

File No. 250990

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date October 15, 2025

Board of Supervisors Meeting Date _____

Cmte Board

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☐	☐	_____
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Completed by: Brent Jalipa Date October 9, 2025

Completed by: Brent Jalipa Date _____

1 [Lease Amendment - Transbay Joint Powers Authority - Continued Muni Operations -
2 Salesforce Transit Center at First and Mission Streets - Current Estimated Annual Operating
3 Charge of \$1,203,280]

4 **Resolution approving a First Amendment to the Lease Agreement with the Transbay**
5 **Joint Powers Authority for continued Muni operations at the Salesforce Transit**
6 **Center, located at First and Mission Streets, for a term effective upon approval of this**
7 **Resolution through December 31, 2050, with two ten-year extension options and a**
8 **current estimated annual operating charge of \$1,203,280; and to authorize the San**
9 **Francisco Municipal Transportation Agency's Director of Transportation to enter into**
10 **any extensions, amendments, or modifications to the Lease Amendment that do not**
11 **materially increase the obligations or liabilities to the City or materially reduce the**
12 **benefits and are necessary or advisable to effectuate the purposes of the Lease, as**
13 **modified by the Lease Amendment or this Resolution.**

14
15 WHEREAS, The Salesforce Transit Center (Transit Center), located at First and
16 Mission Streets in San Francisco, was designed and constructed as a replacement for the
17 former Transbay Terminal and as a premier transit hub connecting local and regional transit
18 providers, including Muni, AC Transit, Golden Gate Transit, Amtrak, Greyhound, and
19 WestCAT Lynx; and

20 WHEREAS, The Transit Center is a critical connection point for multiple Muni lines,
21 including the 5/5R-Fulton, 7-Haight, 38/38R-Geary, 25-Treasure Island, and 714 BART Early
22 Bird, as well as regional transit services such as AC Transit's transbay routes, Golden Gate
23 Transit buses from Marin County, WestCAT buses from Contra Costa County, Amtrak buses
24 from Emeryville, and Greyhound buses; and

1 WHEREAS, Muni operates from the Transit Center bus plaza under a Transit Center
2 Lease (Lease) dated June 15, 2018, between the City and County of San Francisco (City),
3 acting by and through the San Francisco Municipal Transportation Agency (SFMTA), and the
4 Transbay Joint Powers Authority, a joint powers authority (TJPA), which was approved by the
5 SFMTA Board of Directors under Resolution No. 180605-084, which are both on file with the
6 Clerk of the Board of Supervisors in File No. 250990; and

7 WHEREAS, The Lease requires the SFMTA to pay an annual operating charge
8 (Operating Charge) equal to a proportional share of the Transit Center's excess operating
9 expenses each fiscal year based on SFMTA's exclusive use area under the Lease; and

10 WHEREAS, The current estimated annual Operating Charge of \$1,203,280 is less
11 than \$45 per square foot per year, and the SFMTA has the right to terminate the Lease if its
12 projected Operating Charge for an upcoming fiscal year exceeds \$3,000,000; and

13 WHEREAS, The Lease is currently on a month to month basis, and the SFMTA
14 wishes to enter into a First Amendment to Lease Agreement (Lease Amendment) to extend
15 the Lease term to December 31, 2050, with two 10-year extension options subject to mutual
16 approval by the SFMTA and the TJPA; a copy of the Lease Amendment is on file with the
17 Clerk of the Board of Supervisors in File No. 250990; and

18 WHEREAS, The Lease Amendment will allow the SFMTA to continue Muni operations
19 at the Transit Center bus plaza, preserving its strategic role as a central hub for Muni lines,
20 improving service reliability, and strengthening multimodal connections with regional transit
21 providers; and

22 WHEREAS, On June 4, 2025, the SFMTA, under authority delegated by the Planning
23 Department, determined that the proposed Lease Amendment is not a "project" under the
24 California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of
25 Regulations Sections 15060(c) and 15378(b); and

1 WHEREAS, A copy of the CEQA determination is on file with Clerk of the Board of
2 Supervisors in File No. 250990 and is incorporated herein by reference; and

3 WHEREAS, On July 15, 2025, the SFMTA Board of Directors adopted Resolution
4 No. 250715-068, a copy of which is on file with the Clerk of the Board of Supervisors in File
5 No. 250990, to authorize the SFMTA Director of Transportation to request the Board of
6 Supervisors to approve the Lease Amendment and to execute the Lease Amendment if
7 approved by the Board of Supervisors; now, therefore, be it

8 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
9 authorizes the SFMTA Director of Transportation or their designee to execute the Lease
10 Amendment in substantially the form on file with the Clerk of the Board of Supervisors in File
11 No. 250990, to perform all City obligations and exercise all City rights under the Lease, as
12 amended by the Lease Amendment, and to enter into any additions, amendments, or
13 modifications to the Lease that the SFMTA Director of Transportation, in consultation with the
14 City Attorney's Office, determines are in the best interest of the City, do not materially
15 increase the obligations or liabilities of the City or materially reduce the benefits to the City,
16 and are necessary or advisable to effectuate the Lease, as modified by the Lease
17 Amendment, and the purpose and intent of this Resolution; and be it

18 FURTHER RESOLVED, That within thirty (30) days of the Lease Amendment being
19 fully executed by all parties, the SFMTA shall provide a copy to the Clerk of the Board for
20 inclusion into the official file.

Item 3 File 25-0990	Department: Municipal Transportation Agency (MTA)
EXECUTIVE SUMMARY	
Legislative Objectives - The proposed resolution would approve the First Amendment to the lease between San Francisco Municipal Transportation Agency (SFMTA) and Transbay Joint Powers Authority (TJPA) for continued Muni operations at the Salesforce Transit Center (Transit Center) through December 2050, with two 10-year options to extend, and an initial estimated annual operating charge of \$1,203,280. Key Points - The Transit Center, located at First and Mission Streets, serves as a hub for various local and regional bus operators, including Muni, AC Transit, Golden Gate Transit, WestCAT, and Greyhound. In 2018, SFMTA entered into a lease with TJPA for a pilot program to use bus facilities for a term of three years with three one-year options to extend. The lease has expired and is now in holdover status. SFMTA has negotiated a lease amendment with TJPA. - Under the lease, SFMTA and AC Transit are the primary tenants, with the share of operating charges proportional to the share of exclusive space granted to each tenant. AC Transit currently is granted 78.2 percent of exclusive space (the 3rd floor of the Transit Center) and Muni is granted 21.8 percent of exclusive space (the 1st floor). Operating charges are calculated based on the net operating expenses for the whole Transit Center, when operating expenses exceed revenues. Primary tenants may sublease a portion of their premises to other operators, as assigned by TJPA. SFMTA currently subleases a portion of its exclusive space to Golden Gate Transit and subleases a portion of exclusive space from AC Transit. Fiscal Impact - Under the proposed lease amendment, SFMTA would pay an estimated operating charge of \$1,203,280 in FY 2025-26. Including the subleases to Golden Gate Transit and from AC Transit, the initial annual net projected cost to SFMTA is \$1,233,904. If these subleases continue and costs increase by three percent annually, the total cost to SFMTA over the 50-year initial term of the lease would be approximately \$139.2 million. - TJPA projects that SFMTA's annual operating charge will slightly decrease to approximately \$1,180,790 in FY 2026-27 due to projections that revenues will increase more than expenditures (by 4.4 percent and 3.9 percent, respectively). Recommendation - Approve the proposed resolution.	

MANDATE STATEMENT

City Charter Section 8A.102 states that the Municipal Transportation Agency has authority of leases and other property transactions but also must comply with City Charter Section 9.118.

City Charter Section 9.118(c) states that any lease, modification, amendment or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

The Salesforce Transit Center (Transit Center), located at First and Mission Streets, serves as a hub for various local and regional bus operators, including Muni, AC Transit, Golden Gate Transit, WestCAT, and Greyhound. The Transit Center has below-grade space to accommodate future Caltrain and California High Speed Rail service. The Transit Center is owned by the Transbay Joint Powers Authority (TJPA), an agency formed by the City, AC Transit, and Caltrain.

In June 2018, the San Francisco Municipal Transportation Agency (SFMTA) Board approved a lease with the Transbay Joint Powers Authority (TJPA) for a pilot program to use bus facilities at the Transit Center for a term of three years, from approximately July 13, 2019 through July 13, 2022, with three one-year options to extend through July 13, 2025. The lease expired and is now in holdover status. To continue Muni operations at the Transit Center, SFMTA has negotiated a lease amendment with TJPA. In July 2025, the SFMTA Board approved the amendment.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to the lease between SFMTA and TJPA for continued Muni operations at the Transit Center, for a term of approximately 25 years and two months through December 2050, with two 10-year options to extend through December 2070, and an estimated annual operating charge of \$1,203,280 in FY 2025-26. The resolution would also authorize the Director of Transportation to make further immaterial amendments to the lease.

The key terms of the lease are shown in Exhibit 1 below.

Exhibit 1: Key Terms of Proposed Lease Amendment

Premises	Approximately 50,436 square feet of exclusive space
Term	Approximately 25 years and two months, from the date of execution by both parties through December 2050
Options to Extend	Two 10-year options to extend through December 2070
Operating Charge	SFMTA pays 21.8% of Transit Center net operating expenses (estimated at \$1,203,280 in FY 2025-26)
Option to Terminate	SFMTA may terminate if projected operating charge exceeds \$3,000,000 for a fiscal year
Subleasing	SFMTA shall not unreasonably object to sublease a portion of premises to other operators. Public entity subtenants would pay pro-rata share of SFMTA costs. Private entity subtenants would pay the greater of 2.1% of Transit Center net operating expenses per bus bay or \$330,221 (with 3% escalation) per bus bay. ¹
Utilities and Services	Provided by TJPA

Source: Original Lease, Proposed Lease Amendment

Under the lease, SFMTA and AC Transit are the primary tenants, with the share of operating charges proportional to the share of exclusive space granted to each tenant. AC Transit currently is granted 78.2 percent of exclusive space (the 3rd floor of the Transit Center) and Muni is granted 21.8 percent of exclusive space (the 1st floor). Operating charges are calculated based on the net operating expenses for the whole Transit Center, when operating expenses exceed revenues. Operating expenses include management, janitorial, security, maintenance and repairs, utilities, insurance, taxes, and expenses incurred to operate the Transit Center, but exclude debt service and ongoing expenses for engineering, design, and construction of the future rail extension. Revenues include retail leasing, advertising space, event space rentals, regional funding measures, and Salesforce naming rights, but exclude public operator payments.

TJPA provides SFMTA and AC Transit an annual budget with projected operating costs and revenues for the Transit Center and subsequent operating charges for each primary tenant. SFMTA and AC Transit may review the proposed budget, audit financial records, and provide any comments, modifications, or objections. If objections persist beyond TJPA's written response, TJPA must meet with SFMTA and AC Transit and make a good faith effort to resolve any objections. Anticipated operating charges paid by the tenants are reconciled with actual Transit Center net operating expenses on a quarterly basis. If the annual operating charge is projected to be greater than \$3 million for a fiscal year, SFMTA has the option to terminate the lease.

Under the lease, primary tenants may sublease a portion of their premises to other operators. Public entity subtenants pay the pro-rata share of the primary tenant's operating charge, and private-entity operators pay the greater of 2.1 percent of Transit Center net operating expenses per bus bay or \$330,221 annually per bus bay (subject to three percent escalation). SFMTA currently subleases a portion of its exclusive space to Golden Gate Transit, for an annual amount

¹ The amount was \$268,500 per bus bay in the original lease for FY 2018-19. With three percent annual escalation, the current amount is \$330,221 per bus bay.

of \$194,376, and subleases a portion of exclusive space from AC Transit, for an annual cost of \$225,000.² TJPA makes the final determination on assigning subleases.

