-exclusive Agreement, whereby VVTA may, at its sole discretion, augment or supplant the Work with its own forces or forces of another contractor or entity. CONTRACTOR will cooperate fully with VVTA's staff or other contractor or entity that may be providing similar or the same Work for VVTA.

## 2. CONTRACT DOCUMENTS

The complete Contract between the parties shall consist of the following component parts:

This Agreement;

- A. Exhibit 1 – RFP NUMBER 2018-16, CONSTRUCTION PROJECT MANAGER, including Addenda and all Attachments.
  
- B. Exhibit 2 – RFP 2018-16 Attachment A – Scope of Work
  
- C. Exhibit 3 – CONTRACTOR's Proposal Submission dated July 12, 2018
  
- D. Exhibit 4 – CONTRACTOR's Price Proposal
  
- D. Exhibit 4 - Insurance Certificate, dated: \_\_\_\_\_
  
- E. Exhibit 5 – CONTRACTOR's Required Forms dated July 12, 2018

All of the Exhibits mentioned in this Agreement are attached and are herein incorporated. This Agreement and the other Exhibits mentioned constitute the entire Contractual Agreement between the parties. In the event of any conflict between any of the provisions of this Agreement and Exhibits, the provision that requires the highest level of performance from CONTRACTOR for VVTA's benefit shall prevail.

**3. PERIOD OF PERFORMANCE**

This Agreement shall commence on September 1, 2018 and shall continue in full force and effect through August 31, 2020, with the option for two one-year extensions, unless earlier terminated or extended as provided in this Agreement.

**4. TOTAL CONSIDERATION**

- A. In accordance with the terms and conditions of this Contract, VVTA shall pay CONTRACTOR for its obligations under this Agreement. VVTA shall pay CONTRACTOR on a FIXED PRICE basis at the fully burdened fixed rates stated herein in accordance with the provisions, of this Section, and subject to the maximum cumulative payment obligation  

RATES
- B. VVTA's maximum cumulative payment obligation under this Agreement shall not exceed Four Hundred Forty-Two Thousand Seven Hundred Sixteen Dollars (\$442,716.00), including all amounts payable to CONTRACTOR for all costs, including but not limited to direct labor, other direct costs, subcontracts, indirect costs including, but not limited to, leases, materials, taxes, insurance, and profit.

**5. INVOICING AND PAYMENT**

- A. CONTRACTOR shall invoice VVTA upon completion of each month of service to VVTA. CONTRACTOR shall furnish information as may be requested by VVTA to substantiate the validity of an invoice.

CONTRACTOR shall submit invoices in duplicate to:

VICTOR VALLEY TRANSIT AUTHORITY  
ATTN: ACCOUNTS PAYABLE  
17150 SMOKETREE STREET  
HESPERIA, CA 92345-8305

A separate invoice shall be used for each milestone completed. Each invoice shall include, at minimum, the following information:

- Contract number
- Purchase Order number
- Invoice number
- Description of deliverable
- Delivery date
- Unit Price, extended price and applicable taxes
- Information as requested by VVTA

- B. VVTA shall remit payment within forty-five (45) calendar days of receipt of the invoices as approved by VVTA Senior Staff. VVTA does encourage the CONTRACTOR to accept discount terms of 2% 10, net 45, in the event the CONTRACTOR is in need of expedited terms.

In the event VVTA should overpay CONTRACTOR, such overpayment shall not be construed as a waiver of VVTA's right to obtain reimbursement for the overpayment. Upon discovering any

overpayment, either on its own or upon notice of VVTA, CONTRACTOR shall immediately reimburse VVTA the entire overpayment or, at its sole discretion, VVTA may deduct such overpayment amount from monies due to CONTRACTOR under this Agreement or any other Agreement between VVTA and CONTRACTOR.

## 6. AUDIT AND INSPECTION OF RECORDS

In accordance with 49 C.F.R. § 18.36(i), 49 C.F.R. § 19.48(d), and 49 U.S.C. § 5325(a), provided VVTA is the FTA Recipient or a sub-grantee of the FTA Recipient, the Contractor agrees to provide VVTA, FTA, the Comptroller General of the United States, the Secretary of the U.S. Department of Transportation, or any of their duly authorized representatives access to any books documents, papers, and records of the Contractor which are directly pertinent to or relate to this Contract (1) for the purpose of making audits, examinations, excerpts, and transcriptions and (2) when conducting an audit and inspection.

**For Contract Amendments**, the Contracting Officer, the U.S. Department of Transportation (*if applicable*), or their representatives shall have the right to examine all books, records, documents, and other cost and pricing data related to a Contract Amendment, unless such pricing is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the public, or prices set by law or regulation, or combinations thereof. Data related to the negotiation or performance of the Contract Amendment shall be made available for the purpose of evaluating the accuracy, completeness, and currency of the cost or pricing data. The right of examination shall extend to all documents necessary for adequate evaluation of the cost or pricing data, along with the computations and projections used therein, either before or after execution of the Contract Amendment for the purpose of conducting a cost analysis. If an examination made after execution of the Contract Amendment reveals inaccurate, incomplete, or out-of-date data, the Contracting Officer may renegotiate the Contract Amendment and VVTA shall be entitled to any reductions in the price that would result from the application of accurate, complete or up-to-date data.

## 7. NOTIFICATION

All notices hereunder concerning this Agreement and the Work to be performed shall be physically transmitted by courier, overnight, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

To VVTA:  
Attn: Christine Plasting  
Victor Valley Transit Authority  
17150 Smoke Tree Street  
Hesperia, CA 92345-8305

To: CONTRACTOR  
Attn: Riaz Chaudhary, PE  
MARRS Services, Inc.  
340 East Commonwealth Avenue  
Fullerton, CA 92832

## 8. VVTA AND CONTRACTOR'S REPRESENTATIVES

### **A. VVTA**

VVTA's Executive Director, or his authorized designee, has authority to execute this

contract on behalf of VVTA. Except as expressly specified in this Agreement, the Executive Director may exercise any powers, rights and /or privileges that have been lawfully delegated by VVTA. Nothing in this Agreement should be construed to bind VVTA for acts of its officers, employees, and/or agents that exceed the delegation of authority specified herein. The Executive Director or his/her designee is empowered to:

1. Have general oversight of the Work and this Agreement, including the power to enforce compliance with this Agreement.
2. Reserve the right to remove any portion of the Work from CONTRACTOR which have not been performed to VVTA's satisfaction.
3. Subject to the review and acceptance by VVTA, negotiate with CONTRACTOR all adjustments pertaining to this Agreement for revision.
4. In addition to the foregoing, the Executive Director shall have those rights and powers expressly set forth in other sections of this Agreement.

**B. Contractor's Key Personnel**

The following are CONTRACTOR's key personnel and their associated roles in the Work to be provided:

<u>Name</u>	<u>Role</u>
Riaz Chaudhary, PF, QEP	Principal in Charge
Scott Simpson	Construction Project Manager/Liaison
David Rilling	Office Engineer/Inspector
Adrine Golnazarian, CDT	Project Architect
Charles Feist, PE	Scheduler/Estimator
Sam Barjour, SE, PE	Structural Review

Any proposed substitution or replacement by Contractor of Contractor's key personnel shall ensure that such person possesses the same or better expertise and experience than the key personnel being substituted or replaced. VVTA reserves the right to interview such person to ascertain and verify if such proposed substitution or replacement does indeed possess such expertise and experience.

VVTA awarded this Agreement to CONTRACTOR based on VVTA's confidence and reliance on the expertise of CONTRACTOR's key personnel described above. CONTRACTOR shall not reassign key personnel or assign other personnel to key personnel roles until CONTRACTOR obtains prior written approval from VVTA.

**9. TERMINATION OF CONTRACT**

**A. TERMINATION FOR CONVENIENCE**

1. The performance of Work under this Contract may be terminated in whole, or from time to time, in part, by the Contracting Officer for the convenience of VVTA whenever the Contracting Officer determines that such termination is in the best interest of VVTA

and the other procuring agencies. Any such termination shall be effected by delivery to the Contractor of a written Notice of Termination specifying the extent to which performance of Work under the Contract is terminated, and the date upon which such termination becomes effective. After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor must:

- (a) Stop the Work under the Contract on the date and to the extent specified in the Notice of Termination;
- (b) Place no further orders or subcontracts for materials, services, or facilities, except as may be necessary for completion of such portion of the Work under the Contract as is not terminated;
- (c) Terminate all orders and subcontracts to the extent that they relate to the performance of Work terminated as set out in the Notice of Termination;
- (d) Assign to VVTA in the manner, at the times, and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case VVTA shall have the right, in its discretion, to settle or pay and or all claims arising out of the termination of such orders and subcontracts;
- (e) Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Contracting Officer, to the extent he/she may require, which approval or ratification shall be final for all the purposes of this Section;
- (f) Transfer title to VVTA and deliver in the manner, at the times, and to the extent, if any, directed by Contracting Officer the fabricated or un-fabricated parts, work in process, completed work, supplies, and other material produced as part of, or acquired in connection with the performance of, the Work terminated, and the completed or partially completed plans, drawings, information and other property which, if the Contract had been completed, would have been required to be furnished to VVTA;
- (g) Use its best efforts to sell, in the manner, at the times, to the extent, and at the price(s) directed or authorized by the Contracting Officer, and property of the types referred to above, provided, however, that the Contractor shall not be required to extend credit to any purchaser, and may acquire an such property under the conditions prescribed by and at a price(s) approved by the Contracting Officer, and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by VVTA to the Contractor under this Contract or shall otherwise be credited to the price, or cost of the Work covered by this Contract or paid in such other manner as the Contracting Officer may direct;
- (h) Complete performance of such part of the Work as shall not have been

terminated by the Notice of Termination; and

- (i) Take such action as may be necessary, or as the Contracting Officer may direct, for the protection or preservation of the property related to this Contract which is in the possession of the Contractor and in which VVTA has or may acquire an interest.
2. After receipt of a Notice of Termination, the Contractor shall submit to VVTA its termination claim, in the form and with certification prescribed by VVTA. Such claim shall be submitted promptly but in no event later than three months from the effective date of termination, unless one or more extensions in writing are granted by VVTA, upon request of the Contractor made in writing within such three months period or authorized extension thereof. However, if VVTA determines that the facts justify such action, it may receive and act upon any such termination claim at any time after such three months period or any extension thereof. Upon failure of the Contractor to submit its termination claim within the time allowed, VVTA may determine, on the basis of information available, the amount, if any, due the Contractor by reason of the termination and will thereupon pay the Contractor the amount so determined.
3. Subject to the provisions of subsection 2 above, the Contractor and VVTA may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination or work pursuant to this Section, which amount or amounts may include an allowance for profit on work done; provided that such agreed amount or amounts exclusive of settlement costs, shall not exceed the total Contract Consideration as reduced by the amount of payments otherwise made and as further reduced by the Contract price of work not terminated. The Contract will be amended accordingly, and the Contractor will be paid the agreed amount.
4. In the event of failure of the Contractor and VVTA to agree, as provided in subsection 3, upon the amount to be paid the Contractor by reason of the termination of Work pursuant to this Section, VVTA will pay the Contractor the amounts determined by VVTA as follows, but without duplication of any amounts agreed in accordance with subsection:

With respect to Contract Work performed prior to the effective date of the Notice Termination, the total (without duplication of any items) of:

- (a) The costs of such Work;
- (b) The cost of settling and paying claims arising out of the termination of Work under subcontracts or orders as provided in subsection 1(e) above, exclusive of the amounts paid or payable on account of supplies or material delivered or services furnished by the subcontractor prior to the effective date of the Notice of Termination of Work under this Contract, which amounts shall be included in the costs on account of which payment is made under 2 above;
- (c) A sum, as profit on 4(a) above, determined by VVTA to be fair and reasonable;

provided, however, that if it appears that the Contractor would have sustained a loss on the entire Contract had it been completed, no profit shall be included or allowed under this subsection 4(c) and an appropriate adjustment shall be made by reducing the amount of the settlement to reflect the indicated rate of loss; and

- (d) The reasonable cost of preservation and protection of property incurred pursuant to subsection A (9) and any other reasonable cost incidental to termination of work under this Contract, including expense incidental to the determination of the amount due to the Contractor as the result of the termination of Work under this Contract.
5. The total sum to be paid to the Contractor under subsection 4 will not exceed the total Contract Consideration as reduced by the amount of payments otherwise made and as further reduced by the Contract price of Work not terminated. Except for normal spoilage, and except to the extent that VVTA will have otherwise expressly assumed the risk of loss, there will be excluded from the amounts payable to the Contractor under subsection 4 the fair value, as determined by the VVTA, of property which is destroyed, lost, stolen, or damaged so as to become undeliverable to VVTA, or to a purchaser pursuant to subsection 1 (g) of this Section.
6. In arriving at the amount due the Contractor under this Section, there will be deducted:
- (a) The amount of any claim which VVTA has against the Contractor in connection with the Contract; and
  - (b) The agreed price for, or the proceeds of sale of materials, supplies, or other items acquired by the Contractor or sold, pursuant to the provision of this Section, and not otherwise recovered by or credited to VVTA.
7. If the termination hereunder is partial, prior to the settlement of the terminated portion of the Contract, the Contractor may file with VVTA a written request for an adjustment of the price or prices specified in the Contract relating to the continued portion of the Contract (the portion not terminated by the Notice of Termination), and such adjustment as may be agreed will be made in the price or prices.
8. VVTA may from time to time, at its sole discretion and under terms and conditions it may prescribe, make partial payments and payments on account against cost incurred by the Contractor in connection with the terminated portion of the Contract whenever, in the opinion of VVTA, the aggregate of payments does not exceed the amount to which the Contractor will be entitled hereunder. If the total of the payments is in excess of the amount finally agreed or determined to be due under this Section, the excess shall be paid by the Contractor to VVTA upon demand, together with interest at the rate of 10 percent per annum or the maximum rate permitted by applicable law, whichever is less, for the period thirty days following the date the

notice of excess payment is received by the Contractor to the date on which the excess payment is repaid to VVTA.