FISCAL IMPACT

Under the proposed lease amendment, SFMTA would pay an estimated operating charge of \$1,203,280 in FY 2025-26. Including the subleases to Golden Gate Transit and from AC Transit, the initial annual net projected cost to SFMTA is \$1,233,904. If these subleases continue and costs increase by three percent annually, the total cost to SFMTA over the 50-year initial term of the lease would be approximately \$139.2 million. Under this scenario, SFMTA would be eligible to terminate the lease in approximately Year 32 of the lease (2056), when the projected net operating charge exceeds \$3,000,000. Over the initial six years of the lease, the annual operating charge has ranged from \$1,201,150 (in FY 2022-23) to \$1,765,648 (in FY 2020-21). Operating charges are paid by SFMTA's Operating Fund.

TJPA projects that SFMTA's annual operating charge will slightly decrease to approximately \$1,180,790 in FY 2026-27 due to projections that revenues (excluding primary tenant operating charges) will increase more than expenditures (by 4.4 percent and 3.9 percent, respectively). According to SFMTA, TJPA has been working with Colliers International since 2018. The Transbay Center's retail occupancy rate is approximately 70 percent. TJPA is working with Colliers to continue seeking tenants for the remaining 30 percent of space. The potential future extension of Caltrain and California High Speed Rail, which is tentatively anticipated in at least 2035 but not fully funded, would increase ridership at the Transit Center and boost retail demand.

RECOMMENDATION

Approve the proposed resolution.

² SFMTA subleases a portion of the 3rd floor from AC Transit to accommodate the 25-Treasure Island route, due to a ramp connecting from the Bay Bridge and Interstate 80 to the 3rd floor.

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement ("Amendment"), is made and entered into as of _____, 2025 ("Amendment Date") and between the TRANSBAY JOINT POWERS AUTHORITY, a joint powers authority created under California Government Code sections 6500 *et seq.* ("TJPA"), as lessor, and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), acting by and through the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY (the "SFMTA"), as lessee, (each, a "Party" and collectively, the "Parties").

RECITALS

- A. The Transbay Joint Powers Authority, a joint powers authority created under California Government Code Sections 6500 *et seq.* ("TJPA"), developed a new transit center generally located at First and Mission Streets in the City and County of San Francisco ("Transit Center") which includes, but is not limited to, a Bus Deck Level, a Bus Plaza, and, in Phase II, an extension of the Caltrain commuter rail system and California High Speed Rail into the Transit Center (the "Property").
- B. Pursuant to a Transit Center Lease dated June 15, 2018 ("2018 Lease"), the SFMTA leases the Bus Plaza portion of the Transit Center (the "Bus Plaza") from the TJPA and has rights of ingress and egress across the Property to access the Bus Plaza. Consistent with the 2018 Lease, the SFMTA may accommodate additional carriers on the Bus Plaza. Unless otherwise stated to the contrary, all initially-capitalized, undefined terms in this Amendment shall have the meanings given to them in the 2018 Lease.
- C. Pursuant to a letter dated June 8, 2022, SFMTA exercised its right to extend the term of the 2018 Lease to July 13, 2023.

- D. Pursuant to a letter dated July 27, 2023, SFMTA exercised its right to extend the term of the 2018 Lease to July 13, 2024.
- E. Pursuant to a letter dated March 25, 2024, SFMTA exercised its right to extend the term of the 2018 Lease to July 13, 2025.
- F. The term of the 2018 Lease expired on July 13, 2025, and pursuant to Section 3 of the 2018 Lease, the SFMTA continued to lease the Bus Plaza on a month-to-month tenancy on the terms and conditions of the 2018 Lease.
- G. The Parties wish to extend the month-to-month term of the 2018 Lease on the terms of this Amendment, which was approved by the SFMTA Board of Directors through Resolution No. _____ and by City's Board of Supervisors through Resolution No. _____. The 2018 Lease, as amended by this Amendment, shall be referred to as the "Lease Agreement".

NOW, THEREFORE, in consideration of the covenants, conditions, and agreements set forth herein, the SFMTA and the TJPA agree as follows:

Section 1. Revised Commencement Date.

Section 2 of the 2018 Lease shall be deleted in its entirety and replaced with the following language:

"The SFMTA's lease and use of the Premises shall commence on July 13, 2019 (the "Commencement Date"). The SFMTA shall commence operations at the Premises on the Commencement Date."

Section 2. Revised Expiration Date.

The first paragraph of Section 3 of the 2018 Lease is deleted in its entirety and replaced with the following language:

“The Lease shall terminate on December 31, 2050 (“Termination Date”) unless earlier terminated pursuant to Section 8 below. The term of the Lease may be extended up to two (2) ten (10)-year periods by mutual written agreement of the Parties prior to any termination of the Lease (each, an “Extended Term”). Each Extended Term, if any, shall be on all of the terms and conditions contained in this Lease.”

Section 3. Budgeting Process, Early Termination.

The ninth, tenth, and eleventh sentences of Section 8, subpart D of the 2018 Lease shall be deleted in their entirety.

Section 4. Updates in San Francisco Municipal Code.

A. All initially-capitalized, undefined terms used in this subsection (A) shall have the meanings given to them in San Francisco Administrative Code Section 1.25, as may be amended. As of June 24, 2024, City’s agreements with Government Entities are exempted from San Francisco Municipal Code provisions that impose obligations or other restrictions on contractors. Accordingly, the Parties agree that Sections 39, 42, 43, 44, 45, 48 and 49 of the 2018 Lease are deleted in their entirety.

B. Section 22 of the Joint Powers Agreement forming the TJPA requires the TJPA to comply with all restrictions and requirements prohibiting discrimination of any kind in employment and contracting under San Francisco Administrative Code Sections 12B, 12C, and 12D, as amended from time to time. As of January 4, 2024, San Francisco Administrative Code Chapters 12B (Nondiscrimination in Contracts) and 12C (Nondiscrimination in Property Contracts) were redesignated as Articles 131 (Nondiscrimination in Contracts) and 132 (Nondiscrimination in Property Contracts) respectively, of the San Francisco Labor and Employment Code. All references to San Francisco Administrative Code Section 12B or Section

12C in the 2018 Lease shall accordingly be modified to refer to San Francisco Labor and Employment Code Articles 131 and 132 respectively.

Section 5. Governing Law.

This Amendment shall be deemed to have been made in, and be construed in accordance with, the laws of the State of California.

Section 6. Effective Date.

This Amendment shall become effective as of the Amendment Date once it is duly executed and exchanged by the Parties.

Section 7. Corporate Authority.

Each Party represents and warrants to the other that it has full right, authority, and capacity to execute and perform its obligations under this Amendment; the execution and delivery of this Amendment has been duly authorized by all requisite actions of the Party; this Amendment constitutes a valid, binding, and enforceable obligation of the Party; and neither the execution of this Amendment nor the consummation of this Amendment violates any agreement, contract, or other restriction to which the Party is bound.

Section 8. References.

No reference to this Amendment is necessary in any instrument or document at any time referring to the 2018 Lease. Any future reference to the 2018 Lease shall be deemed a reference to such document as amended hereby.

Section 9. Miscellaneous.

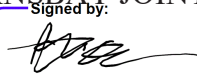
(a) Except as expressly modified herein, the terms, covenants and conditions of the 2018 Lease shall remain unmodified and in full force and effect. (b) The Lease Agreement constitutes the entire agreement of the Parties concerning the subject matter hereof, and supersedes and cancels

any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. (c) The execution of this Amendment shall not constitute a waiver of relinquishment of any rights that either Party may have relating to the 2018 Lease. (d) The Parties hereby ratify and confirm all of the provisions of the Lease Agreement. (e) Neither Party shall record this Amendment.

Executed as set forth below in the City and County of San Francisco.

Execution Date: 6/12/2025

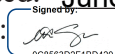
TRANSBAY JOINT POWERS AUTHORITY

Signed by:
By: 
44233815C096443...
Adam Van de Water
Executive Director

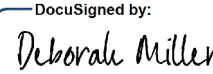
Transbay Joint Powers Authority
Board of Directors

Resolution No: 25-020

Adopted: June 12, 2025

Attest: 
Secretary, TJPA Board of Directors

APPROVED AS TO FORM

DocuSigned by:
By: 
EC98216F05FA4DB...
TJPA Attorney

Execution Date: 6/12/2025

CITY AND COUNTY OF SAN FRANCISCO, ACTING
BY AND THROUGH ITS SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY

By: _____
Julie Kirschbaum
Director of Transportation

San Francisco Municipal Transportation Agency
Board of Directors

Resolution No: _____

Adopted: _____

Attest:

Secretary, SFMTA Board of Directors

APPROVED AS TO FORM

By _____

Carol Wong

Deputy City Attorney



TJPA SFMTA Lease Amendment

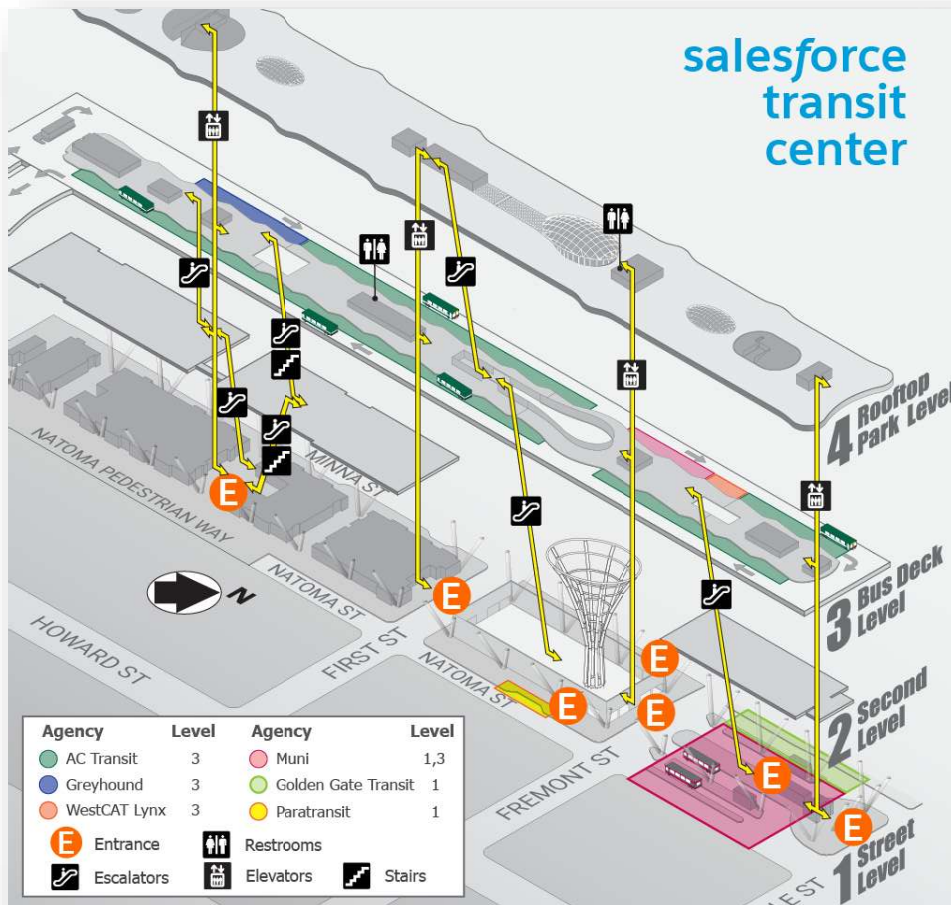
Continued Muni Operations at
Transbay Transit Center

BOS Budget and Finance Committee
October 15, 2025

File No. 250990

TJPA SFMTA Lease Amendment

Summary of Request



The SFMTA seeks Board of Supervisors' approval

- for the **First Amendment to the Lease Agreement** with the **Transbay Joint Powers Authority (TJPA)**
- for **continued Muni operations** at the **Salesforce Transit Center** through **12/31/2050**,
- with **two ten-year extension options** and a current estimated annual operating charge of **\$1,203,280**.