9. Unless otherwise provided for in this Contract, or by applicable statute, the Contractor, from the effective date of termination and for a period of three years after final settlement under this Contract, shall preserve and make available to VVTA at all reasonable times at the office of the Contractor but without direct charge to VVTA, all its books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under this Contract and relating to the Work terminated hereunder, or to the extent approved by VVTA, photographs, microphotographs, or other authentic reproductions thereof.
10. The Contractor shall insert in all subcontracts that the Subcontractor or Supplier shall stop work on the date of and to the extent specified in a Notice of Termination from VVTA and shall require that any tier subcontractor to insert the same provision in any tier subcontract.
11. The Contractor shall communicate immediately upon receipt thereof, any Notice of Termination issued by VVTA to the affected Subcontractors and Suppliers of any tier.
12. Under no circumstances is the Contractor entitled to anticipatory, unearned profits or consequential damages as a result of a termination or partial termination under this Section. The payment to the Contractor determined in accordance with this Section constitutes exclusive remedy for a termination hereunder.
13. Anything contained in the Contract to the contrary notwithstanding, a termination under this Section shall not waive any right or claim to damages which VVTA may have and VVTA may pursue any course of action it may have under the Contract.

## **B. TERMINATION FOR CAUSE**

- (1) By written Notice of Termination to the Contractor, VVTA and the other procuring agencies may cancel the whole or any part of the Contract in any one of the following circumstances:
  - (a) If the Contractor fails to perform the Work within the time specified or any extension thereof;
  - (b) If the Contractor fails to perform any of the provisions of the Contract, or so fails to make progress as to endanger performance of the Contract in accordance with its terms, and in either of these two later circumstances does not cure such failure within a period of ten (10) calendar days (or such additional time as may be specified in the notice) after VVTA gives notice to Contractor of the failure;
  - (c) The Contractor or Subcontractor or Supplier has violated an authorized order or requirement of VVTA;

- (d) Abandonment of the Contract;
  - (e) Assignment or subcontracting of the Contract or any Work under the Contract without approval by VVTA;
  - (f) Bankruptcy or appointment of a receiver for the Contractor's property;
  - (g) Performance by the Contractor in bad faith;
  - (h) Contractor allowing any final judgment to stand (unsatisfied) for a period of 48 hours (excluding weekends and legal holiday(s));
  - (i) Material failure to comply with the law, ordinance, rule, regulation or order of a legal authority applicable to the Contract, the Work, the Contractor or the goods; or
  - (j) Failure to indemnify any party which the Contractor is obligated to indemnify under the Section 2.7.5, Indemnification, or elsewhere under the Contract.
- (2) Except as provided in (1) (h) above, the Contractor shall be provided a period of ten (10) days to cure such failure (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from VVTA specifying such failure.
- (3) In the event the Contractor does not cure the breach to the satisfaction of VVTA within the time period specified by the Contracting Officer, the Contracting Officer will send the Contractor a written notice of failure to cure the breach. Upon receipt of such written notice from VVTA, Contractor shall:
- (a) Stop Work on the date of, and to the extent specified in, the Notice of Termination;
  - (b) Place no further orders or subcontracts for materials, equipment, services, or facilities, except that which is necessary to complete the portion of the Work which is expressly not cancelled under the Notice of Termination;
  - (c) Cancel all orders or subcontracts to the extent that they relate to the performance of Work cancelled under the Notice of Termination; and
  - (d) Comply with all other requirements of VVTA specified in the Notice of Termination.
- (4) If the Contract is cancelled as provided in this Section, VVTA may require Contractor to transfer title and deliver to VVTA, as directed by VVTA, the following:
- (a) Any completed supplies or equipment furnished by VVTA; and
  - (b) Such partially completed supplies and materials, installations, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing materials") that the Contractor has

specifically produced or acquired for the cancelled portion of this Contract. The Contractor shall also protect and preserve property in its possession in which VVTA has an interest at the Contractor's sole expense.

- (5) Upon VVTA's Termination of the Contractor's right to proceed with the Work because of the Contractor's default under the Contract, VVTA will have the right to complete the Work by whatever means and method it deems advisable. VVTA will not be required to obtain the lowest prices for completing the Work but shall make such expenditures as, in VVTA's sole judgment, best accomplish such completion.
- (6) The expense of completing the Work, together with a reasonable charge for engineering, managerial and administrative services, as certified by the Lead Procuring Agency, will be charged and will be deducted by VVTA out of such monies as may be due or may at any time thereafter become due to the Contractor. In case such expense is in excess of the sum which otherwise would have been payable to the Contractor under the Contract, then the Contractor or its surety shall promptly pay the amount of such excess to VVTA upon notice of the excess so due. VVTA may, in its sole discretion, withhold all or any part of any progress payments otherwise due the Contractor until completion and final settlement of the Work covered by the Notice of Termination of Contractor's right to proceed.
- (7) Contractor shall insert in all subcontracts that the Subcontractor or Supplier will stop work on the date of or to the extent specified in a Notice of Termination from VVTA and shall require the Subcontractors and Suppliers to insert the same provision in any of their subcontracts.
- (8) The Contractor shall immediately upon receipt communicate any Notice of Termination issued by VVTA to the affected Subcontractors and Suppliers at any tier.
- (9) The Surety on the Contractor's Performance Bond provided for in this Contract shall not be entitled to take over the Contractor's performance of Work in case of termination under this Section, except with the prior written consent of VVTA.
- (10) The Contractor shall not be liable for any costs in excess of the total Contract Consideration if the failure to perform the Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a Subcontractor and/or Supplier and such default arises out of causes beyond the control of and without the fault or negligence of either the Contractor or the Subcontractor and/or Supplier, and if the Supplies or Services to be furnished by the Subcontractor or Supplier were not obtainable from other sources in sufficient time to permit the Contractor to meet the required Delivery Schedule, the Contractor shall not be liable for any costs in excess of the total Contract Consideration to complete the Work.
- (11.) If, after issuance of the Notice of Termination of this Contract, it is determined for any reason that the Contractor was not in breach, or that the breach was excusable, the rights and obligations of the parties shall be the same as if the Notice of Termination

had been issued pursuant to the Termination for Convenience Section, and the Contractor shall be reimbursed for costs incurred under the terms of that Section.

#### 10. ASSIGNMENT

This Agreement, any interest herein or claim hereunder, may not be assigned by CONTRACTOR either voluntarily or by operation of law, nor may all or any part of this Agreement be subcontracted by CONTRACTOR – without prior written consent of VVTA. Consent by VVTA shall not be deemed to relieve CONTRACTOR of its obligations to comply fully with all terms and conditions of this Agreement.

#### 11. SUBCONTRACTING

VVTA hereby consents to CONTRACTOR's subcontracting of portions of the Work to the parties identified below for the functions described in CONTRACTOR's proposal. CONTRACTOR shall include in each subcontract agreement the stipulation that CONTRACTOR, not VVTA, is solely responsible for payment to the subcontractor for all amounts owing and that the subcontractor shall have no claim, and shall take no action against VVTA, Member Agencies or officers, directors, employees or sureties thereof for nonpayment by CONTRACTOR.

##### **Subcontractors' Names and Addresses**

##### **Work to be Performed**

ABA Global, Inc.

Structural Review Services

#### 12. SUCCESSORS AND ASSIGNS

Subject to any provision under this Contract restricting assignment or subcontracting by CONTRACTOR, the provisions of this Contract shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, and personal representatives of the parties to this Contract.

#### 13. STATUS OF CONTRACTOR

- A. It is understood and agreed by all the parties hereto that Contractor is an independent contractor and that no relationship of employer-employee exists between VVTA and CONTRACTOR. Neither CONTRACTOR nor CONTRACTOR'S assigned personnel shall be entitled to any benefits payable to employees of VVTA. CONTRACTOR hereby indemnifies and holds VVTA harmless from any and all claims that may be made against VVTA, based upon any contention by any third party that an employer-employee relationship exists by reason of this Contract or any services provided pursuant to this Contract.
- B. It is further understood and agreed by all the parties hereto that neither CONTRACTOR nor CONTRACTOR'S assigned personnel shall have any right to act on behalf of VVTA in any capacity whatsoever as an agent or to bind VVTA to any obligation whatsoever.
- C. It is further understood and agreed by all the parties hereto that CONTRACTOR must issue any and all forms required by Federal and State laws for income and employment tax purposes, including, but not limited to W-2 and 941 forms, for all of CONTRACTOR'S assigned personnel.

#### 14. CONTRACTOR'S RESPONSIBILITY

- A. The CONTRACTOR shall be responsible for the Work performed under the terms of this Contract to the extent provided by law. The CONTRACTOR agrees not to disclose information identified by VVTA as proprietary to third parties, unless approved in advance by VVTA or required by law.
- B. VVTA shall not be held liable or responsible for the maintenance and/or safety of the CONTRACTOR's equipment or supplies placed upon VVTA's property in accordance with this Contract. The CONTRACTOR acknowledges that it assumes full responsibility for any loss or damage to its equipment and supplies.
- C. Any materials, equipment or work found to be damaged or defective during the period CONTRACTOR is performing the maintenance for the facility pursuant to this Agreement shall be repaired, replaced or corrected by the CONTRACTOR hereunder without additional cost to VVTA, unless such damage is the result of VVTA's gross negligence or willful misconduct.
- D. CONTRACTOR shall pay for all taxes, except for sales, use, transaction and excise taxes that were legally enacted at the time CONTRACTOR's offer submitted. CONTRACTOR shall secure and pay for all permits and governmental fees, licenses and inspections necessary for the proper execution and completion of this Contract.
- E. CONTRACTOR's shall give VVTA Administration at least 24 hours prior notice when CONTRACTOR's Corporate representatives are scheduled to visit either the Hesperia or Barstow locations. Corporate representatives include, but not limited to, Board Members, Executive Staff, Regional staff, and Management.

#### 15. GOVERNING LAW

This Contract shall be deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of California. Any action or proceeding arising out of this Contract shall be filed and resolved in the Superior Court of the County San Bernardino.

#### 16. TIME OF THE ESSENCE

Time is of the essence in the performance of every term, covenant, condition, and provision of this Contract.

#### 17. PUBLIC RECORDS ACT

Upon its execution, this Contract (including all Exhibits) shall be subject to disclosure pursuant to the California Public Records Act.

#### 18. INSURANCE

##### A. General Requirements for Contractor

Throughout the life of this Agreement, Contractor shall pay for and maintain in full force and effect all

policies of insurance required hereunder with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A- VII" in Best's Insurance Rating Guide, or (ii) authorized by VVTA's Executive Director or his/her designee at any time and in his/her sole discretion. The following policies of insurance are required:

- (i) COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Contract) with limits of liability of not less than
  - \$1,000,000 per occurrence for bodily injury and property damage and;
  - \$1,000,000 per occurrence for personal and advertising injury
  - \$1,000,000 aggregate for products and completed operations
  - \$1,000,000 aggregate for professional liability
  - \$2,000,000 general aggregate
- (ii) COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Service Office (ISO) Business Auto Coverage Form CA 00 01, and include coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Code 1 - Any Auto) with limits of liability of not less than \$1,000,000 per accident for bodily injury and property damage.
- (iii) AUTOMOBILE PHYSICAL DAMAGE insurance to include collision and comprehensive coverage for all VVTA vehicles operated, maintained, used and/or stored by Contractor, or in the care, custody and control of Contractor, under this Agreement. This insurance shall include replacement cost coverage for all VVTA vehicles operated, maintained, used and/or stored by Contractor, or in the care, custody and control of Contractor, under this Agreement.
- (iv) WORKERS' COMPENSATION insurance as required under the California Labor Code.
- (v) EMPLOYERS' LIABILITY insurance with limits of liability of not less than \$1,000,000 each accident, \$1,000,000 disease policy limit and \$1,000,000 disease each employee.

Should Contractor maintain insurance with broader coverage and/or limits of liability greater than those shown above, VVTA requires and shall be entitled to the broader coverage and/or the higher limits of liability maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to VVTA.

In the event Contractor purchases an Umbrella or Excess insurance policy(ies) to meet the minimum limits of insurance set forth above, this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies).

Contractor shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and Contractor shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the VVTA's Executive Director or his/her designee. At the option of the VVTA's Executive Director or his/her designee, either: (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to VVTA, its members, board members, officers, officials, employees and agents; or (ii) Contractor shall provide a financial guarantee, satisfactory to VVTA's Executive Director or his/her designee, guaranteeing payment of losses and related investigations, claim administration and defense expenses. At no time shall VVTA be responsible for the payment of any deductibles or self-insured retentions.

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after 30 calendar day written notice has been given to VVTA. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, Contractor shall furnish VVTA with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for VVTA, Contractor shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than 15 calendar days prior to the expiration date of the expiring policy.

The General Liability and Automobile Liability insurance policies shall be written on an occurrence form and shall name VVTA, its members, board members, officers, officials, employees and agents as an additional insured. Such policy(ies) of insurance shall be endorsed so Contractor's insurance shall be primary, and no contribution shall be required of VVTA. The coverage shall contain no special limitations on the scope of protection afforded to VVTA, its members, board members, officers, officials, employees, and agents. The Automobile Physical Damage, Fidelity Bond/Crime and Property insurance policies shall name the VVTA as a loss payee. The Workers' Compensation insurance policy shall contain a waiver of subrogation as to VVTA, its members, board members, officers, officials, employees and agents.

Contractor and its insurers shall waive all rights of contribution, recovery and subrogation against VVTA, its members, board members, officers, officials, employees and agents on account of any injury, death or property damage to any person, including any injury or death to the Contractor, its principles, officers, employees, agents, consultants, contractors, subcontractors, invitees, or Contractor's property or the property of others under Contractor's care, custody and control. Contractor shall give notice to its insurers that this waiver of subrogation is contained in this Agreement. This requirement shall survive expiration or termination of this Agreement.

Contractor shall furnish VVTA with all certificate(s) and applicable endorsements effecting coverage required hereunder. **All certificates and applicable endorsements are to be received and approved by VVTA's Executive Director or his/her designee in his/her sole discretion prior to VVTA's execution of this Agreement and before work commences.** Upon request of VVTA, Contractor shall immediately furnish VVTA with a complete copy of any insurance policy required under this Contract, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement.

If at any time during the life of this Agreement or any extension, Contractor or any of its

subcontractors fail to maintain any required insurance in full force and effect, all work under this Agreement shall be discontinued immediately, and all payments due or that become due to Contractor shall be withheld until notice is received by VVTA that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to VVTA. Any failure to maintain the required insurance shall be sufficient cause for VVTA to terminate this Agreement. No action taken by VVTA hereunder shall in any way relieve Provider of its responsibilities under this Agreement.

The fact that insurance is obtained by Contractor shall not be deemed to release or diminish the liability of Contractor, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify VVTA shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Contractor. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Contractor, its principals, officers, employees, agents, persons under the supervision of Contractor, vendors, suppliers, invitees, consultants, sub-consultants, subcontractors, or anyone employed directly or indirectly by any of them.

If Contractor should subcontract all or any portion of the services to be performed under this Agreement, Contractor shall require each subcontractor to provide insurance protection in favor of VVTA, its members, board members, officers, officials, employees and agents, in accordance with the terms of each of the preceding paragraphs, except that the subcontractors' certificates and endorsements shall be on file with Contractor and VVTA prior to the commencement of any work by the subcontractor.

#### B. Verification of Coverage

- 1) Contractor shall furnish VVTA with original endorsements affecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All insurance certificates and endorsements are to be received and approved by VVTA before work commences.
- 2) As an alternative, Contractor's insurer may provide complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications.
- 3) In lieu of purchasing insurance and providing original endorsements and or certificates of insurance, the Contractor may provide proof of self-insurance; such proof must be to the satisfaction of VVTA.

#### C. Subcontractors

Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

#### D. Notification of Terminated Insurance

Insurance shall not be terminated or expire without thirty (30) days written notice, and are required to be maintained in force until completion of the contract.

#### E. Endorsements

The following endorsements 1 through 4 are required to be made a part of the Comprehensive General Liability policy, and Endorsement No.4 is required to be made part of the Workers' Compensation and Employers' Liability policy:

1. "Victor Valley Transit Authority (herein referred to as VVTA), its employees, officers, agents and contractors are hereby added as additional insurers."
2. "This policy shall be considered primary insurance as respects any other valid and collectible insurance VVTA may possess, including any self-insured retention VVTA may have, and any other insurance VVTA does possess shall be considered excess insurance only."
3. "This insurance shall act for each insured and additional insured as though a separate policy had been written for each. This, however, will not act to increase the limit of liability of the insuring company." Coverage specified herein shall apply to acquisition actions of all procuring agencies under this contract.
4. "Thirty (30) days' prior written notice of Termination shall be given to VVTA in the event of Termination."

Such notice shall be sent to:  
Victor Valley Transit Authority  
ATTN: Christine Plasting  
17150 Smoke Tree Street  
Hesperia, California 92345

#### F. Proof of Coverage

Copies of all the required Endorsements shall be attached to the CERTIFICATE OF INSURANCE which shall be provided by the Contractor's insurance company as evidence of the stipulated coverage. This Proof of Insurance shall then be mailed to:

Victor Valley Transit Authority  
ATTN: Christine Plasting  
17150 Smoke Tree Street  
Hesperia, California 92345

#### G. Special Provisions

1. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Contractor and any approval of said insurance by the VVTA Board, VVTA staff or their insurance consultant(s), are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Contractor pursuant to this Contract, including, but not limited to, the provisions concerning indemnification.
2. VVTA reserves the right to withhold payments to Contractor in the event of material noncompliance with the insurance requirements outlined above.

## H. MINIMUM INSURANCE COVERAGE

- 1) Commercial General Liability including Products/Completed Operations: \$1,000,000; per occurrence for bodily and property damage liability and \$2,000,000 aggregate; *VVTA named and endorsed as an Additional Insured.*
- 2) Automobile Liability: \$1,000,000; per occurrence for bodily and property damage liability and aggregate; *VVTA named and endorsed as an Additional Insured.*
- 3) Workers' Compensation: statutory limits
- 4) Employer's Liability: \$1,000,000; per occurrence.
- 5) Professional Liability: \$1,000,000; per occurrence

## 19. INDEMNIFICATION

A. To the furthest extent allowed by law, Contractor shall indemnify, hold harmless and defend VVTA and its members, board members, officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by VVTA, Contractor or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of performance of this Agreement. Contractor's obligations under the preceding sentence shall apply regardless of whether VVTA or any of its members, board members, officers, officials, employees, agents or volunteers are negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused solely by the gross negligence, or caused by the willful misconduct, of VVTA or any of its members, board members, officers, officials, employees, agents or volunteers.

If Contractor should subcontract all or any portion of the work to be performed under this Agreement, Contractor shall require each subcontractor to indemnify, hold harmless and defend VVTA and its members, board members, officers, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

This section shall survive termination or expiration of this Agreement.

B. If CONTRACTOR has retained legal counsel reasonably acceptable to Agency, CONTRACTOR shall have the sole charge and direction of the defense of the suit, action or proceeding while it is assigned to such counsel. VVTA shall at the request of the CONTRACTOR furnish to the CONTRACTOR all reasonable assistance that may be necessary for the purpose of defending such suit, action or proceeding, and shall be repaid all reasonable costs incurred in doing so. VVTA shall have the right to be represented therein by advisory council of its own selection at its own expense.

## 20. REVISIONS

By written notice or order, VVTA may, from time to time, order work suspension or make changes to this Agreement. Changes in the Work shall be mutually agreed to and incorporated into an amendment to this Agreement. Upon execution of an amendment, CONTRACTOR shall perform the Work, as amended.

### Price Adjustments:

- A. Any change in the contract that causes an **increase** or decrease in cost to VVTA, or the time required for the performance of the contract, must be approved as prescribed herein. In the event that the change is a request for price escalation by the Contractor, any price escalation or de-escalation must be justified by the contractor using acceptable measures such as the Consumer Price Index (CPI) or other universally accepted measure.
- B. An equitable adjustment in the compensation and schedule will be made upon an approved Change Order.
- C. CONTRACTOR shall be liable for all costs resulting from, or for satisfactorily correcting, any and all unauthorized specification changes not properly ordered by written modification to the contract.
- D. Except as otherwise expressly provided in the Contract, when costs are a factor in any determination of a contract price adjustment, such costs shall be in accordance with the applicable cost principles of Subpart 31.2 of the Federal Acquisition Regulations (FAR) in effect at the onset of the Contract.

### Modifications:

Unless specified otherwise in the Agreement, this Agreement may only be modified by written mutual consent evidenced by signature of representative authorized to enter into and modify the Agreement. In order to be effective, amendments may require approval by VVTA's Board of Director, and in all instances require prior signature of an authorized representative of VVTA.

## 21. RIGHTS IN TECHNICAL DATA

- A. No material or technical data prepared by CONTRACTOR under this Agreement is to be released by CONTRACTOR to any other person or entity except as necessary for the performance of the Work. All press releases or information concerning the Work that might appear in any publication or dissemination, including but not limited to, newspapers, magazines, and electronic media, shall first be authorized in writing by VVTA.
- B. The originals of all letter, documents, reports and other products and data produced under this Agreement shall become the property of VVTA without restriction or limitation on their use and shall be made available upon request to VVTA at any time. Original copies of such shall be delivered to VVTA upon completion of the Work or termination of the Work. CONTRACTOR shall be permitted to retain copies of such items for the furtherance of its technical proficiency; however, publication of this material is subject to the prior written approval of VVTA. The provisions of this paragraph shall survive termination or expiration

of this Agreement and/or final payment thereunder.

## 22. OWNERSHIP OF REPORTS AND DOCUMENTS

The originals of all letters, documents, reports and other products and data produced under this Agreement shall be delivered to, and become the sole and exclusive property of VVTA. Copies may be made for CONTRACTOR's records, but shall not be furnished to others without prior written authorization from VVTA. Such deliverables shall be deemed works made for hire, and all rights in copyright therein shall be retained by VVTA.

## 23. OWNERSHIP RIGHTS

- A. In the event VVTA rightfully obtains copies of Proprietary Data under the terms of the separate License Agreement and Escrow Agreement that govern rights in Documentation, Software and Intellectual Property created and/or developed by CONTRACTOR, its Third Party Software Contractors and its Suppliers as part of the Project, any derivative works and associated documentation created by and on behalf of BBTA by Permitted Programmers (as defined in the License Agreement) shall be the sole and exclusive property of VVTA (collectively "VVTA Intellectual Property"), and VVTA may use, disclose and exercise dominion and full rights of ownership, in any manner in VVTA Intellectual Property in connection with the use, operation and maintenance of a transportation system administered by VVTA. No use of VVTA Intellectual Property shall be made for any purpose other than in conjunction with a transportation system administered by CONTRACTOR, and VVTA shall not sell, lease, rent, give away or otherwise disclose any VVTA Intellectual property to any outside third party other than Permitted programmers. To the extent there may be any question of rights of ownership or use in any VVTA Intellectual Property, CONTRACTOR shall require all of its subcontractors and suppliers (including without limitation its Third Party Software Contractors) to assign to VVTA, all worldwide right, title and interest in and to all VVTA Intellectual Property in a manner consistent with the foregoing terms of this paragraph. CONTRACTOR shall execute any documents as VVTA may from time to time reasonable request to effectuate the terms of this paragraph.
- B. All documentation and Software which predates this Contract and which otherwise owned by Contractor or its Third Party Software Contractors, and all Documentation and Software which is created by CONTRACTOR or its Third Party Software Contractors shall be Licensed Software or Licensed Documentation, as appropriate. All Licensed Software and Licensed Documentation shall be governed by License Agreement by and between the parties of event date herewith.

## 24. WORK FOR HIRE

Any Work created or produced as a part of this Agreement that may be defined under Section 101, Title 17, USC will be considered "work for hire" as it pertains to ownership rights. CONTRACTOR, by his/her endorsement heron agrees that all rights to any work(s) created or produced are waived, and that ownership rests with VVTA. CONTRACTOR further agrees to ensure transfer of all rights to such work(s), as defined under federal copyright law that may be created or produced under this Agreement by its suppliers, contractors or subcontractors.

## 25. SUBMITTAL OF CLAIMS BY CONTRACTOR

CONTRACTOR shall file any and all claims with VVTA in writing within thirty (30) days of the event or occurrence giving rise to the claim. The claim shall be in sufficient detail to enable VVTA to ascertain the claim's basis and amount, and shall describe the date, place and other pertinent circumstances of the event or occurrence giving rise to the claim and the indebtedness, obligation, injury, loss or damages allegedly incurred by CONTRACTOR.

Even though a claim may be filed and/or in review by VVTA, CONTRACTOR shall continue to perform in accordance to this Agreement.

## 26. EQUAL OPPORTUNITY

CONTRACTOR shall not discriminate against, or grant preferential treatment to, any individual or group, or any employee or applicant for employment because of race, age, religion, color, ethnicity, sex, national origin, ancestry, physical disability, mental disability, political affiliation, sexual orientation, marital status or other status protected by law. CONTRACTOR shall take action to ensure that applicants and employees are treated without regard to the above.

## 27. STANDARD OF PERFORMANCE

- A. CONTRACTOR shall perform and exercise, and require its subcontractors to perform and exercise due professional care and competence in the performance of the Work in accordance with the requirements of this Agreement. CONTRACTOR shall be responsible for the professional quality, technical accuracy, completeness and coordination of the Work, it being understood that VVTA will be relying upon such professional quality, accuracy, completeness and coordination in utilizing the Work. The foregoing obligations and standards shall constitute the "Standard of performance" for purposes of this Agreement. The provisions of this paragraph shall survive termination or expiration of this Agreement and/or final payment thereunder.
- B. All workers shall have sufficient skill and experience to perform the Work assigned to them. VVTA shall have the right, at its sole discretion to require the immediate removal of CONTRACTOR's personnel at any level assigned to the performance of the Work at no additional fee or cost to VVTA, if VVTA considers such removal in its best interests and requests such removal in writing and such request is not done for illegal reasons. Further, an employee who is removed from performing Work under the Agreement under this Article shall not be reassigned to perform Work in any other capacity under this Agreement without VVTA's prior written approval.