TJPA SFMTA Lease Amendment Background

- The **Transit Center** replaced the former Transbay Terminal and serves as a **regional transit hub**.
- The original lease (approved 6/5/2018) was for a **pilot program** for Muni bus operations at the Transit Center's bus plaza.
- The pilot was **successful, leading to an ongoing operational commitment**.



TJPA SFMTA Lease Amendment

Current Bus Operations



- Muni operates multiple lines from the Transit Center: **5/5R-Fulton**, **7-Haight**, **38/38R-Geary**, **25-Treasure Island**, and **714 BART Early Bird**.
- The Transit Center also serves **AC Transit**, **WestCAT**, **Golden Gate Transit**, **SamTrans**, and **Greyhound**.
- The facility includes **below-grade space** for **future Caltrain** and **California High Speed Rail** service.
- The SFMTA has **exclusive use of 50,436 sq. ft.**, representing **21.8%** of the total exclusive-use area of the Transit Center.

Revenue and Cost Management

- TJPA manages the day-to-day operations of the Salesforce Transit Center.

Revenues	Expenses
Examples: • Retail • Advertising • Event space rental • Regional funding, and • Naming rights/ sponsorships	Examples: • Management • Janitorial services • Security • Maintenance • Utilities • Insurance • Taxes

- It plans to increase revenue through **long-term commercial tenants and future transit expansions.**

Terms, Current Status, and Purpose of Amendment

- **SFMTA's annual Operating Charge** is based on its share of the Transit Center's excess operating expenses, proportional to its exclusive-use areas.
 - **FY25–26:** \$1,203,280
 - **FY26–27:** \$1,130,000 - \$1,180,790 (estimated)
- The SFMTA may **terminate the Lease** if its projected Operating Charge for an upcoming fiscal year **exceeds \$3 million**.
- The **current lease is month-to-month**.
- This Amendment **extends the lease term to 12/31/2050**, with **two 10-year extension options** subject to mutual approval by the SFMTA and the TJPA.
- It would ensure **continued Muni operations** and **regional transit connectivity**.

TJPA SFMTA Lease Amendment Summary

The **MTA Board** **approved** the lease amendment on **7/15/2025**.

Final approval from the Board of Supervisors is respectfully requested.

- **Extend the term to 12/31/2025** for continued Muni operations at the Transit Center, **with two ten-year extension options** and an operating charge of **\$1,203,280 for FY25-26;** and
- **Authorize the Director of Transportation** to enter into any necessary or advisable changes to the Lease Amendment that do not materially increase the obligations or liabilities to the City or reduce its benefits, while effectuating the purposes of this amendment.



Thank You

**Transbay Joint Powers Authority,
San Francisco Municipal Transportation Agency**

Transit Center Lease

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San Francisco Municipal Transportation Agency

Transit Center Lease

This Transit Center Lease ("Lease") is made and entered into this 15th day of June, 2018 ("Effective Date") by and between the TRANSBAY JOINT POWERS AUTHORITY, a joint powers authority created under California Government Code sections 6500 *et seq.* ("TJPA"), as lessor, and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City") acting by and through the SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY ("SFMTA"), as lessee, (each, a "party" and collectively, the "parties").

RECITALS

A. The TJPA is developing the Transbay Program in San Francisco. The Transbay Program includes, among other things, a new transit center generally located at First and Mission Streets ("transit center"), which includes, but is not limited to, a Bus Deck Level and a Bus Plaza with an overhead catenary system ("OCS") in the Bus Plaza; and, in Phase II of the Program, a future extension of the Caltrain commuter rail system and California High Speed Rail into the transit center, including an Intercity Bus Facility.

B. The SFMTA oversees transit, streets, and taxis in the City and County of San Francisco. The SFMTA wishes to have a pilot program that makes the transit center a point of destination/departure for a portion of its public transportation operations in San Francisco. The SFMTA and the TJPA entered into the Ancillary Improvements Agreement, dated even herewith ("Ancillary Improvements Agreement"), setting forth the terms for ownership, operation, and maintenance of the OCS, six (6) traffic signals (the "Signals"), and four (4) transit vending machines ("TVMs") in the transit center.

C. Pursuant to a September 10, 2008 Transbay Transit Center Program Lease and Use Agreement ("AC Transit Lease"), the Alameda-Contra Costa Transit District ("AC Transit") leases the Bus Deck Level of the transit center. Consistent with the AC Transit Lease, AC Transit intends to grant the SFMTA a license to operate on a portion of the Bus Deck Level. This Lease provides the terms and conditions for the SFMTA's lease and use of portions of the transit center other than the Bus Deck Level, but the commencement of this Lease is expressly contingent and conditioned on the execution of a license agreement between the SFMTA and AC Transit for SFMTA's operation from two Bus Deck Level bus bays (the "Bus Deck Agreement").

D. Pursuant to a May 8, 2017 Asset Management Agreement ("Asset Management Agreement"), the TJPA has hired LPC West Transit Management LLC ("Asset Manager") to provide operations and maintenance services for the transit center. Consistent with the Asset Management Agreement, the Asset Manager is expected to provide ongoing management of the transit center, including portions of the transit center leased to the SFMTA under this Lease.

E. Pursuant to a July 24, 2017 Naming and Signage Rights Agreement ("Naming Rights Agreement"), the TJPA provided salesforce.com the right to name the new transit center the "Salesforce Transit Center" and the right to receive certain other benefits. The Naming Rights Agreement imposes requirements and obligations relative to the name of, references to, and logos associated with the transit center.

F. The TJPA has the right to lease portions of and grant the right to use the transit center and has full power and authority to enter into this Lease.

G. The SFMTA has the right to lease property related to its public transportation operations and has full power and authority to enter this Lease.

NOW, THEREFORE, in consideration of the covenants, conditions, and agreements set forth herein, the TJPA and the SFMTA do hereby agree as follows:

Section 1. Leased Premises

The TJPA leases to the SFMTA, and the SFMTA leases from the TJPA, the approximately Fifty Thousand Four Hundred Thirty Six (50,436) square-foot Bus Plaza, including bus spaces, drive aisles, two operating booths, passenger waiting areas, bus shelters, and four (4) driver/staff restrooms, as labeled and identified in the attached Exhibit A ("Premises"), for SFMTA's public transportation operations; provided, however, that SFMTA shall allow the general public to use the portion of the Premises depicted as the "Shared Vertical Circulation Elements" for vertical circulation within the Center at all times the Center is open to the public. The parties may modify the description of the Premises by mutual written agreement at any time.

Section 2. Commencement Date

The SFMTA's lease and use of the Premises shall commence on the date on which the last of the following has occurred: (i) a temporary certificate of occupancy for the transit center has been issued by the TJPA, (ii) the TJPA substantially completes construction of the transit center, including ingress and egress, and the Improvements (as described in Exhibit B), (iii) the transit center is ready for occupancy and use by the SFMTA and the public as a transportation facility and will not subject either SFMTA or the public to any hazard, delay, or undue inconvenience, and (iv) the SFMTA and AC

Transit have entered the Bus Deck Agreement. The last to occur of the foregoing (i) – (iv) shall be the “Commencement Date”. The TJPA shall give the SFMTA prior written notice of the planned Commencement Date and permit SFMTA reasonable access to the Premises during such period to complete any tenant improvements the SFMTA wishes to make to the Premises, consistent with the terms and conditions of this Lease. The SFMTA shall commence operations at the Premises on the Commencement Date.

Section 3. Termination Date

The Lease shall terminate on the third (3rd) anniversary of the Commencement Date (“Termination Date”) unless earlier terminated pursuant to Section 8 below; provided, however, that the SFMTA shall have three (3) options (each, an “Extension Option”) to extend the term of the Lease by one (1) year (each, a “Extended Term”) by delivering written notice of the SFMTA’s exercise of an Extension Option (each, an “Extension Notice”) to the TJPA at least seven (7) months prior to the then-scheduled termination of the Lease; provided, however, that if the SFMTA is in material default under this Lease on the date of giving an Extension Notice and fails to cure such default as provided in the Lease prior to the commencement of the applicable Extended Term, the TJPA may reject such exercise by delivering written notice thereof to the SFMTA promptly after such failure to cure. Each Extended Term, if any, shall be on all of the terms and conditions contained in this Lease.

If the SFMTA holds over in possession of the Premises after the expiration of the term with the TJPA’s consent, such holding over shall not be deemed to extend the term of or renew this Lease, but such tenancy thereafter shall continue as a month-to-month tenancy on all the terms and conditions set forth in this Lease, and the SFMTA shall

continue as a month-to-month tenant until the tenancy shall be terminated by the TJPA giving the SFMTA, or the SFMTA giving the TJPA, at least thirty (30) days' prior written notice of termination.

Section 4. SFMTA Obligation Upon Termination

Upon the Termination Date, or earlier termination of this Lease, the SFMTA shall peaceably and quietly leave, yield up to, vacate, and surrender the Premises to the TJPA in the condition required under Section 5 of this Lease. The SFMTA agrees and acknowledges that in the event SFMTA does not promptly vacate the Premises at the termination of this Lease and holds over without the TJPA's prior written consent, in addition to any other rights or remedies of the TJPA relating to such unlawful holdover, the SFMTA shall indemnify, defend, and hold harmless the TJPA from any and all third party claims, losses, costs, and damages to the extent arising from such unlawful holdover (including, but not limited to attorneys' fees, and/or any claims asserted against the TJPA by any party who has the right to use the Premises during such unlawful holdover).

Section 5. Surrender of Possession

The SFMTA shall yield and deliver to the TJPA possession of the Premises at the termination of this Lease in good condition in accordance with its express obligation hereunder, except for damage or loss due to reasonable wear and tear, fire or other casualty, or other cause beyond the SFMTA's control. The SFMTA shall remove all moveable furnishings, trade fixtures, and equipment installed or placed by it in, on, or about the Premises, in addition to removing portions of the OCS from the Premises as specified in the Ancillary Improvements Agreement. If the SFMTA's removal of such

moveable furnishings, trade fixtures, or equipment damages the Premises, the SFMTA shall repair such damaged portion of the Premises to the condition it was in immediately prior to such removal.

Section 6. Relocation Costs

A. The parties acknowledge that at the termination of this Lease, the SFMTA will not be a "displaced person" and will not be entitled to relocation assistance under the California Relocation Assistance Act (Cal. Gov. Code sections 7260 *et seq.*), or the Uniform Relocation Assistance Act of 1970 (42 U.S.C. sections 4601 *et seq.*).