## 28. NOTIFICATION OF EMPLOYMENT OF VVTA BOARD MEMBERS/ALTERNATES AND EMPLOYEES

To ensure compliance with VVTA's Ethics Policy, CONTRACTOR shall provide written notice to VVTA disclosing the identity of any individual who CONTRACTOR desires to employ or retain under a contract, and who (1) presently serves as a Board Member/Alternate or an employee of VVTA, or (2) SERVED AS A Board Member/Alternate or an employee of VVTA within the previous 12 months of the date of the proposed employment or retention by CONTRACTOR. CONTRACTOR's written notice shall indicate whether the individual will be an officer, principal or shareholder of the entity and/or will participate in the performance of this Agreement.

### 29. DISQUALIFYING POLITICAL CONTRIBUTIONS

In the event of a proposed amendment to this Agreement, CONTRACTOR shall provide prior to the execution of such amendment, a written statement disclosing any contribution(s) of \$250 or more made by CONTRACTOR or its subcontractor(s) to VVTA Board Members/Alternates or employees within the preceding twelve (12) months of the date of the proposed amendment. Applicable contributions include those made by any agent/person/entity on behalf of CONTRACTOR or subcontractor(s).

### 30. COMPLIANCE WITH LAW

CONTRACTOR shall familiarize itself with and perform the Work required under this Agreement in conformity with requirements and standards of VVTA, municipal and public agencies, public and private utilities, special districts, and railroad agencies whose facilities and work may be affected by Work under this Agreement. CONTRACTOR shall also comply with all Federal, state and local laws and ordinances.

### 31. COMPLIANCE WITH LOBBYING POLICIES

- A. CONTRACTOR agrees that if it is a Lobbyist Employer or if it has retained a Lobbying Firm or Lobbyist, as such terms are defined by VVTA in its Ethics Policy, it shall comply or ensure that its Lobbying Firm and Lobbyist complies with VVTA's Ethics Policy.
- B. If CONTRACTOR (Lobbyist Employer) or its Lobbying Firm or Lobbyist fails to comply, in whole or in part, with VVTA's Ethics Policy, such failure shall be considered a material breach of this Agreement and VVTA shall have the right to immediately terminate or suspend this Agreement.

### 32. WAIVER/INVALIDITY

No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of the provision, or of any other breach of the provision of the Agreement. Failure of either party to enforce any provision of this Agreement at any time shall not be construed as a waiver of that provision

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

### 33. FORCE MAJEURE

Performance of each and all CONTRACTOR's and VVTA's covenants herein shall be subject to such delays as may occur without CONTRACTOR's or VVTA's fault from acts of God, strikes, riots, or from other similar causes beyond CONTRACTOR's or VVTA's control.

### 34. CONFIDENTIALITY

CONTRACTOR agrees that for and during the entire term of this Agreement, any information, data, figures,

records, findings and the like received or generated by CONTRACTOR in the performance of this Agreement, shall be considered and kept as the private and privileged records of VVTA and will not be divulged to any person, firm, corporation, or other entity except on the direct prior written authorization of VVTA. Further, upon expiration or termination of this Agreement for any reason, CONTRACTOR agrees that it will continue to treat as private and privileged any information, data, figures, records, findings and the like, and will not release any such information to any person, firm, corporation or other entity, either by statement, deposition, or as a witness, except upon direct prior written authority of VVTA.

### 35. CONTRACTOR'S INTERACTION WITH THE MEDIA AND THE PUBLIC

- A. VVTA shall review and approve in writing all VVTA related copy proposed to be used by CONTRACTOR for advertising or public relations purposes prior to publication.

CONTRACTOR shall not allow VVTA related copy to be published in its advertisements and public relations programs prior to receiving such approval. CONTRACTOR shall ensure that all published information is factual and that it does not in any way imply that VVTA endorses CONTRACTOR's firm, service, and/or product.

- B. CONTRACTOR shall refer all inquiries from the news media to VVTA, and shall comply with the procedures VVTA's Public Affairs staff regarding statements to the media relating to this Agreement or the Work.
- C. If CONTRACTOR receives a complaint from a citizen or the community, CONTRACTOR shall inform VVTA as soon as possible and inform VVTA of any action taken to alleviate the situation.
- D. The provision of this Article shall survive the termination or expiration of this Agreement.

### 36. CONFLICT OF INTEREST

- A. Prohibited Interests
1. During the term of this Contract, Contractor, its officers, employees and their immediate families shall not acquire any interest, direct or indirect, that would conflict with the performance of services required to be performed under this Contract.
  2. Violation of subparagraph A. (1), is a material breach of this Contract, and Agency shall have the right to debar Contractor from participating at any tier in any Agency contract for a period of up to five (5) years.
  3. Contractor shall include a copy of subparagraphs A. (1), and A. (2), of this provision in any agreement it makes with its subcontractors.

B. Covenant

1. Contractor covenants that prior to award of this Contract, Contractor has disclosed any present interest and any interest existing within twelve (12) months prior to award of this Contract including, without limitation, any business or personal relationship that creates an appearance of a conflict of interest. Disclosable interests and relationships are those that may reasonably be viewed as creating a potential or actual conflict of interest. Disclosable interests and relationships are those that may reasonably be viewed as creating a potential or actual conflict of interest. Any existing or prospective interest acquired or occurring after submission of the initial Certification shall be provided in an amended Certification with the executed Contract and shall be incorporated into the Contract by this reference. Violation of this covenant is a material breach of this Contract.
2. In addition, Contractor shall immediately disclose in writing to VVTA and or to the other procuring agencies General Manager and Chief Legal Counsel any interest or relationship described in subparagraph B(1) acquired or occurring during the term of this Contract.
3. Violation of the above disclosure obligations is a material breach of this Contract.

37. COVENANT AGAINST GRATUITIES

A. Prohibited Conduct

1. During the term of this Contract, Contractor, its officers and employees and their immediate families are prohibited from offering or giving a gratuity in any form including, without limitation, entertainment, favors, loans, gifts or anything of greater than nominal value for any reason including personal, non-business related reasons to any Lead Procuring Agency officer or employee or their immediate families. For the purpose of this section, nominal value means anything: (1) having an aggregate value of \$35.00 (thirty-five dollars) or less per year; or (2) any perishable item (flowers or food) of any value except that prepared meals are subject to the \$35.00 limit. A campaign contribution is not a gratuity and is not prohibited by this Section.
2. Violation of subparagraph A(1) of this provision is a material breach of this Contract, and Agency shall have the right to debar Contractor from participating at any tier in any Agency contract for a period of up to five (5) years.
3. Contractor shall include a copy of subparagraphs A (1) and A (2) of this provision in any agreement it makes with its subcontractors.

B. Covenant

Contractor covenants that prior to award of this Contract, Contractor has disclosed, any gratuity, as described above, that it, its officers, employees or their immediate families have offered or given to any Agency officer, employee or their immediate families for any reason including personal non-Business related reasons within the twelve (12) months prior to award of this Contract. Any gratuity offered or given after submission of the initial Certification shall be provided in an amended Certification with the executed Contract and shall be incorporated into the

Contract by this reference. Violation of this covenant is a material breach of this Contract.

**38. WARRANTY OF AUTHORITY**

The person executing this Contract on behalf of Contractor affirmatively represents that she/he has the requisite legal authority to enter into this Contract on behalf of Contractor and to bind Contractor to the terms, covenants and conditions of this Contract. Both the person executing this Contract on behalf of Contractor and CONTRACTOR understand that VVTA is relying on this representation in entering into this Contract.

**39. ENTIRE AGREEMENT**

This Contract, including any and all Exhibits, constitutes the entire agreement between VVTA and CONTRACTOR and supersedes all prior negotiations, representations, or agreements, whether written or oral. In the event of a dispute between the parties as to the language of this Contract or the construction or meaning of any term hereof, this Contract shall be deemed to have been drafted by the parties in equal parts so that no presumptions or inferences concerning its terms or interpretation may be construed against any party to this Contract.

**IN WITNESS WHEREOF**, the parties have executed this Contract on the day and year set forth above.

**VICTOR VALLEY TRANSIT AUTHORITY**

By: \_\_\_\_\_

Kevin Kane, VVTA Executive Director

APPROVED AS TO FORM

By: \_\_\_\_\_

VVTA Legal Counsel

**CONTRACTOR**

By: \_\_\_\_\_

Name: Riaz Chaudhary

Title: MARRS, Principal in Charge

By: \_\_\_\_\_

Name:

Title:

# EXHIBIT 1

**AGENDA ITEM  
TEN**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Ratify Contract #2018-14 with National Express Transit for Operations and Maintenance.**

**SUMMARY STATEMENT**

At its May 21, 2018 meeting, the VVTA Board approved the cancellation of RFP 2017-13 and approved the release of RFP 2018-14 Operations and Maintenance Services.

VVTA RFP 2018-14 was released and posted to the VVTA website bids page. Additionally, Notices Inviting Proposals were published in local newspapers of general circulation and public transit publications such as Transit Talent, Passenger Transport, and Mass Transit. On Wednesday, July 25, 2018, the evaluation committee met to discuss the proposals received, gather scores, and determine a recommendation for award. The tabulated scores were as follows:

National Express Transit, Lisle, IL	175.59 Points
Transdev Services, Inc., Lombard, IL	167.34 Points
RATP Dev, Fort Worth, TX	136.30 Points

The Evaluation Committee deemed it necessary to conduct in-person Interviews with the two shortlisted proposers. On August 2, 2018, RATP Dev was notified that they were no longer being considered for this solicitation. The Interviews with Transdev and National Express Transit were conducted on Friday, August 10, 2018.

Continued

**RECOMMENDED ACTION**

**Ratify Contract #2018-14 with National Express Transit for Operations and Maintenance.**

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Kevin Kane, Executive Director	\$102,905,590	September 17, 2018	10

VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Ratify Contract #2018-14 with National Express Transit for Operations and Maintenance.**

**SUMMARY STATEMENT**

The final scores tabulated, of a maximum possible score of 265 points are as follows:

National Express Transit, Lisle, IL	211.96 Points
Transdev Services, Inc., Lombard, IL	202.01 Points

On August 20, 2018, the Board approved VVTA to enter into negotiations with National Express Transit for the Operations and Maintenance Services contract and delegated authority for executing and overseeing the contract to the Executive Director. On August 30, 2018, VVTA extended a request for a Best and Final Offer from National Express Transit. The Best and Final offer was received and approved by staff.

This contract is for a period of five (5) years with two (2) one-year option periods.

THIS AGREEMENT is made and entered into this 7<sup>th</sup> day of September 2018, by and between the **VICTOR VALLEY TRANSIT AUTHORITY**, a Joint Powers authority, created pursuant to the laws of the State of California ("VVTA" OR "Agency") and, **NATIONAL EXPRESS TRANSIT CORPORATION** ("NEXT" OR "CONTRACTOR").

### RECITALS

**WHEREAS**, VVTA circulated and distributed a request for proposal ("RFP") from prospective Proposers to select a Contractor to provide local and express fixed route transit services operating out of the Hesperia and Barstow Facility, a copy which is attached herein as Exhibit 1; and

**WHEREAS**, CONTRACTOR submitted a proposal to develop a provide the required services per the Scope of Work described in the RFP, a copy which is attached herein as Exhibit 2: and

**WHEREAS**, CONTRACTOR has represented and warrants to VVTA that it has the necessary training, experience, expertise, physical capacity and staff competency to provide the services, goods and materials that are described in this Agreement, at a cost to VVTA as herein specified and that it will be able to perform the herein described services to VVTA by virtue of its current resources and specialized knowledge of relevant data, issues, and conditions: and

**WHEREAS**, CONTRACTOR represents and warrants that neither CONTRACTOR, nor any of its officers, agents, employees, contractors, subcontractors, volunteers, or five percent owners, is excluded or debarred from participating in or being paid for participation in any Federal or State program; and

**WHEREAS**, CONTRACTOR further represents and warrants that no conditions or events now exist which give rise to CONTRACTOR, or any of its officers, agents, employees, contractors, subcontractors, volunteers or five percent owners being excluded or debarred from any Federal or State program; and

**WHEREAS**, CONTRACTOR understands that VVTA is relying upon these representations in entering into this Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises and conditions herein contained, VVTA and CONTRACTOR hereby agree as follows:

## 1. SCOPE OF WORK

- A. CONTRACTOR will perform the Work and related tasks as described in Attachment A, Scope of Work (Exhibit 2) hereto and is incorporated by reference into and made a part of this Agreement.
- B. This is a non-exclusive Agreement, whereby VVTA may, at its sole discretion, augment or supplant the Work with its own forces or forces of another contractor or entity. CONTRACTOR will cooperate fully with VVTA's staff or other contractor or entity that may be providing similar or the same Work for VVTA.

## 2. CONTRACT DOCUMENTS

The complete Contract between the parties shall consist of the following component parts:

This Agreement;

- A. Exhibit 1 – RFP NUMBER 2018-14, RFP TITLE: OPERATIONS AND MAINTENANCE SERVICES, including Addenda and all Attachments.
- B. Exhibit 2 – RFP 2018-14 Attachment A, Scope of Work
- C. Exhibit 3 – CONTRACTOR's Proposal Submission dated June 27, 2018
- D. Exhibit 4 – CONTRACTOR'S Insurance Certificate, dated \_\_\_\_\_
- E. Exhibit 5 – CONTRACTOR's Best and Final Offer dated August 30, 2018.
- F. Exhibit 6 – CONTRACTOR's Required Forms

All of the Exhibits mentioned in this Attachment are attached and are herein incorporated. This Agreement and the other Exhibits mentioned constitute the entire Contractual Agreement between the parties. In the event of any conflict between any of the provisions of this Agreement and Exhibits, the provision that requires the highest level of performance from CONTRACTOR for VVTA's benefit shall prevail.

### 3. PERIOD OF PERFORMANCE

This Agreement shall commence on October 1, 2018 and shall continue in full force and effect through September 30, 2023, with the option for two one-year extensions, unless earlier terminated or extended as provided in this Agreement.

### 4. TOTAL CONSIDERATION

- A. In accordance with the terms and conditions of this Contract, VVTA shall pay CONTRACTOR of its obligations under this Agreement. VVTA shall pay CONTRACTOR on a FIXED PRICE basis at the fully burdened fixed rates stated herein in accordance with the provisions, of this Section, and subject to the maximum cumulative payment obligation

#### RATES

- B. VVTA's maximum cumulative payment obligation under this Agreement shall not exceed One Hundred Two Million Nine Hundred Five Thousand Five Hundred Ninety Dollars (\$ 102,905,590.00), including all amounts payable to CONTRACTOR for all costs, including but not limited to direct labor, other direct costs, subcontracts, indirect costs including, but not limited to, leases, materials, taxes, insurance, and profit.

### 5. INVOICING AND PAYMENT

- A. CONTRACTOR shall invoice VVTA using the agreed upon milestone payment schedule. CONTRACTOR shall furnish information as may be requested by VVTA to substantiate the validity of an invoice.

CONTRACTOR shall submit invoices in duplicate to:

VICTOR VALLEY TRANSIT AUTHORITY  
ATTN: ACCOUNTS PAYABLE  
17150 SMOKETREE STREET  
HESPERIA, CA 92345-8305

A separate invoice shall be used for each shipment. Each invoice shall include, at minimum, the following information:

- Contract number
  - Purchase Order number
  - Invoice number
  - Description of deliverable
  - Delivery date
  - Unit Price, extended price and applicable taxes
  - Information as requested by VVTA
- B. VVTA shall remit payment within forty-five (45) calendar days of receipt of the invoices as approved by VVTA Senior Staff. VVTA does encourage the CONTRACTOR to accept discount terms of 2% 10, net 45, in the event the CONTRACTOR is in need of expedited terms.

In the event VVTA should overpay CONTRACTOR, such overpayment shall not be construed as a waiver of VVTA's right to obtain reimbursement for the overpayment. Upon discovering any overpayment, either on its own or upon notice of VVTA, CONTRACTOR shall immediately reimburse VVTA the entire overpayment or, at its sole discretion, VVTA may deduct such overpayment amount from monies due to CONTRACTOR under this Agreement or any other Agreement between VVTA and CONTRACTOR.

## 6. AUDIT AND INSPECTION OF RECORDS

In accordance with 49 C.F.R. § 18.36(i), 49 C.F.R. § 19.48(d), and 49 U.S.C. § 5325(a), provided VVTA is the FTA Recipient or a sub-grantee of the FTA Recipient, the Contractor agrees to provide VVTA, FTA, the Comptroller General of the United States, the Secretary of the U.S. Department of Transportation, or any of their duly authorized representatives access to any books documents, papers, and records of the Contractor which are directly pertinent to or relate to this Contract (1) for the purpose of making audits, examinations, excerpts, and transcriptions and (2) when conducting an audit and inspection.

**For Contract Amendments**, the Contracting Officer, the U.S. Department of Transportation (*if applicable*), or their representatives shall have the right to examine all books, records, documents, and other cost and pricing data related to a Contract Amendment, unless such pricing is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the public, or prices set by law or regulation, or combinations thereof. Data related to the negotiation or performance of the Contract Amendment shall be made available for the purpose of evaluating the accuracy, completeness, and currency of the cost or pricing data. The right of examination shall extend to all documents necessary for adequate evaluation of the cost or pricing data, along with the computations and projections used therein, either before or after execution of the Contract Amendment for the purpose of conducting a cost analysis. If an examination made after execution of the Contract Amendment reveals inaccurate, incomplete, or out-of-date data, the Contracting Officer may renegotiate the Contract Amendment and VVTA shall be entitled to any reductions in the price that would result from the application of accurate, complete or up-to-date data.

## 7. NOTIFICATION

All notices hereunder concerning this Agreement and the Work to be performed shall be physically transmitted by courier, overnight, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

To VVTA:  
Attn: Christine Plasting  
Victor Valley Transit Authority  
17150 Smoke Tree Street  
Hesperia, CA 92345-8305

To CONTRACTOR  
Attn: Jerry Triolo  
National Express Transit Corporation  
17150 Smoke Tree Street  
Hesperia, CA 92345

## 8. VVTA AND CONTRACTOR'S REPRESENTATIVES

### **A. VVTA**

VVTA's Executive Director, or his authorized designee, has authority to execute this

contract on behalf of VVTA. Except as expressly specified in this Agreement, the Executive Director may exercise any powers, rights and /or privileges that have been lawfully delegated by VVTA. Nothing in this Agreement should be construed to bind VVTA for acts of its officers, employees, and/or agents that exceed the delegation of authority specified herein. The Executive Director or his/her designee is empowered to:

1. Have general oversight of the Work and this Agreement, including the power to enforce compliance with this Agreement.
2. Reserve the right to remove any portion of the Work from CONTRACTOR which have not been performed to VVTA's satisfaction.
3. Subject to the review and acceptance by VVTA, negotiate with CONTRACTOR all adjustments pertaining to this Agreement for revision.
4. In addition to the foregoing, the Executive Director shall have those rights and powers expressly set forth in other sections of this Agreement.

**B. Contractor's Key Personnel**

The following are CONTRACTOR's key personnel and their associated roles in the Work to be provided:

<u>Name</u>	<u>Role</u>
Jerry Triolo	General Manager
Lora Sanchez	Operations Manager, Hesperia
Christine Ortega	Operations Manager, Barstow
James Miller	Maintenance Manager
Sue Crane	Safety Manager
Ryan Alvaraz	Data Manager

Any proposed substitution or replacement by Contractor of Contractor's key personnel shall ensure that such person possesses the same or better expertise that such person possesses the same or better expertise and experience than the key personnel being substituted or replaced. VVTA reserves the right to interview such person to ascertain and verify if such proposed substitution or replacement does in-deed possess such expertise and experience.

VVTA awarded this Agreement to CONTRACTOR based on VVTA's confidence and reliance on the expertise of CONTRACTOR's key personnel described above. CONTRACTOR shall no reassign key personnel or assign other personnel to key personnel roles until CONTRACTOR obtains prior written approval from VVTA.

**9. TERMINATION OF CONTRACT**

**A. TERMINATION FOR CONVENIENCE**

1. The performance of Work under this Contract may be terminated in whole, or from time to time in part, by the Contracting Officer for the convenience of VVTA whenever

the Contracting Officer determines that such termination is in the best interest of VVTA and the other procuring agencies. Any such termination shall be effected by delivery to the Contractor of a written Notice of Termination specifying the extent to which performance of Work under the Contract is terminated, and the date upon which such termination becomes effective. After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor must:

- (a) Stop the Work under the Contract on the date and to the extent specified in the Notice of Termination;
- (b) Place no further orders or subcontracts for materials, services, or facilities, except as may be necessary for completion of such portion of the Work under the Contract as is not terminated;
- (c) Terminate all orders and subcontracts to the extent that they relate to the performance of Work terminated as set out in the Notice of Termination;
- (d) Assign to VVTA in the manner, at the times, and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case VVTA shall have the right, in its discretion, to settle or pay and or all claims arising out of the termination of such orders and subcontracts;
- (e) Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Contracting Officer, to the extent he/she may require, which approval or ratification shall be final for all the purposes of this Section;
- (f) Transfer title to VVTA and deliver in the manner, at the times, and to the extent, if any, directed by Contracting Officer the fabricated or un-fabricated parts, work in process, completed work, supplies, and other material produced as part of, or acquired in connection with the performance of, the Work terminated, and the completed or partially completed plans, drawings, information and other property which, if the Contract had been completed, would have been required to be furnished to VVTA;
- (g) Use its best efforts to sell, in the manner, at the times, to the extent, and at the price(s) directed or authorized by the Contracting Officer, and property of the types referred to above, provided, however, that the Contractor shall not be required to extend credit to any purchaser, and may acquire an such property under the conditions prescribed by and at a price(s) approved by the Contracting Officer, and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by VVTA to the Contractor under this Contract or shall otherwise be credited to the price, or cost of the Work covered by this Contract or paid in such other manner as the Contracting Officer may direct;

- (h) Complete performance of such part of the Work as shall not have been terminated by the Notice of Termination; and
  - (i) Take such action as may be necessary, or as the Contracting Officer may direct, for the protection or preservation of the property related to this Contract which is in the possession of the Contractor and in which VVTA has or may acquire an interest.
2. After receipt of a Notice of Termination, the Contractor shall submit to VVTA its termination claim, in the form and with certification prescribed by VVTA. Such claim shall be submitted promptly but in no event later than three months from the effective date of termination, unless one or more extensions in writing are granted by VVTA, upon request of the Contractor made in writing within such three months period or authorized extension thereof. However, if VVTA determines that the facts justify such action, it may receive and act upon any such termination claim at any time after such three months period or any extension thereof. Upon failure of the Contractor to submit its termination claim within the time allowed, VVTA may determine, on the basis of information available, the amount, if any, due the Contractor by reason of the termination and will thereupon pay the Contractor the amount so determined.
3. Subject to the provisions of subsection 2 above, the Contractor and VVTA may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination or work pursuant to this Section, which amount or amounts may include an allowance for profit on work done; provided that such agreed amount or amounts exclusive of settlement costs, shall not exceed the total Contract Consideration as reduced by the amount of payments otherwise made and as further reduced by the Contract price of work not terminated. The Contract will be amended accordingly, and the Contractor will be paid the agreed amount.
4. In the event of failure of the Contractor and VVTA to agree, as provided in subsection 3, upon the amount to be paid the Contractor by reason of the termination of Work pursuant to this Section, VVTA will pay the Contractor the amounts determined by VVTA as follows, but without duplication of any amounts agreed in accordance with subsection:

With respect to Contract Work performed prior to the effective date of the Notice Termination, the total (without duplication of any items) of:

- (a) The costs of such Work;
- (b) The cost of settling and paying claims arising out of the termination of Work under subcontracts or orders as provided in subsection 1(e) above, exclusive of the amounts paid or payable on account of supplies or material delivered or services furnished by the subcontractor prior to the effective date of the Notice of Termination of Work under this Contract, which amounts shall be included in the costs on account of which payment is made under 2 above;

- (c) A sum, as profit on 4(a) above, determined by VVTA to be fair and reasonable; provided, however, that if it appears that the Contractor would have sustained a loss on the entire Contract had it been completed, no profit shall be included or allowed under this subsection 4(c) and an appropriate adjustment shall be made by reducing the amount of the settlement to reflect the indicated rate of loss; and
  - (d) The reasonable cost of preservation and protection of property incurred pursuant to subsection A (9) and any other reasonable cost incidental to termination of work under this Contract, including expense incidental to the determination of the amount due to the Contractor as the result of the termination of Work under this Contract.
- 5. The total sum to be paid to the Contractor under subsection 4 will not exceed the total Contract Consideration as reduced by the amount of payments otherwise made and as further reduced by the Contract price of Work not terminated. Except for normal spoilage, and except to the extent that VVTA will have otherwise expressly assumed the risk of loss, there will be excluded from the amounts payable to the Contractor under subsection 4 the fair value, as determined by the VVTA, of property which is destroyed, lost, stolen, or damaged so as to become undeliverable to VVTA, or to a purchaser pursuant to subsection 1 (g) of this Section.
- 6. In arriving at the amount due the Contractor under this Section, there will be deducted:
  - (a) The amount of any claim which VVTA has against the Contractor in connection with the Contract; and
  - (b) The agreed price for, or the proceeds of sale of materials, supplies, or other items acquired by the Contractor or sold, pursuant to the provision of this Section, and not otherwise recovered by or credited to VVTA.
- 7. If the termination hereunder is partial, prior to the settlement of the terminated portion of the Contract, the Contractor may file with VVTA a written request for an adjustment of the price or prices specified in the Contract relating to the continued portion of the Contract (the portion not terminated by the Notice of Termination), and such adjustment as may be agreed will be made in the price or prices.
- 8. VVTA may from time to time, at its sole discretion and under terms and conditions it may prescribe, make partial payments and payments on account against cost incurred by the Contractor in connection with the terminated portion of the Contract whenever, in the opinion of VVTA, the aggregate of payments does not exceed the amount to which the Contractor will be entitled hereunder. If the total of the payments is in excess of the amount finally agreed or determined to be due under this Section, the excess shall be paid by the Contractor to VVTA upon demand, together with interest at the rate of 10 percent per annum or the maximum rate permitted by

applicable law, whichever is less, for the period from thirty days following the date the notice of excess payment is received by the Contractor to the date on which the excess payment is repaid to VVTA.