B. If, as reasonably determined by a Party, the SFMTA is materially prevented from conducting its public transportation operations at the Premises because of a condemnation or sale in lieu of condemnation by any entity other than the TJPA, then such Party shall give written notice of such determination to the other Party and this Lease shall automatically terminate as of the date such notice is delivered to the other Party. The TJPA shall be entitled to the entire award of proceeds for any total or partial condemnation, or sale in lieu thereof, including, without limitation, any award of proceeds for the value of the Premises, any and all improvements to the Premises owned by the TJPA, or leasehold estate/bonus value created by this Lease. Notwithstanding the foregoing, the SFMTA shall have the right to pursue recovery from a condemning authority other than the TJPA of such compensation as may be separately awarded to the SFMTA for any taking of any of the SFMTA's personal property and fixtures in the Bus Plaza, relocation assistance, and the interruption of or damage to the SFMTA's business.

Section 7. Accommodation of Additional Transportation Providers

A. To facilitate and promote regional transportation facilities and to maximize the use of the substantial public investment in facilities at the transit center, the SFMTA agrees, upon request by the TJPA, not to unreasonably object to sublease portions of the Premises to willing and able bus transportation operators at times when such portions of the Premises are not needed for the SFMTA's scheduled or planned operations. The SFMTA shall also have the right to request the TJPA's approval to the SFMTA subleasing portions of the Premises to willing and able bus transportation operators, which approval shall not be unreasonably withheld, conditioned or delayed. Any operator that enters into a sublease with the SFMTA that meets the requirements of this Section shall be a "Subtenant". The SFMTA's obligations hereunder shall be subject to the SFMTA's operational analysis confirming the feasibility of accommodating the proposed Subtenants' operations within the Premises and subject to execution of written agreements between the SFMTA and such proposed Subtenants, subject to concurrence by the TJPA, setting forth mutually agreed terms and conditions governing such use, which shall include the following provisions:

(1) Each Subtenant that is or is controlled by a public entity shall assume a pro-rata share of the SFMTA's Operating Charge (as defined in Section 8(A)) and Assessment (as defined in Section 8(E)) during the term of its sublease based on the ratio of the Subtenant's space to the SFMTA's Exclusive Use Space (as defined in Section 8(B)) within the Premises. The SFMTA shall deliver any such pro-rata payment to the TJPA at the time such Operating Charge or Assessment is due.

(2) Each Subtenant this is or is controlled by a private or quasi-private entity shall assume an annual fee (the "Private Operator Minimum Rent") equivalent to the

greater of either (a) two and one-tenth percent (2.1%) of the Terminal Net Operating Expenses (as defined in Section 8(B)) for each bus bay that Subtenant contracts to use within the Premises, or (b) two hundred sixty-eight thousand five hundred dollars (\$268,500), escalated by three percent (3%) per year, for each bus bay that Subtenant contracts to use within the Premises.

Each Subtenant that is or is controlled by a private or quasi-private entity shall also assume two and one-tenth percent (2.1%) of the total amount of any Assessment imposed on SFMTA during the term of the Subtenant's agreement. The SFMTA shall promptly remit any Private Operator Minimum Rent and Assessment it receives to the TJPA.

Each Subtenant's proportional share as specified above is subject to change based on changes to the amount of the Exclusive Use Space leased to the Primary Tenants (as defined in Section 8(A)).

(3) The SFMTA shall make all reasonable efforts to facilitate its Subtenants' ancillary needs at its Subtenants' costs, including use of space for ticket vending and the rendering of customary support services, provided that the SFMTA has adequate capabilities, capacity, facilities and personnel therefore, after taking into account the SFMTA's own requirements and contractual obligations, the compatibility of the Subtenants' proposed operations with those of the SFMTA, and the need for labor harmony.

(4) The SFMTA shall be relieved of any obligation to indemnify and save harmless the TJPA and the Additional Insureds (as defined below) with regard to any claim for damages or personal injury arising out of or in connection with a Subtenant's

use of the subleased portion of the Premises except to the extent caused by the negligence or willful misconduct of the SFMTA, its officers, director, employees, agents, or representatives. The SFMTA shall require that each Subtenant agree in writing to indemnify the TJPA, the City, and the Additional Insureds with regard to any claim for damages or personal injury arising out of or in connection with such Subtenant's use of the subleased portion of the Premises except to the extent caused by the negligence or willful misconduct of the TJPA, the City, or the Additional Insureds.

(5) In the event that the SFMTA requires the use of all or part of the Premises subleased to a Subtenant, the SFMTA may terminate the sublease on ninety (90) days written notice. Before giving such notice, the SFMTA shall provide the TJPA its justification for termination of the sublease and obtain the TJPA's approval to terminate the sublease for the SFMTA's uses, which approval shall not be unreasonably withheld, conditioned, or delayed.

(6) Each Subtenant shall, at its own expenses, procure and maintain insurance in forms and amounts no less than that required for the SFMTA under Section 18 in favor of TJPA, the City, the Additional Insureds, and the SFMTA.

(7) The Subtenant shall defined, indemnify, and hold harmless the TJPA, the City, the Additional Insureds, and the SFMTA and its directors, officers, employees, agents, and representatives from any and all damages, claims, demands, obligations, suits, judgments, penalties, causes of action, losses, or liabilities at any time received, incurred, or accrued by the TJPA, the City, the Additional Insureds, or the SFMTA as a result of or arising out of the acts, omissions, use, occupancy, or operations of the

Subtenant on, about, or related to the transit center for which the TJPA, the City, the Additional Insureds, or the SFMTA is liable to any person by law.

(8) The SFMTA shall work in good faith with any Subtenants to develop formal procedures addressing operating protocols for all carriers using the Premises. TJPA shall have a right to review the proposed protocols and work in good faith with the SFMTA on any potential concerns. The protocols must be consistent with the Tenant Rules (as defined in Section 10(B)(8)), to the extent applicable.

B. In accommodating or proposing Subtenants under this Section, the SFMTA shall give priority to Subtenants as follows: (1) Additional Regional Services, (2) Intercity Services, and (3) Charter and Non-Scheduled Services.

C. To ensure full and productive use of the substantial investment that the TJPA has made on behalf of the public in the transit center, the TJPA may request operational changes in the SFMTA's use of the Premises to enable additional capacity for Subtenants, to which the SFMTA agrees it will not unreasonably object. If the SFMTA objects to such request, then representatives of the parties will meet to determine if there is a reasonable compromise available to address the SFMTA's concerns and the desire of the TJPA to enable additional capacity for Subtenants.

Section 8. Annual Operating Charge

A. Operating Charges. A "Primary Tenant" means any public transportation carrier occupying Exclusive Use Space under an agreement with the TJPA, and SFMTA and AC Transit will each be Primary Tenants as of the Effective Date. Each Primary Tenant must pay an annual fair share operating charge, as calculated below (each, an

“Operating Charge”). Starting at the Commencement Date, and continuing for the term of the Lease, the SFMTA shall pay its allocated Operating Charge to the TJPA as rent for the Premises.

B. Allocation Formula. An annual Operating Charge will be the product of a Primary Tenant’s proportion of the Exclusive Use Space (as defined below) multiplied by the Terminal Net Operating Expenses (as defined below).

“Exclusive Use Space” means transportation operating space in the transit center (but not including the bus storage facility) leased to a single Primary Tenant for its exclusive use. The SFMTA’s Exclusive Use Space is the Premises, subject to change by mutual written agreement of the parties.

“Terminal Net Operating Expenses” means the amount by which the Terminal Operating Expenses (as defined below) exceed Terminal Revenues (as defined below).

“Terminal Operating Expenses” means the total fiscal year expenses incurred by the TJPA for all management, janitorial, security, maintenance, utility, insurance, taxes, and additional repairs and expenses incurred to operate the transit center (including the bus ramp but excluding the bus storage facility), but excluding the TJPA’s debt service and its on-going expenses for engineering, design, and construction of Phase II of the program.

“Terminal Revenues” means total fiscal year revenues from all sources, excluding passenger facilities charges and Operating Charges paid by Primary Tenants, but includes any Private Operator Minimum Rent.

In developing proposed Operating Charges, the TJPA shall use endeavor to maximize Terminal Revenues and minimize Terminal Operating Expenses.

As of the Effective Date, AC Transit has seventy-eight and two tenths percent (78.2%) of the Exclusive Use Space and the SFMTA will have twenty-one and eight-tenths percent (21.8%) of the Exclusive Use Space, as shown and further described on the attached Exhibit C (Proportional Share Calculation). Accordingly, the SFMTA's Operating Charge at the Commencement Date is expected to be twenty-one and eight tenths percent (21.8%) of the Terminal Net Operating Expenses. The SFMTA's and AC Transit's proportional share of Exclusive Use Space is subject to change based on changes to the amount of Exclusive Use Space leased to a Primary Tenant.

Notwithstanding anything to the contrary, if a TJPA Board adopted Budget and Projection for the next fiscal year would result in a projected SFMTA Operating Charge and Assessment for such fiscal year that would exceed Three Million Dollars (\$3,000,000), the SFMTA shall have the right to terminate this Lease by delivering written notice of such termination to the TJPA within thirty (30) days after such TJPA Board adopting such Budget and Projection. Any such termination by the SFMTA shall be effective on June 30 of the year in which such written notice is timely delivered by the SFMTA to the TJPA. If the SFMTA does not timely exercise such termination right, the SFMTA's obligation to pay the SFMTA Operating Charge consistent with the Budget and Projection and the terms of this Lease shall apply.

C. Primary Tenants Committee. The TJPA shall form a committee consisting of one representative from each Primary Tenant ("Primary Tenants Committee"), to review, comment on, and work with the TJPA staff on changes to the TJPA's proposed

Budget and Projection, Capital Improvement Plan (as defined below), and the Tenant Rules. As a Primary Tenant, the SFMTA will be a member of a Primary Tenants Committee. Actions of the Primary Tenants Committee shall be by majority vote of the members.

D. Budgeting Process. No later than September 15 of each year, the TJPA shall submit to the Primary Tenants Committee a proposed Budget and Projection for the upcoming fiscal year for its review, comment, modification, or objection. The TJPA shall assist the Primary Tenants Committee in its evaluation of the proposed Budget and Projection, including making available any financial accounting system records and other information reasonably requested by the Primary Tenants Committee regarding the Terminal Operating Expenses and Terminal Revenues, and permitting the Primary Tenants Committee to audit relevant TJPA financial records for the transit center. No later than November 15 of each year, or within sixty (60) days after the TJPA submits a proposed Budget and Projection to the Primary Tenants Committee if the Commencement Date occurs after September 15 in the initial year of this Lease, the Primary Tenants Committee shall submit to the TJPA its written explanation of any comments, modifications, and/or objections, if any, to the proposed Budget and Projection. No later than December 1 of each year, or within ninety (90) days after the TJPA submits a proposed Budget and Projection to the Primary Tenants Committee if the Commencement Date occurs after September 15 in the initial year of this Lease, the TJPA shall deliver a written response to any Primary Tenants Committee comments, modifications, and/or objections. No later than December 31 of each year, if, following the TJPA's written response, the Primary Tenants Committee continues to object to any

part of the proposed Budget and Projection, the Primary Tenants Committee shall notify the TJPA. No later than January 10 of each year and prior to making a final recommendation to the Board for approval of the Budget and Projection, the TJPA shall meet and confer with the Primary Tenants Committee in a good faith attempt to resolve any objections. No later than January 31 of each year, the TJPA Board of Directors shall adopt a Budget and Projection for the next fiscal year, or if the Commencement Date occurs after September 15 in the initial year of this Lease, within sixty (60) days after the Primary Tenants Committee submits its response to the proposed Budget and Projection to the TJPA. If the TJPA Board's adopted Budget and Projection departs from the Primary Tenants Committee's modifications and/or objections, the Board shall make detailed written findings explaining the basis for the departure from the Primary Tenants Committee's modifications and/or objections. If such TJPA Board adopted Budget and Projection for the next fiscal year would result in projected SFMTA Operating Charge and Assessment for such fiscal year that, combined with the SFMTA Operating Charges and any Assessments paid by the SFMTA to the TJPA for previous fiscal years and actual and projected payments made by the SFMTA to AC Transit under the Bus Deck Agreement, would exceed Nine Million Five Hundred Forty-Five Thousand Dollars (\$9,545,000), the SFMTA shall have the right to terminate this Lease by delivering written notice of such termination to the TJPA within thirty (30) days after the TJPA Board adopting such Budget and Projection. Any such termination by the SFMTA shall be effective on June 30 of the year in which such written notice is timely delivered by the SFMTA to the TJPA. If the SFMTA does not timely exercise such termination right, the

SFMTA's obligation to pay the SFMTA Operating Charge consistent with the Budget and Projection and the terms of this Lease shall apply.