9. Unless otherwise provided for in this Contract, or by applicable statute, the Contractor, from the effective date of termination and for a period of three years after final settlement under this Contract, shall preserve and make available to VVTA at all reasonable times at the office of the Contractor but without direct charge to VVTA, all its books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under this Contract and relating to the Work terminated hereunder, or to the extent approved by VVTA, photographs, microphotographs, or other authentic reproductions thereof.
10. The Contractor shall insert in all subcontracts that the Subcontractor or Supplier shall stop work on the date of and to the extent specified in a Notice of Termination from VVTA and shall require that any tier subcontractor to insert the same provision in any tier subcontract.
11. The Contractor shall communicate immediately upon receipt thereof, any Notice of Termination issued by VVTA to the affected Subcontractors and Suppliers of any tier.
12. Under no circumstances is the Contractor entitled to anticipatory, unearned profits or consequential damages as a result of a termination or partial termination under this Section. The payment to the Contractor determined in accordance with this Section constitutes exclusive remedy for a termination hereunder.
13. Anything contained in the Contract to the contrary notwithstanding, a termination under this Section shall not waive any right or claim to damages which VVTA may have and VVTA may pursue any course of action it may have under the Contract.

## **B. TERMINATION FOR CAUSE**

- (1) By written Notice of Termination to the Contractor, VVTA and the other procuring agencies may cancel the whole or any part of the Contract in any one of the following circumstances:
  - (a) If the Contractor fails to perform the Work within the time specified or any extension thereof;
  - (b) If the Contractor fails to perform any of the provisions of the Contract, or so fails to make progress as to endanger performance of the Contract in accordance with its terms, and in either of these two later circumstances does not cure such failure within a period of ten (10) calendar days (or such additional time as may be specified in the notice) after VVTA gives notice to Contractor of the failure;
  - (c) The Contractor or Subcontractor or Supplier has violated an authorized order

or requirement of VVTA;

- (d) Abandonment of the Contract;
  - (e) Assignment of subcontracting of the Contract or any Work under the Contract without approval by VVTA;
  - (f) Bankruptcy or appointment of a receiver for the Contractor's property;
  - (g) Performance by the Contractor in bad faith;
  - (h) Contractor allowing any final judgment to stand (unsatisfied) for a period of 48 hours (excluding weekends and legal holiday(s));
  - (i) Material failure to comply with the law, ordinance, rule, regulation or order of a legal authority applicable to the Contract, the Work, the Contractor or the goods; or
  - (j) Failure to indemnify any party which the Contractor is obligated to indemnify under the Section 2.7.5, Indemnification, or elsewhere under the Contract.
- (2) **Except** as provided in (1) (h) above, the Contractor shall be provided a period of ten (10) days to cure such failure (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from VVTA specifying such failure.
- (3) In the event the Contractor does not cure the breach to the satisfaction of VVTA within the time period specified by the Contracting Officer, the Contracting Officer will send the Contractor a written notice of failure to cure the breach. Upon receipt of such written notice from VVTA, Contractor shall:
- (a) Stop Work on the date of, and to the extent specified in, the Notice of Termination;
  - (b) Place no further orders or subcontracts for materials, equipment, services, or facilities, except that which is necessary to complete the portion of the Work which is expressly not cancelled under the Notice of Termination;
  - (c) Cancel all orders or subcontracts to the extent that they relate to the performance of Work cancelled under the Notice of Termination; and
  - (d) Comply with all other requirements of VVTA specified in the Notice of Termination.
- (4) If the Contract is cancelled as provided in this Section, VVTA may require Contractor to transfer title and deliver to VVTA, as directed by VVTA, the following:
- (a) Any completed supplies or equipment furnished by VVTA; and
  - (b) Such partially completed supplies and materials, installations, parts, tools,

dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing materials") that the Contractor has specifically produced or acquired for the cancelled portion of this Contract. The Contractor shall also protect and preserve property in its possession in which VVTA has an interest at the Contractor's sole expense.

- (5) Upon VVTA's Termination of the Contractor's right to proceed with the Work because of the Contractor's default under the Contract, VVTA will have the right to complete the Work by whatever means and method it deems advisable. VVTA will not be required to obtain the lowest prices for completing the Work but shall make such expenditures as, in VVTA's sole judgment, best accomplish such completion.
- (6) The expense of completing the Work, together with a reasonable charge for engineering, managerial and administrative services, as certified by the Lead Procuring Agency, will be charged and will be deducted by VVTA out of such monies as may be due or may at any time thereafter become due to the Contractor. In case such expense is in excess of the sum which otherwise would have been payable to the Contractor under the Contract, then the Contractor or its surety shall promptly pay the amount of such excess to VVTA upon notice of the excess so due. VVTA may, in its sole discretion, withhold all or any part of any progress payments otherwise due the Contractor until completion and final settlement of the Work covered by the Notice of Termination of Contractor's right to proceed.
- (7) Contractor shall insert in all subcontracts that the Subcontractor or Supplier will stop work on the date of or to the extent specified in a Notice of Termination from VVTA and shall require the Subcontractors and Suppliers to insert the same provision in any of their subcontracts.
- (8) The Contractor shall immediately upon receipt communicate any Notice of Termination issued by VVTA to the affected Subcontractors and Suppliers at any tier.
- (9) The Surety on the Contractor's Performance Bond provided for in this Contract shall not be entitled to take over the Contractor's performance of Work in case of termination under this Section, except with the prior written consent of VVTA.
- (10) The Contractor shall not be liable for any costs in excess of the total Contract Consideration if the failure to perform the Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a Subcontractor and/or Supplier and such default arises out of causes beyond the control of and without the fault or negligence of either the Contractor or the Subcontractor and/or Supplier, and if the Supplies or Services to be furnished by the Subcontractor or Supplier were not obtainable from other sources in sufficient time to permit the Contractor to meet the required Delivery Schedule, the Contractor shall not be liable for any costs in excess of the total Contract Consideration to complete the Work.
- (11.) If, after issuance of the Notice of Termination of this Contract, it is determined for any

reason that the Contractor was not in breach, or that the breach was excusable, the rights and obligations of the parties shall be the same as if the Notice of Termination had been issued pursuant to the Termination for Convenience Section, and the Contractor shall be reimbursed for costs incurred under the terms of that Section.

**10. ASSIGNMENT**

This Agreement, any interest herein or claim hereunder, may not be assigned by CONTRACTOR either voluntarily or by operation of law, nor may all or any part of this Agreement be subcontracted by CONTRACTOR – without prior written consent of VVTA. Consent by VVTA shall not be deemed to relieve CONTRACTOR of its obligations to comply fully with all terms and conditions of this Agreement.

**11. SUBCONTRACTING**

VVTA hereby consents to CONTRACTOR's subcontracting of portions of the Work to the parties identified below for the functions described in CONTRACTOR's proposal. CONTRACTOR shall include in each subcontract agreement the stipulation that CONTRACTOR, not VVTA, is solely responsible for payment to the subcontractor for all amounts owing and that the subcontractor shall have no claim, and shall take no action against VVTA, Member Agencies or officers, directors, employees or sureties thereof for nonpayment by CONTRACTOR.

The prime contractor will not be reimbursed for work performed by subcontractors unless and until the prime contractor ensures that the subcontractors are promptly paid for the work they have performed.

**Subcontractors' Names and Addresses**

**Work to be Performed**

JCM & Associates, Inc., dba Blue Goose Uniforms  
5443 E. Washington Blvd.  
Commerce, CA 90040

Supply of Maintenance and Operator Uniforms

Transit Auto Parts  
3712 Broadway, #352  
Chicago, IL 60613

Supply of Vehicle Parts

**12. SUCCESSORS AND ASSIGNS**

Subject to any provision under this Contract restricting assignment or subcontracting by CONTRACTOR, the provisions of this Contract shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, and personal representatives of the parties to this Contract.

**13. STATUS OF CONTRACTOR**

- A. It is understood and agreed by all the parties hereto that Contractor is an independent contractor and that no relationship of employer-employee exists between VVTA and CONTRACTOR. Neither CONTRACTOR nor CONTRACTOR'S assigned personnel shall be entitled to any benefits payable to employees of VVTA. CONTRACTOR hereby indemnifies and holds VVTA harmless from any and all claims that may be made against

VVTA, based upon any contention by any third party that an employer-employee relationship

exists by reason of this Contract or any services provided pursuant to this Contract.

- B. It is further understood and agreed by all the parties hereto that neither CONTRACTOR nor CONTRACTOR'S assigned personnel shall have any right to act on behalf of VVTA in any capacity whatsoever as an agent or to bind VVTA to any obligation whatsoever.
- C. It is further understood and agreed by all the parties hereto that CONTRACTOR must issue any and all forms required by Federal and State laws for income and employment tax purposes, including, but not limited to W-2 and 941 forms, for all of CONTRACTOR'S assigned personnel.

#### 14. CONTRACTOR'S RESPONSIBILITY

- A. The CONTRACTOR shall be responsible for the Work performed under the terms of this Contract to the extent provided by law. The CONTRACTOR agrees not to disclose information identified by VVTA as proprietary to third parties, unless approved in advance by VVTA or required by law.
- B. VVTA shall not be held liable or responsible for the maintenance and/or safety of the CONTRACTOR's equipment or supplies placed upon VVTA's property in accordance with this Contract. The CONTRACTOR acknowledges that it assumes full responsibility for any loss or damage to its equipment and supplies.
- C. Any materials, equipment or work found to be damaged or defective during the period CONTRACTOR is performing the maintenance for the facility pursuant to this Agreement shall be repaired, replaced or corrected by the CONTRACTOR hereunder without additional cost to VVTA, unless such damage is the result of VVTA's gross negligence or willful misconduct.
- D. CONTRACTOR shall pay for all taxes, except for sales, use, transaction and excise taxes that were legally enacted at the time CONTRACTOR's offer submitted. CONTRACTOR shall secure and pay for all permits and governmental fees, licenses and inspections necessary for the proper execution and completion of this Contract.
- E. CONTRACTOR's shall give VVTA Administration at least 24 hours prior notice when CONTRACTOR's Corporate representatives are scheduled to visit either the Hesperia or Barstow locations. Corporate representatives include, but not limited to, Board Members, Executive Staff, Regional staff, and Management.

#### 15. GOVERNING LAW

This Contract shall be deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of California. Any action or proceeding arising out of this Contract shall be filed and resolved in the Superior Court of the County San Bernardino.

#### 16. TIME OF THE ESSENCE

Time is of the essence in the performance of every term, covenant, condition, and provision of this

Contract.

## 17. PUBLIC RECORDS ACT

Upon its execution, this Contract (including all Exhibits) shall be subject to disclosure pursuant to the California Public Records Act.

## 18. INSURANCE

### A. General Requirements for Contractor

Throughout the life of this Agreement, Contractor shall pay for and maintain in full force and effect all policies of insurance required hereunder with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A- VII" in Best's Insurance Rating Guide, or (ii) authorized by VVTA's Executive Director or his/her designee at any time and in his/her sole discretion. The following policies of insurance are required:

- (i) COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Contract) with limits of liability of not less than

\$20,000,000 per occurrence for bodily injury and property damage

\$20,000,000 per occurrence for personal and advertising injury

\$20,000,000 aggregate for products and completed operations

\$20,000,000 general aggregate

- (ii) COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Service Office (ISO) Business Auto Coverage Form CA 00 01, and include coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Code 1 - Any Auto) with limits of liability of not less than \$20,000,000 per accident for bodily injury and property damage.

- (iii) AUTOMOBILE PHYSICAL DAMAGE insurance to include collision and comprehensive coverage for all VVTA vehicles operated, maintained, used and/or stored by Contractor, or in the care, custody and control of Contractor, under this Agreement. This insurance shall include replacement cost coverage for all VVTA vehicles operated, maintained, used and/or stored by Contractor, or in the care, custody and control of Contractor, under this Agreement.

- (iv) FIDELITY BOND/CRIME insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial Crime Coverage Form CR 00 20 and include coverage for employee theft, forgery or alteration, inside the premises – theft of money and securities, inside the premises –robbery or safe burglary, outside the premises, computer fraud,

funds transfer fraud and money orders and counterfeit paper currency, with limits of liability of not less than \$100,000 per claim/occurrence.

- (v) WORKERS' COMPENSATION insurance as required under the California Labor Code.
- (vi) EMPLOYERS' LIABILITY insurance with limits of liability of not less than \$1,000,000 each accident, \$1,000,000 disease policy limit and \$1,000,000 disease each employee.
- (vi) PROPERTY insurance against all risk of loss to the Facility, improvements and betterments therein, business personal property of VVTA, including all tools, equipment and materials, used by Contractor, or in the care, custody and control of Contractor, under this Agreement. This insurance shall include replacement cost coverage, with no coinsurance penalty provision.

Should Contractor maintain insurance with broader coverage and/or limits of liability greater than those shown above, VVTA requires and shall be entitled to the broader coverage and/or the higher limits of liability maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to VVTA.

In the event Contractor purchases an Umbrella or Excess insurance policy(ies) to meet the minimum limits of insurance set forth above, this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies).

Contractor shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and Contractor shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the VVTA's Executive Director or his/her designee. At the option of the VVTA's Executive Director or his/her designee, either: (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to VVTA, its members, board members, officers, officials, employees and agents; or (ii) Contractor shall provide a financial guarantee, satisfactory to VVTA's Executive Director or his/her designee, guaranteeing payment of losses and related investigations, claim administration and defense expenses. At no time shall VVTA be responsible for the payment of any deductibles or self-insured retentions.

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after 30 calendar day written notice has been given to VVTA. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, Contractor shall furnish VVTA with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for VVTA, Contractor shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than 15 calendar days prior to the expiration date of the expiring policy.