"Budget and Projection" means the proposed line item budget detailing the revenues, expenses and charges (including projected Primary Tenant Operating Charges) required during each fiscal year, or any portion thereof, that the transit center is in use during the term of the Lease.

"Capital Improvement Plan" means a 10-year plan prepared and annually updated by the TJPA that identifies the Capital Improvements (as defined below) needed to keep the transit center in a state of good repair.

"Capital Improvement" means a single addition or improvement to the transit center's physical building or equipment which is purchased, leased, or constructed at a cost of five hundred thousand dollars (\$500,000) or more, with a useful life in excess of five (5) years. In calculating the cost of each such item, the cost of the planning and design, if any, shall be included. The above cost figure in this definition are based on June 30, 2008 dollars and shall be increased or decreased annually in proportion to changes in the Implicit Price Deflator Index published by the U.S. Department of Labor, Bureau of Labor Statistics, or its successor or replacement, using as a base the latest published index available as of July 1, 2008 .

The TJPA shall submit the following information to the Primary Tenants Committee with each year's proposed Budget and Projection: (1) the projected total annual Terminal Operating Expenses; (2) the projected total annual Terminal Revenues; (c) the total area of each Primary Tenant's Exclusive Use Space; (d) the projected

Terminal Net Operating Expenses; and (e) the projected Terminal Net Operating Expenses multiplied by each Primary Tenant's proportion of Exclusive Use Space.

E. Operating Reserve. The TJPA shall establish an Operating Reserve (as defined below) for the transit center.

"Operating Reserve" means a reserve fund to provide the TJPA with sufficient assets to meet on-going expenses of operating the transit center, and address delays, fluctuations, and variances in operating revenues and expenses. The Operating Reserve shall be established by a TJPA Board Policy consistent with generally accepted accounting principles. The TJPA Board shall annually establish the reserve amount for the following fiscal year or part thereof on or before June 30 of each year.

After the Commencement Date, at the time the TJPA adopts the first Budget and Projection, the TJPA shall review the standards for the Operating Reserve, including the minimum amount of funds that shall be maintained in the Operating Reserve, the source of those funds, the uses of Operating Reserve funds, and authorization required to spend Operating Reserve funds. The TJPA shall conduct reviews of such standards at least once per fiscal year. The TJPA shall seek funding for the Operating Reserve in the following order: (1) from external sources; (2) from any excess of actual Terminal Revenues over actual Terminal Operating Expenses; (3) from any payment of projected Operating Charge in excess of the actual Operating Charge, unless the Operating Reserve is fully funded, in which case the overpayment shall be proportionately refunded to SFMTA and any other Primary Tenant that paid such excess Operating Charge; and (4) by adding an assessment to each Primary Tenant's Operating Charge (each, an "Assessment") no more than once per fiscal year in an amount that does not exceed ten percent (10%) of such

Primary Tenant's Operating Charge for the previous fiscal year or Two Hundred Thousand Dollars (\$200,000), whichever is greater. Notwithstanding the foregoing, if the SFMTA's actual revenues from all sources for the fiscal year previous to the year of an Assessment are less than the SFMTA's total operating and capital expenses for such fiscal year, the parties may defer all or part of the Assessment allocated to the SFMTA to a subsequent year.

F. Invoicing and Payment. Not less than twenty (20) days before the Commencement Date and the beginning of each quarter of each fiscal year following the Commencement Date, the TJPA shall submit to the SFMTA an invoice describing the SFMTA's projected Operating Charge for the upcoming quarter based on the approved Budget and Projection for that fiscal year. The SFMTA shall render its payment of its projected Operating Charge to the TJPA no later than the first (1st) day of each quarter for which they are due. The Operating Charge and any other sum due from the SFMTA to the TJPA under any provision of this Lease shall be paid to TJPA at the address specified in the Section 28 below.

G. Reconciliation.

1. At the start of each quarter following the Commencement Date, TJPA shall deliver a statement of the actual Terminal Operating Expenses, Terminal Revenues, and the SFMTA's actual proportional share of Exclusive Use Space for the previous quarter to the SFMTA. If the SFMTA's actual Operating Charge obligation for any quarter is greater than SFMTA's payment for that quarter based on the projected Operating Charge, the excess remaining obligation shall be added to the SFMTA's

obligation for the next quarter, less any amounts the TJPA elects to apply from the Operating Reserve, if any.

2. If the SFMTA's actual Operating Charge obligation for any quarter is less than the SFMTA's payment for that quarter based on the projected Operating Charge, the surplus/overpayment shall be applied in the following order: (a) to any unpaid balance of the SFMTA's Operating Charge obligation from prior quarters, if any; (b) to the Operating Reserve, if the Operating Reserve is not fully funded; and (c) refunded to the SFMTA. Notwithstanding the foregoing, in the last quarter of the term of this Lease, such surplus/overpayment shall not be applied to item (b) above.

3. If, at any time during any fiscal year, the TJPA determines that the actual Terminal Net Operating Expenses will exceed the projected Terminal Net Operating Expenses, the TJPA shall, after using its best efforts to reduce such expenses, give the Primary Tenants Committee fifteen (15) days written notice that the TJPA intends to use all or a portion of the Operating Reserve to pay all or a portion of the excess expense. The Primary Tenants Committee may submit to the TJPA its written comments on the proposed use of the Operating Reserve within eight (8) days after receipt of the TJPA's notice. The TJPA shall consider the Primary Tenants Committee's comments in deciding whether to use the Operating Reserve to pay the excess expense.

4. If the actual Terminal Revenues exceed the actual Terminal Operating Expenses for any fiscal year, the surplus shall be deposited in the Operating Reserve, if the Operating Reserve is not fully funded. If the Operating Reserve is fully funded, any excess of actual Terminal Revenues over actual Terminal Operating Expenses shall be deposited in the Capital Reserve Fund, which is the capital account

maintained by the TJPA to fund Capital Improvements, including the replacement and/or rehabilitation of major building components and systems of the transit center that require repairs or have met or exceeded their useful lives under the Capital Improvement Plan.

H. In no event shall the TJPA pay any fee, dividend, payment or other monetary consideration to its member agencies, except for services directly requested and properly invoiced. Nothing in this Section shall prohibit the City and County of San Francisco from collecting its legally obligated taxes and fees from the TJPA, its member agencies, Primary Tenants, and any subtenants.

I. Audit. No later than December of each fiscal year, the TJPA shall prepare and submit to the Primary Tenant Committee a final audit of the actual Terminal Revenues and the actual Terminal Operating Expenses for the transit center. The SFMTA shall have the right, upon not less than five (5) business days' notice to TJPA, to audit the books and records related to actual Terminal Revenues and the actual Terminal Operating Expenses for any fiscal year. If such audit discloses any discrepancies which would result in a reduction of the SFMTA's actual Operating Charges for such fiscal year, and which was not applied in the manner described in Section 8(G), the TJPA shall immediately refund to the SFMTA the amount of any overpayment by the SFMTA. The SFMTA shall pay the cost of such audit, provided that if such audit discloses any discrepancies which result in a reduction of the SFMTA's Operating Charges of three percent (3%) or more for any fiscal year, and which was not applied in the manner described in Section 8(G), then the TJPA shall pay the costs of such audit. The TJPA shall maintain, at its offices in San Francisco and in a safe, complete and organized manner, all of its records pertaining to this Lease, the Operating Charges by the SFMTA

and any other Primary Tenant, all Terminal Operating Expenses, and all Terminal Revenues, for a period of not less than three (3) years following expiration of the term of this Lease. The TJPA shall maintain such records on a current basis and in sufficient detail to facilitate adequate audit and review thereof. All such books and records shall be available for inspection, copying and audit by the SFMTA and its representatives, at the SFMTA's expense, subject to the provisions of this Section.

L. No Other Charges. Other than the SFMTA's Operating Charge and any Private Operator Minimum Rent, and the SFMTA's obligations under the Ancillary Improvements Agreement, the TJPA shall not charge the SFMTA or its employees or passengers for any of the Premises, facilities, rights, licenses, and privileges granted in this Lease to SFMTA or its employees or passengers.

Section 9. Ingress and Egress

A. The TJPA grants to the SFMTA, and the SFMTA's vehicles, machinery, equipment, employees, contractors, subcontractors, passengers, guests, and invitees the rights and privileges of ingress and egress over the transit center to access the Premises and the public space in the transit center to perform such operations and functions as are incidental, necessary, or proper to the conduct of the SFMTA's public transportation operations, subject to TJPA's reasonable regulation and consent. The TJPA grants to the SFMTA, and the SFMTA's vehicles, machinery, equipment, employees, contractors, and subcontractors the rights and privileges of ingress and egress over the transit center to access the Premises for the performance of any Work (as defined in Section 10(B)(5)) or the SFMTA's maintenance, repair, and removal obligations under this Lease subject to TJPA's reasonable regulation and consent. The SFMTA shall provide TJPA with its

schedule for routine operations and functions under this Lease. To the extent routine operations and functions are required to occur outside that schedule, the SFMTA shall provide TJPA three (3) business days advance written notice before conducting such routine work. In the case of emergency or non-routine work, the hours for conducting work and the notice of such work shall be reasonable under the circumstances.

B. The SFMTA's full and free right of ingress and egress provided for above shall not be used, enjoyed, or extended for any purpose or use in contravention of the provisions of Sections 12 and 13 of this Lease unless expressly authorized in writing in advance by the TJPA, which authorization the TJPA may grant or withhold at its sole discretion.

C. When reasonably required for reasons of safety, security, or crowd control, the TJPA may limit the SFMTA's access to the Premises. The TJPA will provide the SFMTA forty eight (48) hours prior written notice of its intent to limit access to the Premises, describing the purpose, scope, and duration of any limitation of access, unless emergency circumstances make such notice unreasonable or infeasible. In all events under this Section 9(C), the TJPA shall use best efforts to minimize disruption and interference with the SFMTA's operations at the Premises.

Section 10. Responsibility for Improvements and Services

A. TJPA's Responsibility.

1. On or before the Commencement Date, the TJPA, at its sole expense, shall construct certain improvements to the Premises and other areas of the transit center ("Improvements") as described in Exhibit B and in compliance with the

layout and scope for the Improvements shown in the applicable 100% construction documents for the transit center, dated May 31, 2013, copies of which have were provided by the TJPA to the SFMTA prior to its execution of this Lease. The TJPA shall cause the Improvements to be constructed in accordance with all applicable federal, state, and local laws. If there is any construction defect in the Improvements, the TJPA fails to construct the Improvements as required in this paragraph, or the TJPA installs other improvements in the Premises that interfere with the SFMTA's permitted operations, the TJPA shall cure such matter at the TJPA's sole cost.