The General Liability and Automobile Liability insurance policies shall be written on an occurrence form and shall name VVTA, its members, board members, officers, officials, employees and agents as an additional insured. Such policy(ies) of insurance shall be endorsed so Contractor's insurance shall be primary and no contribution shall be required of VVTA. The coverage shall contain no special limitations on the scope of protection afforded to VVTA, its members, board members, officers, officials, employees, and agents. The Automobile Physical Damage, Fidelity Bond/Crime and

Property insurance policies shall name the VVTA as a loss payee. The Workers' Compensation insurance policy shall contain a waiver of subrogation as to VVTA, its members, board members, officers, officials, employees and agents.

Contractor and its insurers shall waive all rights of contribution, recovery and subrogation against VVTA, its members, board members, officers, officials, employees and agents on account of any injury, death or property damage to any person, including any injury or death to the Contractor, its principles, officers, employees, agents, consultants, contractors, subcontractors, invitees, or Contractor's property or the property of others under Contractor's care, custody and control. Contractor shall give notice to its insurers that this waiver of subrogation is contained in this Agreement. This requirement shall survive expiration or termination of this Agreement.

Contractor shall furnish VVTA with all certificate(s) and applicable endorsements effecting coverage required hereunder. **All certificates and applicable endorsements are to be received and approved by VVTA's Executive Director or his/her designee in his/her sole discretion prior to VVTA's execution of this Agreement and before work commences.** Upon request of VVTA, Contractor shall immediately furnish VVTA with a complete copy of any insurance policy required under this Contract, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement.

If at any time during the life of this Agreement or any extension, Contractor or any of its subcontractors fail to maintain any required insurance in full force and effect, all work under this Agreement shall be discontinued immediately, and all payments due or that become due to Contractor shall be withheld until notice is received by VVTA that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to VVTA. Any failure to maintain the required insurance shall be sufficient cause for VVTA to terminate this Agreement. No action taken by VVTA hereunder shall in any way relieve Provider of its responsibilities under this Agreement.

The fact that insurance is obtained by Contractor shall not be deemed to release or diminish the liability of Contractor, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify VVTA shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Contractor. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Contractor, its principals, officers, employees, agents, persons under the supervision of Contractor, vendors, suppliers, invitees, consultants, sub-consultants, subcontractors, or anyone employed directly or indirectly by any of them.

If Contractor should subcontract all or any portion of the services to be performed under this Agreement, Contractor shall require each subcontractor to provide insurance protection in favor of VVTA, its members, board members, officers, officials, employees and agents, in accordance with the terms of each of the preceding paragraphs, except that the subcontractors' certificates and endorsements shall be on file with Contractor and VVTA prior to the commencement of any work by the subcontractor.

## B. Contractor's Responsibility Regarding Hazardous Substances

### i. Definition:

"Hazardous Materials" means friable asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs), petroleum or crude oil or any fraction thereof, natural gas, source material, special nuclear material, and byproduct materials regulated under the Federal Pesticide Fungicide and Rodenticide Act (7 U.S.C. 136, et seq.), and any hazardous waste, toxic, or dangerous substance or related material, including any materials defined or treated as a "hazardous substance," "hazardous waste," "toxic substance" or contaminant (or comparable term) under any law.

### ii. Indemnification:

Contractor shall indemnify, defend, and hold harmless VVTA and its members, board members, officers, officials, employees and agents from all fines, suits, procedures, claims, and actions of every kind, and all costs associated therewith (including reasonable attorneys' and consultants' fees) arising out of or in any way connected with any deposit, spill, discharge, or other release of Hazardous Substances during, or as a result of, Contractor's operations and work under this Agreement, or by any employee, representative, agent, contractor, sub-contractor, supplier, customer, guest, invitee of Contractor, or as a result of Contractor's failure to provide any or all information, make any or all submissions, and take any and all steps required by any or all Authorities under the Laws and any and all other environmental laws. This requirement shall survive the termination or expiration of this agreement.

## C. Verification of Coverage

- 1) Contractor shall furnish VVTA with original endorsements affecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All insurance certificates and endorsements are to be received and approved by VVTA before work commences.
- 2) As an alternative, Contractor's insurer may provide complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications.
- 3) In lieu of purchasing insurance and providing original endorsements and or certificates of insurance, the Contractor may provide proof of self-insurance; such proof must be to the satisfaction of VVTA.

## E. Subcontractors

Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

## F. Notification of Terminated Insurance

Insurance shall not be terminated or expire without thirty (30) days written notice, and are required

to be maintained in force until completion of the contract.

#### G. Endorsements

The following endorsements 1 through 4 are required to be made a part of the Comprehensive General Liability policy, and Endorsement No.4 is required to be made part of the Workers' Compensation and Employers' Liability policy:

1. "Victor Valley Transit Authority (herein referred to as VVTA), its employees, officers, agents and contractors are hereby added as additional insurers."
2. "This policy shall be considered primary insurance as respects any other valid and collectible insurance VVTA may possess, including any self-insured retention VVTA may have, and any other insurance VVTA does possess shall be considered excess insurance only."
3. "This insurance shall act for each insured and additional insured as though a separate policy had been written for each. This, however, will not act to increase the limit of liability of the insuring company." Coverage specified herein shall apply to acquisition actions of all procuring agencies under this contract.
4. "Thirty (30) days' prior written notice of Termination shall be given to VVTA in the event of Termination."

Such notice shall be sent to:  
Victor Valley Transit Authority  
ATTN: Christine Plasting  
17150 Smoke Tree Street  
Hesperia, California 92345

#### H. Proof of Coverage

Copies of all the required Endorsements shall be attached to the CERTIFICATE OF INSURANCE which shall be provided by the Contractor's insurance company as evidence of the stipulated coverage. This Proof of Insurance shall then be mailed to:

Victor Valley Transit Authority  
ATTN: Christine Plasting  
17150 Smoketree Street  
Hesperia, California 92345

#### I. Special Provisions

1. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Contractor and any approval of said insurance by the VVTA Board, VVTA staff or their insurance consultant(s), are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Contractor pursuant to this Contract, including, but not limited to, the provisions concerning indemnification.
2. VVTA reserves the right to withhold payments to Contractor in the event of material noncompliance with the insurance requirements outlined above.

## J. MINIMUM INSURANCE COVERAGE

- 1) Commercial General Liability including Products/Completed Operations: \$20,000,000; per occurrence for bodily and property damage liability and \$20,000,000 aggregate; *VVTA named and endorsed as an Additional Insured.*
- 2) Automobile Liability: \$20,000,000; per occurrence for bodily and property damage liability and aggregate; *VVTA named and endorsed as an Additional Insured.*
- 3) Workers' Compensation: statutory limits
- 4) Employer's Liability: \$1,000,000; per occurrence.

## 19. INDEMNIFICATION

- A. To the furthest extent allowed by law, Contractor shall indemnify, hold harmless and defend VVTA and its members, board members, officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by VVTA, Contractor or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of performance of this Agreement. Contractor's obligations under the preceding sentence shall apply regardless of whether VVTA or any of its members, board members, officers, officials, employees, agents or volunteers are negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused solely by the gross negligence, or caused by the willful misconduct, of VVTA or any of its members, board members, officers, officials, employees, agents or volunteers.

If Contractor should subcontract all or any portion of the work to be performed under this Agreement, Contractor shall require each subcontractor to indemnify, hold harmless and defend VVTA and its members, board members, officers, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

This section shall survive termination or expiration of this Agreement.

- B. If CONTRACTOR has retained legal counsel reasonably acceptable to Agency, CONTRACTOR shall have the sole charge and direction of the defense of the suit, action or proceeding while it is assigned to such counsel. VVTA shall at the request of the CONTRACTOR furnish to the CONTRACTOR all reasonable assistance that may be necessary for the purpose of defending such suit, action or proceeding, and shall be repaid all reasonable costs incurred in doing so. VVTA shall have the right to be represented therein by advisory council of its own selection at its own expense.

## 20. REVISIONS

By written notice or order, VVTA may, from time to time, order work suspension or make changes to this Agreement. Changes in the Work shall be mutually agreed to and incorporated into an amendment to this Agreement. Upon execution of an amendment, CONTRACTOR shall perform the Work, as amended.

Price Adjustments:

- A. Any change in the contract that causes an increase or decrease in cost to VVTA, or the time required for the performance of the contract, must be approved as prescribed herein. In the event that the change is a request for price escalation by the Contractor, any price escalation or de-escalation must be justified by the contractor using acceptable measures such as the Consumer Price Index (CPI) or other universally accepted measure.
- B. An equitable adjustment in the compensation and schedule will be made upon an approved Change Order.
- C. CONTRACTOR shall be liable for all costs resulting from, or for satisfactorily correcting, any and all unauthorized specification changes not properly ordered by written modification to the contract.
- D. Except as otherwise expressly provided in the Contract, when costs are a factor in any determination of a contract price adjustment, such costs shall be in accordance with the applicable cost principles of Subpart 31.2 of the Federal Acquisition Regulations (FAR) in effect at the onset of the Contract.

Modifications:

Unless specified otherwise in the Agreement, this Agreement may only be modified by written mutual consent evidenced by signature of representative authorized to enter into and modify the Agreement. In order to be effective, amendments may require approval by VVTA's Board of Director, and in all instances require prior signature of an authorized representative of VVTA.

21. RIGHTS IN TECHNICAL DATA

- A. No material or technical data prepared by CONTRACTOR under this Agreement is to be released by CONTRACTOR to any other person or entity except as necessary for the performance of the Work. All press releases or information concerning the Work that might appear in any publication or dissemination, including but not limited to, newspapers, magazines, and electronic media, shall first be authorized in writing by VVTA.
- B. The originals of all letter, documents, reports and other products and data produced under this Agreement shall become the property of VVTA without restriction or limitation on their use and shall be made available upon request to VVTA at any time. Original copies of such shall be delivered to VVTA upon completion of the Work or termination of the Work. CONTRACTOR shall be permitted to retain copies of such items for the furtherance of its technical proficiency; however, publication of this material is subject to the prior written approval of VVTA. The provisions of this paragraph shall survive termination or expiration of this Agreement and/or final payment thereunder.

## 22. OWNERSHIP OF REPORTS AND DOCUMENTS

The originals of all letters, documents, reports and other products and data produced under this Agreement shall be delivered to, and become the sole and exclusive property of VVTA. Copies may be made for CONTRACTOR's records, but shall not be furnished to others without prior written authorization from VVTA. Such deliverables shall be deemed works made for hire, and all rights in copyright therein shall be retained by VVTA.

## 23. OWNERSHIP RIGHTS

- A. In the event VVTA rightfully obtains copies of Proprietary Data under the terms of the separate License Agreement and Escrow Agreement that govern rights in Documentation, Software and Intellectual Property created and/or developed by CONTRACTOR, its Third Party Software Contractors and its Suppliers as part of the Project, any derivative works and associated documentation created by and on behalf of VVTA by Permitted Programmers (as defined in the License Agreement) shall be the sole and exclusive property of VVTA (collectively "VVTA Intellectual Property"), and VVTA may use, disclose and exercise dominion and full rights of ownership, in any manner in VVTA Intellectual Property in connection with the use, operation and maintenance of a transportation system administered by VVTA. No use of VVTA Intellectual Property shall be made for any purpose other than in conjunction with a transportation system administered by CONTRACTOR, and VVTA shall not sell, lease, rent, give away or otherwise disclose any VVTA Intellectual property to any outside third party other than Permitted programmers. To the extent there may be any question of rights of ownership or use in any VVTA Intellectual Property, CONTRACTOR shall require all of its subcontractors and suppliers (including without limitation its Third Party Software Contractors) to assign to VVTA, all worldwide right, title and interest in and to all VVTA Intellectual Property in a manner consistent with the foregoing terms of this paragraph. CONTRACTOR shall execute any documents as VVTA may from time to time reasonable request to effectuate the terms of this paragraph.
- B. All documentation and Software which predates this Contract and which otherwise owned by Contractor or its Third Party Software Contractors, and all Documentation and Software which is created by CONTRACTOR or its Third Party Software Contractors shall be Licensed Software or Licensed Documentation, as appropriate. All Licensed Software and Licensed Documentation shall be governed by License Agreement by and between the parties of event date herewith.

## 24. WORK FOR HIRE

Any Work created or produced as a part of this Agreement that may be defined under Section 101, Title 17, USC will be considered "work for hire" as it pertains to ownership rights. CONTRACTOR, by his/her endorsement heron agrees that all rights to any work(s) created or produced are waived, and that ownership rests with VVTA. CONTRACTOR further agrees to ensure transfer of all rights to such work(s), as defined under federal copyright law that may be created or produced under this Agreement by its suppliers, contractors or subcontractors.

## 25. SUBMITTAL OF CLAIMS BY CONTRACTOR

CONTRACTOR shall file any and all claims with VVTA in writing within thirty (30) days of the event or

occurrence giving rise to the claim. The claim shall be in sufficient detail to enable VVTA to ascertain the claim's basis and amount, and shall describe the date, place and other pertinent circumstances of the event or occurrence giving rise to the claim and the indebtedness, obligation, injury, loss or damages allegedly incurred by CONTRACTOR.

Even though a claim may be filed and/or in review by VVTA, CONTRACTOR shall continue to perform in accordance to this Agreement.

## 26. EQUAL OPPORTUNITY

CONTRACTOR shall not discriminate against, or grant preferential treatment to, any individual or group, or any employee or applicant for employment because of race, age, religion, color, ethnicity, sex, national origin, ancestry, physical disability, mental disability, political affiliation, sexual orientation, marital status or other status protected by law. CONTRACTOR shall take action to ensure that applicants and employees are treated without regard to the above.