2. Except for the Improvements, the TJPA shall have no obligation to provide any additional improvements, furnishings, fixtures, or equipment to the Premises. The SFMTA shall be responsible for any such additional improvements, furnishings, fixtures, or equipment to the Premises at its sole expense and only upon first receiving the TJPA's express written permission, as provided in Section 10(B), which shall not be unreasonably withheld, delayed, or conditioned.

3. Except for the TVMs, the Signals, and the portions of the OCS to be maintained by the SFMTA under the Ancillary Improvements Agreement, the TJPA, at its sole expense, shall prudently and efficiently maintain and repair the transit center, including the Improvements, foundations, structures, outside walls, windows, window glass, plate glass and all doors, roof (including water tightness), building systems (including plumbing), utility systems (such as water, sewer, electric, gas, and other utility lines), components in any central air conditioning and heating systems, sprinkler system, and any central hot water system, in good condition and repair, consistent with business

and management practices at similar facilities in the United States and in compliance with all applicable laws and regulations.

4. The TJPA, at its sole expense, shall maintain insurance; provide public wi-fi, electricity, lighting and certain HVAC; and provide standard operations, janitorial, maintenance, repair, and security services for the Premises consistent with business and management practices at similar facilities in the United States. The TJPA is not obligated to provide any dedicated/unique security or other services to the Premises or for the SFMTA's operations in the transit center.

5. The TJPA reserves the right, with at least thirty (30) days advance notice to the SFMTA, to construct, reconstruct, install, repair, remove, replace, renew, operate, and use building systems, structures, or other improvements in, over, or under the Premises. In all events under this Section 10(A)(5), the TJPA shall use best efforts to minimize disruption and interference with SFMTA's operations at the Premises.

6. Notwithstanding the above, the SFMTA acknowledges that Phase II of the Transbay Program involves excavation and construction of an underground rail tunnel, fit out of the train box in the subsurface levels of the transit center, and other construction work, and that such work may have noise, traffic, and other impacts to SFMTA's operations at the Premises. The SFMTA waives any claim or right to compensation resulting from damages, lost business, or other impacts that may result from TJPA's Phase II activities except to the extent caused by the negligence or willful misconduct of any Phase II contractor or subcontractor. In the event the SFMTA suffers damages, lost business or other impacts reasonably attributed to the Phase II activities,

the SFMTA shall have the right to terminate this Lease upon thirty (30) days' notice to the TJPA.

B. SFMTA's Responsibility.

1. Subject to the TJPA's obligations under Section 10(A), the SFMTA, at its sole expense, shall (a) keep, operate, and maintain the SFMTA's furnishings, trade fixtures, equipment, floor coverings, personal property in the Premises, in a neat, clean, safe, sanitary, and operating condition, (b) not cause or maintain any nuisance on the Premises, or commit any waste upon the Premises, and (c) not negligently permit any nuisance on the Premises, or negligently suffer to be committed any waste upon the Premises.

2. The SFMTA, at its sole expense, shall provide any additional improvements, furnishings, fixtures, or equipment, including operating equipment, security cameras and cabling, and telecommunications cabling it desires for the Premises, consistent with the terms and conditions of this Lease; provided, however, that the SFMTA's provision of any additional improvements or equipment for the OCS or Signals at the Premises shall be governed by the Ancillary Improvements Agreement.

3. The SFMTA, at its sole expense, shall bear the cost of moving its operations to the Premises.

4. The SFMTA, at its sole expense, shall be responsible for maintaining insurance as provided in Section 18, and providing any dedicated/unique security or other services required by the SFMTA at the Premises or for the SFMTA's

operations in the transit center. Any SFMTA security for the Premises shall coordinate and cooperate with security provided by the TJPA for the transit center.

5. Except for the Improvements, the SFMTA shall bear the cost and expense for all Work (defined as follows) it desires on or to the Premises. "Work" shall mean designing, financing, and constructing any additional improvements, additions, alterations, reconstruction, demolition, or repairs not covered by the Ancillary Improvements Agreement. The SFMTA shall not commence the construction of any Work before the SFMTA submits complete plans and specifications to the TJPA and receives the TJPA's written approval of the plans and specifications. The SFMTA shall obtain the TJPA's written consent for any proposed alterations and variances from the approved plans and specifications, except minor changes.

Prior to commencing any Work, the SFMTA shall obtain building, electrical, plumbing, and any other permits required by any legal authority with jurisdiction over such Work at the SFMTA's sole cost. Upon the TJPA's request, the SFMTA shall exhibit within the area of the Work all certificates and permits required by any legal authority with jurisdiction over the Work. The SFMTA shall give the TJPA at least fourteen (14) days advance written notice before commencing Work, except in the case of emergency Work, where notice shall be reasonable under the circumstances. Any notices of such Work shall remain posted within the Premises until completion and acceptance of the Work.

In conducting the Work, the SFMTA shall not, either directly or indirectly, use any contractors, laborers, or materials the use of which would create any conflicts with other contractors and/or laborers employed by TJPA or Asset Manager in the

construction, maintenance, or operation of the transit center or would cause any jurisdictional or other labor disputes threat.

The SFMTA's Work shall not unreasonably interfere with the operations of other tenants in the transit center, unless agreed by such other tenants and the TJPA.

6. Except as provided in the Ancillary Improvements Agreement with respect to certain portions of the OCS, all improvements made by the TJPA to or of the Premises, and any improvements to or of the Premises made by the SFMTA, except movable furnishings, personal property, trade fixtures, and equipment, shall belong to the TJPA, and shall be surrendered with the Premises on or before the termination of this Lease.

7. The SFMTA expressly waives all rights to make repairs at the expense of the TJPA or to vacate the Premises or terminate this Lease for failure by the TJPA to keep the Premises in good order, condition, or repair as provided for in sections 1941 and 1942 of the California Civil Code or any successor thereto.

8. The SFMTA shall comply, to the extent applicable, with the Salesforce Transit Center Tenant Rules and Regulations version dated October 12, 2017, and as may be updated by the TJPA from time to time with notice to SFMTA ("Tenant Rules"), and any other rules and regulations adopted by the TJPA for the operation, maintenance, security, and management of the transit center. These operating parameters must be reasonable and must not be inconsistent with the terms of this Lease. The TJPA shall administer the Tenant Rules and other transit center rules and regulations in a fair and nondiscriminatory manner and use reasonable efforts to cause other transit center

tenants to comply with them. To the extent that any rule or regulation conflicts with any provision in this Lease, the provision in this Lease controls.

9. The SFMTA shall comply with the commercially reasonable transit center procedures, restrictions, and requirements developed by the TJPA related to implementation of its obligations under the Naming Rights Agreement, and the terms for the SFMTA's use of the name and logos associated with the transit center.

Section 11. Use of Premises

Subject to the terms and conditions of this Lease, the TJPA shall permit the SFMTA to use the Premises to perform its obligations under this Lease and to perform its other obligations under the Ancillary Improvements Agreement (to the extent such other obligations reasonably need to be performed in the Premises and are performed in compliance with the terms and conditions of the Ancillary Improvements Agreement) and to perform such operations and functions as are incidental, necessary, or proper to the conduct of its public transportation operations, including, but not limited to, the following:

A. Any and all purposes in connection with and incidental to the operation of a public transportation business consistent with the rules of the SFMTA and federal and state law, including, without limiting the generality hereof, the movement, loading, and unloading of passengers and their personal belongings from buses; the ticketing of passengers; and the installation, maintenance, and operation of radio and other telecommunications equipment and facilities.

B. The positioning, stopping, parking, loading, or unloading of the SFMTA's vehicles and equipment.

C. The loading and unloading of property and carriage by such manner of conveyance as SFMTA may desire or require in the operation of its public transportation operations, but excluding the parking of the vehicles of individual SFMTA employees.

D. Omitted.

E. The use of the space in the transit center but outside the Premises to perform such operations and functions as are incidental, necessary, or proper to the conduct of the SFMTA's public transportation operations, subject to the TJPA's regulation and consent.

F. The SFMTA has been a key participant in the design of the transit center. The SFMTA has observed field operation simulations testing the layout and circulation patterns of the transit center.

Section 12. Prohibited Uses

The SFMTA shall not use the Premises or cause or permit its employees, agents, contractors, or others to use the Premises for any purpose other than specified under the terms and conditions of this Lease. Without limiting the generality of the foregoing, the SFMTA shall not do, or cause or permit to be done, anything in or about the Premises, or bring or keep anything thereon which will in any way:

A. increase the rate of fire insurance for the transit center;

B. conflict with any law, ordinance, rule, or regulation now in effect or which may hereafter be enacted or promulgated by any public authority relating to or affecting the condition, use, or occupancy of the Premises;

C. create a nuisance;

D. obstruct or interfere with the rights of other tenants in the transit center;

E. place any loads upon the floor, walls, or ceiling which endanger the structure of the transit center;

F. obstruct the sidewalk or other passageways of the transit center, including in front of, within, or adjacent to the Premises, except to the extent reasonably necessary to protect health and safety during the SFMTA's performance of any of its obligations under this Lease or the Ancillary Improvements Agreement; or

G. use or allow the Premises to be used for any unlawful purpose; provided, however, that TJPA's security personnel for the Center shall be responsible for keeping the general public from using the Premises for any unlawful purpose.

Section 13. Further Prohibited Uses Regarding Environmental Laws and Hazardous Materials

A. The SFMTA shall at all times and in all respects comply with all federal, state, and local laws, ordinances, and regulations, including, but not limited to, the Federal Water Pollution Control Act (33 U.S.C. sections 1251 *et seq.*), Resource Conservation and Recovery Act (42 U.S.C. sections 6901 *et seq.*), Safe Drinking Water Act (42 U.S.C. sections 300f *et seq.*), Toxic Substances Control Act (15 U.S.C. sections 2601 *et seq.*), Clean Air Act (42 U.S.C. sections 7401 *et seq.*), Comprehensive

Environmental Response, Compensation and Liability Act (42 U.S.C. sections 9601 *et seq.*), Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code sections 25249.5 *et seq.*), other applicable provisions of the California Health and Safety Code (sections 13000 *et seq.*), and other comparable state laws, regulations and local ordinances relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances" under any such laws, ordinances, or regulations (collectively "Hazardous Materials Laws").

B. As used in this Lease, "hazardous materials" include any "hazardous substance" as that term is defined in section 25316 of the California Health and Safety Code and any other material or substance listed or regulated by any Hazardous Materials Law or posing a hazard to health or the environment.

C. Except as otherwise expressly permitted in this Lease, the SFMTA shall not use, create, store, deposit, dispose, or allow any hazardous materials on the Premises. The SFMTA shall have the right to have petroleum products stored in a vehicle or equipment for the exclusive use in such vehicle or equipment, or brought on the Premises by a service truck in an emergency to perform bus repairs or to refuel a bus that does not have enough fuel to reach a SFMTA bus maintenance facility (up to 18 gallons diesel #2, 10 gallons 30 weight engine oil, and 5 gallons antifreeze).

D. The SFMTA shall not install facilities for, nor operate on the Premises, a gasoline or petroleum supply station. The SFMTA shall not permit on the Premises any

vehicle used or designed for the transportation or storage of gasoline or petroleum products; provided, however, that if a SFMTA bus does not have enough fuel to return to a SFMTA bus maintenance facility, the SFMTA shall have the right to bring a refueling vehicle on the Premises and refuel such bus.

E. All of the foregoing notwithstanding, the following hazardous materials may be brought onto or stored on the Premises:

1. Household and office products necessary for routine cleaning and maintenance of the property may be kept on the Premises in quantities reasonable for SFMTA's or the TJPA's needs; and

2. Petroleum products carried on a service truck to be brought on the Premises only in an emergency to perform repairs on a bus: 18 gallons diesel #2, 10 gallons 30 wt engine oil and 5 gallons antifreeze.

F. The TJPA, or its agents or contractors, shall at all times, upon reasonable advance notice to the SFMTA except in the event of an emergency, have the right to go upon and inspect the Premises and the operations thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or the testing of soils or underground tanks on the Premises; provided, however, that the TJPA shall provide no less than five (5) business days' prior notice to the SFMTA for any invasive sampling or testing and shall use commercially reasonable efforts to minimize any negative impact of such sampling or testing on the SFMTA operations at the Premises.

G. In the event the SFMTA breaches any of the provisions of this Section, and such breach continues for ten (10) days after written notice thereof has been given by the TJPA to the SFMTA (unless such breach is of the type that cannot be cured within ten (10) days, in which case if the SFMTA fails to commence to cure such breach within ten (10) days and to pursue diligently to completion), this Lease may be terminated immediately by TJPA and be of no further force or effect. It is the intent of the parties hereto that the SFMTA shall be responsible for and bear the entire cost of any cleanup, removal, disposal, and decontamination on or off the Premises, resulting from hazardous materials introduced to the Premises by the SFMTA, its employees or contractors after the Commencement Date. The SFMTA shall not be responsible or bear the cost of clean up, removal, disposal, or decontamination of hazardous materials introduced to the Premises by any party other than SFMTA, its employees or contractors during any period prior to or after the Commencement Date.

H. The SFMTA shall further hold the TJPA and its officers and employees harmless from all responsibility, liability, and claims for damages resulting from the release or use of hazardous materials on the Premises by the SFMTA, its employees or contractors during the SFMTA's period of use and possession of the Premises.

Section 14. Right of Entry to Inspect and Correct Prohibited Uses

A. The TJPA and the Asset Manager, through their agents or representatives, shall have full right and authority to enter in and upon the Premises and any building or improvements situated thereon at any and all reasonable times during the term of this Lease, with reasonable advance notice to the SFMTA except in the event of an emergency, for the purpose of inspecting the same without interference or hindrance by

the SFMTA, its agents or representatives; provided the TJPA shall cause such inspection to be performed in a manner that minimizes any negative impact on the SFMTA operations at the Premises.

B. In the event the SFMTA uses or maintains the Premises in a way prohibited by this Lease or that poses a risk to the health and safety of the public, the TJPA shall give the SFMTA notice to do such acts as are reasonably required to comply with the Lease. If within ten (10) days after the TJPA sends written notice to comply, the SFMTA fails to do the work and diligently proceed in good faith to comply (unless such acts are of the type that cannot be performed within ten (10) days, in which case if the SFMTA fails to commence such acts within ten (10) days and to pursue diligently to completion), the TJPA shall have the right, but not the obligation, to enter the Premises and do such acts and expend such funds at the expense of the SFMTA as are reasonably required to perform such work by delivering no less than three (3) days prior notice of the TJPA's election to do such acts or expend such funds. Any reasonable amount so expended by the TJPA shall be paid by the SFMTA promptly after demand from the date of completion of such work to date of payment. The TJPA shall have no liability to the SFMTA for any damage, inconvenience, or interference with the use of the Premises by the SFMTA as a result of performing any such work.

Section 15. Omitted.

Section 16. Quiet Enjoyment

The TJPA represents that it has the right to lease the Premises together with all the premises and facilities, easements, rights, licenses, and privileges granted in this Lease, and has full power and authority to enter into this Lease. The TJPA further

covenants that the SFMTA shall peaceably have and enjoy the Premises, the Improvements, easements, rights, licenses, and privileges during the time this Lease is in effect.

Section 17. Indemnity

A. The SFMTA agrees to defend, indemnify, and hold harmless the entities identified on the attached Exhibit D (collectively, "Additional Insureds"), from any and all liability, loss, damage, expense, cost, (including, without limitation, costs and fees of litigation), claims, demands, obligations, suits, judgments, penalties, causes of action, or liabilities at any time received, incurred, or accrued by the Additional Insureds as a result of or arising out of the acts, omissions, use, occupancy, or operations of the SFMTA and/or its consultants, contractors, representatives, employees, or agents on, about, or related to the transit center pursuant to this Lease, except to the extent caused by the negligence or willful misconduct of the Additional Insureds. The SFMTA's obligations under this Section shall survive the termination of this Lease.

B. The TJPA agrees to defend, indemnify, and hold harmless the SFMTA, and its officers, directors, agents, representatives, permitted assigns, and employees (collectively, "SFMTA Parties"), from any and all liability, loss, damage, expense, cost, (including, without limitation, costs and fees of litigation), claims, demands, obligations, suits, judgments, penalties, causes of action, or liabilities at any time received, incurred, or accrued by the SFMTA Parties as a result of or arising out of the acts, omissions, use, occupancy, or operations of the TJPA or and/or its consultants, contractors, representatives, employees, or agents on, about, or related to the transit center pursuant to this Lease, except to the extent caused by the negligence or willful misconduct of the

SFMTA Parties. The TJPA's obligations under this Section shall survive the termination of this Lease.

C. If either of the parties hereto receives a claim, demand, or suit for which the other party has hereinabove agreed to indemnify it, then the indemnitee shall notify the indemnitor of such claim, demand, or suit as soon after its receipt as is practicable, but in no event more than thirty (30) days after receipt of the claim, demand, or suit, and the indemnitor shall have the right to investigate, settle, compromise, satisfy, or defend the same. In any action or proceeding brought against any of the Additional Insureds by reason of any matter indemnified by the SFMTA pursuant to this Section, the SFMTA may, at its sole option, elect to defend such matter by attorneys in the San Francisco Office of the City Attorney, by other attorneys selected by the SFMTA, or both. The SFMTA shall have the right to control the defense and to determine the settlement or compromise of any such matter, provided that the TJPA shall have the right, but not the obligation, to participate in the defense of any such matter at its sole cost.

D. To the extent that the allocation of loss or liability between the parties hereto is for any reason not covered by the provisions hereof, the parties agree that the rights of implied indemnity and contribution provided by law shall be fully applicable to the relationship of the parties under this Lease.

Section 18. Insurance

A. SFMTA.

(1) Without in any way limiting the SFMTA's indemnification obligations under this Lease, and except as otherwise set forth in Section 18(B) below,

the SFMTA must maintain in force, during the full term of this Lease, insurance coverages at least as broad as:

(a) Worker's Compensation, as required by the State of California in statutory amounts, and Employers' Liability Insurance with limits not less than one million dollars (\$1,000,000) each accident, injury, or illness; and

(b) Commercial General Liability Insurance on an "occurrence" basis, including products and completed operations, property damage, bodily injury, personal and advertising injury, and contractual liability, with limits not less than ten million dollars (\$10,000,000) each occurrence; and

(c) Automobile Liability Insurance with limits not less than twenty five million dollars (\$25,000,000) per accident for bodily injury (including death) and property damage, including owned, non-owned, and hired auto coverage, as applicable; and

(d) Property Insurance against all risks of loss to any improvements made by the SFMTA to the Premises, at full replacement cost with no coinsurance penalty provisions.

(2) The SFMTA's Commercial General Liability Insurance policy must provide the following:

(a) Name as additional insured the entities identified in the attached Exhibit D.

(b) That such policies are primary insurance to any other insurance available to the additional insureds, any insurance or self-insurance maintained by the additional insureds shall be excess of SFMTA's insurance and shall not contribute

with it, and the SFMTA's insurance applies severally and not collectively to each additional insured against whom claim is made or suit is brought.

(3) All policies shall be endorsed to provide thirty (30) days' advance written notice to the TJPA of material change in coverages, or nonrenewal of coverages, or cancellation of coverages for any reason. Notices shall be sent to the address specified in Section 28.

(4) Should any of the required insurance be provided under a claims-made form, the SFMTA shall maintain such coverage continuously throughout the term of this Lease, and without lapse, for a period of five (5) years beyond the expiration of this Lease, to the effect that, should occurrences during the Lease term give rise to claims made after expiration of the Lease, such claims shall be covered by such claims-made policies.

(5) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

(6) Except to the extent the SFMTA elects to self insure pursuant to Section 18(B) below, on or before the Effective Date, the SFMTA shall do the following:

(a) furnish to the TJPA certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A.M. Best's A:VII or higher, that are authorized to do business in the State of California, and that are satisfactory to the

TJPA, in form evidencing all coverages set forth above, and (b) furnish complete copies of policies promptly upon the TJPA's request.

(7) Approval of the insurance by the TJPA shall not relieve or decrease the liability of the SFMTA under this Lease. If the SFMTA maintains broader coverage and/or higher limits than the minimums shown above, the TJPA requires and shall be entitled to the broader coverage and/or the higher limits maintained by the SFMTA. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the TJPA.

(8) Failure to maintain insurance shall constitute a substantial breach by the SFMTA of this Lease.

(9) The TJPA reserves the right to require increases to the aforesaid limits as necessary upon the written demand of the TJPA, provided that the TJPA provides a written justification for the increase to the SFMTA, and such coverage is reasonably available and affordable and commercially reasonable.

(10) As a part of or in lieu of the insurance required in this Section, and subject to prior approval by the TJPA, the SFMTA shall have the right to provide equivalent protection under a self-insurance program acceptable to the TJPA; provided, however, that the TJPA's approval shall not be unreasonably withheld.

B. SFMTA Self-Insurance

Notwithstanding anything to the contrary in this Section, the TJPA acknowledges that the SFMTA maintains a program of self-insurance and agrees that the SFMTA shall not be required to carry any third party insurance with respect to this Lease. If the SFMTA elects to self-insure, the SFMTA shall be responsible for any losses or liabilities

which would have been assumed by the insurance companies which would have issued the insurance required of the SFMTA under this Lease. If the SFMTA elects to carry third party insurance instead of a program of self insurance with respect to this Lease, the SFMTA shall provide the TJPA with at least thirty (30) days' prior written notice of such election.

C. SFMTA Contractors.

(1) The SFMTA shall require that any SFMTA contractor (including subcontractors) entering the transit center property (including the Premises) under this Lease maintain in force, during the full term of its contracts, insurance coverages at least as broad as:

(a) Worker's Compensation, as required by the State of California in statutory amounts, and Employers' Liability Insurance with limits not less than one million dollars (\$1,000,000) each accident, injury, or illness; and

(b) Commercial General Liability Insurance on an "occurrence" basis, including products and completed operations, property damage, bodily injury, personal and advertising injury, and contractual liability, with limits not less than two million dollars (\$2,000,000) each occurrence; and

(c) Automobile Liability Insurance with limits not less than one million dollars (\$1,000,000) per accident for bodily injury (including death) and property damage, including owned, non-owned, and hired auto coverage, as applicable; and

(d) Professional Liability Insurance (if applicable) with limits not less than two million dollars (\$2,000,000) each occurrence or claim, with respect to negligent acts, errors or omissions, if applicable.