## 27. STANDARD OF PERFORMANCE

- A. CONTRACTOR shall perform and exercise, and require its subcontractors to perform and exercise due professional care and competence in this performance of the Work in accordance with the requirements of this Agreement. CONTRACTOR shall be responsible for the professional quality, technical accuracy, completeness and coordination of the Work, it being understood that VVTA will be relying upon such professional quality, accuracy, completeness and coordination in utilizing the Work. The foregoing obligations and standards shall constitute the "Standard of performance" for purposes of this Agreement. The provisions of this paragraph shall survive termination or expiration of this Agreement and/or final payment thereunder.
- B. All workers shall have sufficient skill and experience to perform the Work assigned to them. VVTA shall have the right, at its sole discretion to require the immediate removal of CONTRACTOR's personnel at any level assigned to the performance of the Work at no additional fee or cost to VVTA, if VVTA considers such removal in its best interests and requests such removal in writing and such request is not done for illegal reasons. Further, an employee who is removed from performing Work under the Agreement under this Article shall not be reassigned to perform Work in any other capacity under this Agreement without VVTA's prior written approval.

## 28. NOTIFICATION OF EMPLOYMENT OF VVTA BOARD MEMBERS/ALTERNATES AND EMPLOYEES

To ensure compliance with VVTA's Ethics Policy, CONTRACTOR shall provide written notice to VVTA disclosing the identity of any individual who CONTRACTOR desires to employ or retain under a contract, and who (1) presently serves as a Board Member/Alternate or an employee of VVTA, or (2) SERVED AS A Board Member/Alternate or an employee of VVTA within the previous 12 months of the date of the proposed employment or retention by CONTRACTOR. CONTRACTOR's written notice shall indicate whether the individual will be an officer, principal or shareholder of the entity and/or will participate in the performance of this Agreement.

## 29. DISQUALIFYING POLITICAL CONTRIBUTIONS

In the event of a proposed amendment to this Agreement, CONTRACTOR shall provide prior to the execution of such amendment, a written statement disclosing any contribution(s) of \$250 or more made by

CONTRACTOR or its subcontractor(s) to VVTA Board Members/Alternates or employees within the preceding twelve (12) months of the date of the proposed amendment. Applicable contributions include those made by any agent/person/entity on behalf of CONTRACTOR or subcontractor(s).

### 30. COMPLIANCE WITH LAW

CONTRACTOR shall familiarize itself with and perform the Work required under this Agreement in conformity with requirements and standards of VVTA, municipal and public agencies, public and private utilities, special districts, and railroad agencies whose facilities and work may be affected by Work under this Agreement. CONTRACTOR shall also comply with all Federal, state and local laws and ordinances.

### 31. COMPLIANCE WITH LOBBYING POLICIES

- A. CONTRACTOR agrees that if it is a Lobbyist Employer or if it has retained a Lobbying Firm or Lobbyist, as such terms are defined by VVTA in its Ethics Policy, it shall comply or ensure that its Lobbying Firm and Lobbyist complies with VVTA's Ethics Policy.
- B. If CONTRACTOR (Lobbyist Employer) or its Lobbying Firm or Lobbyist fails to comply, in whole or in part, with VVTA's Ethics Policy, such failure shall be considered a material breach of this Agreement and VVTA shall have the right to immediately terminate or suspend this Agreement.

### 32. WAIVER/INVALIDITY

No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of the provision, or of any other breach of the provision of the Agreement. Failure of either party to enforce any provision of this Agreement at any time shall not be construed as a waiver of that provision

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

### 33. FORCE MAJEURE

Performance of each and all CONTRACTOR's and VVTA's covenants herein shall be subject to such delays as may occur without CONTRACTOR's or VVTA's fault from acts of God, strikes, riots, or from other similar causes beyond CONTRACTOR's or VVTA's control.

### 34. CONFIDENTIALITY

CONTRACTOR agrees that for and during the entire term of this Agreement, any information, data, figures, records, findings and the like received or generated by CONTRACTOR in the performance of this Agreement, shall be considered and kept as the private and privileged records of VVTA and will not be divulged to any person, firm, corporation, or other entity except on the direct prior written authorization of VVTA. Further, upon expiration or termination of this Agreement for any reason, CONTRACTOR agrees that it will continue to treat as private and privileged any information, data, figures, records, findings and the like, and will not release any such information to any person, firm, corporation or other entity, either by statement, deposition, or as a witness, except upon direct prior written authority of VVTA.

### 35. CONTRACTOR'S INTERACTION WITH THE MEDIA AND THE PUBLIC

- A. VVTA shall review and approve in writing all VVTA related copy proposed to be used by CONTRACTOR for advertising or public relations purposes prior to publication.

CONTRACTOR shall not allow VVTA related copy to be published in its advertisements and public relations programs prior to receiving such approval. CONTRACTOR shall ensure that all published information is factual and that it does not in any way imply that VVTA endorses CONTRACTOR's firm, service, and/or product.

- B. CONTRACTOR shall refer all inquiries from the news media to VVTA, and shall comply with the procedures VVTA's Public Affairs staff regarding statements to the media relating to this Agreement or the Work.
- C. If CONTRACTOR receives a complaint from a citizen or the community, CONTRACTOR shall inform VVTA as soon as possible and inform VVTA of any action taken to alleviate the situation.

- D. The provision of this Article shall survive the termination or expiration of this Agreement.

### 36. CONFLICT OF INTEREST

A. Prohibited Interests

1. During the term of this Contract, Contractor, its officers, employees and their immediate families shall not acquire any interest, direct or indirect, that would conflict with the performance of services required to be performed under this Contract.
2. Violation of subparagraph A. (1), is a material breach of this Contract, and Agency shall have the right to debar Contractor from participating at any tier in any Agency contract for a period of up to five (5) years.
3. Contractor shall include a copy of subparagraphs A. (1), and A. (2), of this provision in any agreement it makes with its subcontractors.

B. Covenant

1. Contractor covenants that prior to award of this Contract, Contractor has disclosed any present interest and any interest existing within twelve (12) months prior to award of this Contract including, without limitation, any business or personal relationship that creates an appearance of a conflict of interest. Disclosable interests and relationships are those that may reasonably be viewed as creating a potential or actual conflict of interest. Disclosable interests and relationships are those that may reasonably be viewed as creating a potential or actual conflict of interest. Any existing or prospective interest acquired or occurring after submission of the initial Certification shall be provided in an amended Certification with the executed Contract and shall be incorporated into the Contract by this reference. Violation of this covenant is a

material breach of this Contract.

2. In addition, Contractor shall immediately disclose in writing to VVTA and or to the other procuring agencies General Manager and Chief Legal Counsel any interest or relationship described in subparagraph B(1) acquired or occurring during the term of this Contract.
3. Violation of the above disclosure obligations is a material breach of this Contract.

### 37. COVENANT AGAINST GRATUITIES

#### A. Prohibited Conduct

1. During the term of this Contract, Contractor, its officers and employees and their immediate families are prohibited from offering or giving a gratuity in any form including, without limitation, entertainment, favors, loans, gifts or anything of greater than nominal value for any reason including personal, non-business related reasons to any Lead Procuring Agency officer or employee or their immediate families. For the purpose of this section, nominal value means anything: (1) having an aggregate value of \$35.00 (thirty-five dollars) or less per year; or (2) any perishable item (flowers or food) of any value except that prepared meals are subject to the \$35.00 limit. A campaign contribution is not a gratuity and is not prohibited by this Section.
2. Violation of subparagraph A(1) of this provision is a material breach of this Contract, and Agency shall have the right to debar Contractor from participating at any tier in any Agency contract for a period of up to five (5) years.
3. Contractor shall include a copy of subparagraphs A (1) and A (2) of this provision in any agreement it makes with its subcontractors.

#### B. Covenant

Contractor covenants that prior to award of this Contract, Contractor has disclosed, any gratuity, as described above, that it, its officers, employees or their immediate families have offered or given to any Agency officer, employee or their immediate families for any reason including personal non-Business related reasons within the twelve (12) months prior to award of this Contract. Any gratuity offered or given after submission of the initial Certification shall be provided in an amended Certification with the executed Contract and shall be incorporated into the Contract by this reference. Violation of this covenant is a material breach of this Contract.

### 38. WARRANTY OF AUTHORITY

The person executing this Contract on behalf of Contractor affirmatively represents that she/he has the requisite legal authority to enter into this Contract on behalf of Contractor and to bind Contractor to the terms, covenants and conditions of this Contract. Both the person executing this Contract on behalf of Contractor and CONTRACTOR understand that VVTA is relying on this representation in entering into this Contract.

### 39. ENTIRE AGREEMENT

This Contract, including any and all Exhibits, constitutes the entire agreement between VVTA and

CONTRACTOR and supersedes all prior negotiations, representations, or agreements, whether written or oral. In the event of a dispute between the parties as to the language of this Contract or the construction or meaning of any term hereof, this Contract shall be deemed to have been drafted by the parties in equal parts so that no presumptions or inferences concerning its terms or interpretation may be construed against any party to this Contract.

**IN WITNESS WHEREOF**, the parties have executed this Contract on the day and year set forth above.

**VICTOR VALLEY TRANSIT AUTHORITY**

By: \_\_\_\_\_

Kevin Kane, VVTA Executive Director

APPROVED AS TO FORM

\_\_\_\_\_  
VVTA Legal Counsel

**CONTRACTOR**

By: \_\_\_\_\_

Name: Judith Crawford

Title: Chief Executive Officer

**AGENDA ITEM  
ELEVEN**

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VICTOR VALLEY TRANSIT AUTHORITY

**AGENDA MATTER**

**Closed Session.**

**SUMMARY STATEMENT**

**Closed Session.**

**BOARD BUSINESS**

Conference with Labor Negotiator per Government Code Section 54957.6(A) with Kevin Kane, Designated Labor Negotiator with regard to all other VVTA employees, with the exception of Executive Director.

**RECOMMENDED ACTION**

Approve recommendation of the Board.

<b>PRESENTED BY</b>	<b>FISCAL IMPACT</b>	<b>MEETING DATE</b>	<b>ITEM NUMBER</b>
Kevin Kane, Executive Director	N/A	September 17, 2018	11

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**CORRESPONDENCE  
/PRESS CLIPS**

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## **'Right move at the right time': VVTA set to deploy first battery-powered buses**

**By Susan Monaghan / For the Daily Press**

Posted Aug 26, 2018 at 8:19 AM

The Victor Valley Transit Authority (VVTA) will be deploying its first electric-powered buses ahead of the California Air Resources Board's Innovative Clean Transit (ITA) measure, a series of staggered regulations on the public transit sector over the next two decades with the goal of reducing emission modes to zero by 2040.

Projected operational savings over the 12-year life of the buses is expected to be over \$125,000 in maintenance fees, compared to conventionally-powered vehicles, according to officials.

"The move into battery electric technology is the right move at the right time," said VVTA Board Member and Barstow Council Member, Rich Harpole.

Harpole said VVTA plans to replace seven compressed natural gas (CNG) buses, which have outgrown their original service life, with the new battery-powered buses in the 2018-19 fiscal year.

"By procuring Battery Electric Buses (BEBs), VVTA places itself in a position to have Southern California Edison provide all the required electric infrastructure as part of their Charge Ready Transit Bus Program. This alone could save VVTA approximately \$2.2 million in the cost of bringing power lines and enough electric power to its Hesperia facility," said Harpole.

VVTA plans to use New Flyer of America's Xcelsior XE buses, deploying five 35-foot and two 40-foot vehicles. The Xcelsior XE runs approximately 140 miles between charges.

The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project provides for a rebate of up to \$150,000 per bus ordered before the ITA mandate takes effect, officials said. The rebate will help offset the cost differential between

a CNG bus and a BEB.

“VVTA analysts have carefully considered its zero-emissions options, reviewing an enormous amount of research and performance data from a number of different agencies to address the critical climate and operational challenges in VVTA’s service area,” said VVTA Director of Maintenance & Facilities, Ron Zirges. “Factoring in all the unique variables ... we are confident in the package we have selected and the limited number of routes these buses will successfully serve.”

VVTA’s service area spans nearly 1,000 square miles and incorporate the majority of the High Desert. For more information, visit [www.vvta.org](http://www.vvta.org).

## **Victorville woman arrested for threatening VVTA bus driver, KFC employee with knife**

**By Kevin Trudgeon**

**City Editor**

Posted Aug 17, 2018 at 10:00 AM

Updated Aug 17, 2018 at 10:00 AM

**ADELANTO** — A 47-year-old woman was arrested after she reportedly threatened several people with a knife and claimed she was going to kill them, authorities said.

Victorville resident Janet Henry was placed in custody on suspicion of making criminal threats, resisting an executive officer and felony assault Thursday afternoon.

San Bernardino County Sheriff's Victor Valley Station deputies responded to reports of a Victor Valley Transit Authority bus driver being threatened in the area of Highway 395 and Palmdale Road at 2:17 p.m.

"The suspect, identified as Janet Henry, did not want to pay the full fare and pulled a 6-inch kitchen knife from the bag she was carrying," sheriff's officials said. "Henry pointed the knife at the bus driver, while stepping towards her and verbally threatening her.

"Henry then got off the bus and walked to Kentucky Fried Chicken with the knife in her hand and told an employee at the restaurant she was going to kill him and everyone in the establishment."

Deputies detained Henry and found her still in possession of the knife, according authorities, and she repeatedly made physical threats against the arresting officers.

Anyone with information regarding this crime is urged to contact Deputy L. Abernathy at the Victor Valley Sheriff's Station at 760-552-6800. Persons wishing to remain anonymous may call the We-Tip Hotline at 1-800-782-7463