(2) The SFMTA's contractors' insurance shall satisfy the terms and conditions specified in Section 18(A)(2) – (9), as appropriate.

D. TJPA.

(1) Without in any way limiting the TJPA's indemnification obligations under this Lease, the TJPA must maintain in force, during the full term of this Lease, insurance coverages at least as broad as:

(a) Worker's Compensation, as required by the State of California in statutory amounts, and Employers' Liability Insurance with limits not less than one million dollars (\$1,000,000) each accident, injury, or illness; and

(b) Commercial General Liability Insurance on an "occurrence" basis, including products and completed operations, property damage, bodily injury, personal and advertising injury, and contractual liability, with limits not less than two million dollars (\$2,000,000) each occurrence; and

(c) Automobile Liability Insurance with limits not less than one million dollars (\$1,000,000) per accident for bodily injury (including death) and property damage, including owned, non-owned, and hired auto coverage, as applicable.

(d) Property Insurance against all risks of loss, and Boiler & Machinery Insurance, sufficient to cover the values at risk for the transit center. Such insurance shall provide for replacement costs, including increased cost of construction.

(2) The TJPA's Commercial General Liability Insurance policy must name as additional insured SFMTA, and all of its officers, agents, and employees.

(3) All policies shall be endorsed to provide thirty (30) days' advance written notice to SFMTA of nonrenewal of coverages or cancellation of coverages for any reason. Notices shall be sent to the address specified in Section 28.

(4) Should any of the required insurance be provided under a claims-made form, the TJPA shall maintain such coverage continuously throughout the term of this Lease, and without lapse, for a period of five (5) years beyond the expiration of this Lease, to the effect that, should occurrences during the Lease term give rise to claims made after expiration of the Lease, such claims shall be covered by such claims-made policies.

(5) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

(6) On or before the Effective Date, the TJPA shall do the following:
(a) furnish to SFMTA certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A.M. Best's A:VII or higher, that are authorized to do business in the State of California, and that are satisfactory to the SFMTA, in form evidencing all coverages set forth above, and (b) furnish complete copies of policies promptly upon the SFMTA request. As a part of or in lieu of the insurance required herein and subject to prior approval by the SFMTA, the TJPA may

provide equivalent protection under a self-insurance program acceptable to the SFMTA; provided, however, that the SFMTA's approval shall not be unreasonably withheld.

(7) Approval of the insurance by the SFMTA shall not relieve or decrease the liability of the TJPA under this Lease. If the TJPA maintains broader coverage and/or higher limits than the minimums shown above, the SFMTA requires and shall be entitled to the broader coverage and/or the higher limits maintained by the TJPA. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the SFMTA.

(8) Failure to maintain insurance shall constitute a substantial breach by the TJPA of this Lease.

(9) The SFMTA reserves the right to require increases to the aforesaid limits as necessary upon the written demand of the SFMTA, provided that the SFMTA provides a written justification for the increase to the TJPA, and such coverage is reasonably available and affordable.

Section 19. Nondiscrimination

A. Neither Party Shall Discriminate

In the performance of this Lease, each party agrees not to discriminate against any SFMTA employee or any TJPA employee working with either party, or applicant for employment with either party, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired

Immune Deficiency Syndrome or Human Immunodeficiency Virus (AIDS/HIV) status, or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

In addition, the TJPA shall incorporate by reference in all subcontracts for the Premises the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. The TJPA's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

B. Non-Discrimination in Benefits

Neither party does as of the date of this Lease and will not during the term of this Lease, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for the either party elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

C. TJPA's Nondiscrimination Policy

In the performance of this Lease, the SFMTA agrees to comply with the provisions of the TJPA Equal Employment Opportunity/Non-Discrimination Policy No. 004 set forth in Exhibit E to this Lease.

D. CMD Form

As a condition to this Lease, the TJPA shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division (the "CMD"). The TJPA hereby represents that prior to execution of the Lease: (a) the TJPA executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (b) the CMD approved such form.

E. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of property to City are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. The TJPA shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the TJPA understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against the TJPA and/or deducted from any payments due to the TJPA..

Section 20. Assignment and Subletting

The SFMTA shall not assign or transfer this Lease or any part hereof in any manner whatsoever, or sublet the Premises except in a manner consistent with this Lease, without the prior written consent of the TJPA. Notwithstanding the foregoing, the SFMTA shall have the right to assign all or any part of its rights and interests under this Lease to any successor to its services through consolidation or reorganization or transfer of substantially all of its assets, or as required by legislative action, and the consent of the TJPA thereto shall not be required, but due notice of any such assignment shall be given to the TJPA within sixty (60) days after such assignment hereunder. This provision does not release the SFMTA from any of its obligations with respect to the terms hereof.

Section 21. Encumbrances

The SFMTA shall not encumber the Premises in any manner whatsoever.

Section 22. No Personal Liability

No director, officer, agent or employee of either party shall be personally charged by or contractually liable to the other party under any term or provision of this Lease or because of any breach thereof or because of its or their execution or attempted execution.

Section 23. Agreements with Governments and Others Related to the Transit Center

Except for the payment of rentals provided for herein, this Lease is subject and subordinate to the provisions of any agreement and amendments thereto heretofore made between the TJPA and the United States or the State of California, relative to the construction, use, operation, funding, or maintenance of the transit center. However, any

agreement or arrangement the TJPA makes with any federal, state, or local government, or any other entity or any agency thereof for the construction, use, operation, funding, or maintenance of the transit center, or any substantial part thereof, shall not substantially interfere with SFMTA's rights under this Lease.

Section 24. Termination

A. TJPA's Right to Terminate. The TJPA, in addition to any other rights given to it herein or to which it may be entitled by law, may terminate this Lease in its entirety, subject to and in the manner provided herein, upon or after the occurrence of any one or more of the following events and may exercise all rights of entry and re-entry provided by law:

1. The filing for the SFMTA of any request for relief under any state insolvency statute.
2. Any action of any governmental authority, legislative body, board, agency, or officer, other than the TJPA and any working for it, having jurisdiction thereof ceasing or suspending SFMTA operations at the transit center.
3. The voluntary abandonment by the SFMTA of the conduct of its public transportation operations at the transit center.
4. The substantial breach by the SFMTA of any of the covenants or agreements herein contained and the failure of the SFMTA to remedy such breach as provided herein.

5. Failure of the SFMTA to make full payment to the TJPA of any amount due and payable hereunder within thirty (30) days after the same becomes due and payable.

B. SFMTA's Right to Terminate. The SFMTA, in addition to any other rights given to it herein or to which it may be entitled by law, may terminate this Lease in its entirety, subject to and in the manner provided herein, upon or after the occurrence of any one or more of the following events:

1. Issuance of a permanent injunction by any court of competent jurisdiction substantially restraining or preventing the SFMTA from using all or major portions of the Premises and its remaining in force of one hundred twenty (120) days; provided, however, that the TJPA, if a party to the litigation, shall not have taken such steps as may be necessary to effect an appeal of the injunction to appropriate appellate courts.

2. Any action of any governmental authority, legislative body, board, agency, or officer having jurisdiction thereof materially preventing the SFMTA from conducting its public transportation operations at the Premises.

3. The substantial breach by the TJPA of any of the covenants or agreements herein contained and the failure of the TJPA to remedy such breach as provided herein.

4. The occurrence of a Force Majeure (as defined in Section 30) that materially prevents the SFMTA from conducting its public transportation operations at the Premises.

5. Any termination of the Ancillary Improvements Agreement as a result of (a) TJPA's default or breach under the Ancillary Improvements Agreement that materially interferes with the SFMTA's public transportation operations at the Premises; (b) the TJPA's election in its sole discretion to terminate the Ancillary Improvements Agreement due to the SFMTA's material default or breach thereunder, (c) condemnation, or (d) fire, or other casualty.

C. Procedure for Termination or Repossession. No termination declared by either party shall be effective and the TJPA shall not take possession of the Premises unless and until not less than sixty (60) days have elapsed after written notice by either party to the other specifying the date upon which such termination will take effect and specifying the cause for which this Lease is being terminated or for which the Premises are being repossessed; and no such termination shall be effective nor shall the TJPA retake possession of the Premises if:

1. such cause of default is cured within sixty (60) days, or
2. the default by its nature cannot be cured within such sixty (60) day period and the party in default commences to correct such default within said sixty (60) days and corrects the same as promptly as is reasonably practicable.

Section 25. Omitted.

Section 26. Omitted.

Section 27. Governing Law

This Lease shall be deemed to have been made in, and be construed in accordance with, the laws of the State of California and City's Charter. The parties agree that any

state or federal district court located in the City and County of San Francisco, State of California shall have exclusive jurisdiction over any case or controversy arising from, under or in connection with this Lease and shall be the sole and exclusive forum in which to adjudicate any such dispute(s).

Section 28. Notices

All notices required to be given to the SFMTA hereunder shall be in writing and given by registered mail addressed to the SFMTA as follows:

San Francisco Municipal Transportation Agency
City and County of San Francisco
Municipal Transportation Agency
1 South Van Ness Avenue, 8th Floor
San Francisco, CA 94103
Attn: Senior Manager – SFMTA Strategic Real Estate

with copy to:

San Francisco City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attention: Special Projects Team

All notices required to be given to the TJPA hereunder shall be in writing and given by registered mail addressed to TJPA as follows:

Transbay Joint Powers Authority
Attn: Executive Director
201 Mission Street, Suite 2100
San Francisco CA 94105

with copy to:

Shute, Mihaly & Weinberger LLP
396 Hayes Street
San Francisco, CA 94102
Attn.: Deborah Miller

Either party may designate in writing from time to time any changes in addresses or any addresses of substitute or supplementary persons in connection with said notices. The effective date of service of any such notice shall be one (1) business day after such notice is mailed to SFMTA, or to the TJPA. Any provision herein that one party shall notify the other of some matter is to be construed as a requirement that notice is to be given in accordance with the provisions of this Section.

Section 29. Waivers

No waiver of default by either party of any of the terms, covenants and conditions hereof to be performed, kept and observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of any of the terms, covenants or conditions herein contained, to be performed, kept and observed by the other party.

Section 30. Force Majeure

Neither the TJPA nor SFMTA shall be deemed in violation of this Lease if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of terrorism, riots, rebellion, sabotage, fire or any other casualty which is not within its control (except financial inability) (each, a "Force Majeure"); provided, however, that these provisions shall not excuse SFMTA from payment of the Operating Charge.

Section 31. Invalid Provisions

In the event any covenant, condition or provision herein contained is held to be invalid by a court of competent jurisdiction, the invalidity of any such covenant,

condition or provision shall in no way affect any other covenant, condition or provision herein contained, provided the invalidity of any such covenant, condition or provision does not materially prejudice either the TJPA or the SFMTA in their respective rights and obligations contained in the valid covenants, conditions and provisions of this Lease.

Section 32. Headings

The headings of the several Sections of this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of any provisions of this Lease, and shall not be construed to affect in any manner the term and provisions hereof or the interpretation or construction thereof.

Section 33. Withholding Required Approvals

Whenever the approval of the TJPA or of the SFMTA is required herein, no such approval shall be unreasonably refused, withheld, or delayed.

Section 34. Subordination of Lease

A. This Lease and all rights of the SFMTA hereunder shall be expressly subject and subordinate to (i) the lien of any pledge, transfer, hypothecation, or assignment made at any time by the TJPA to secure its obligations, including those items described in the attached Exhibit F; and (ii) any matters of record pertaining to the transit center in the Official Records of the City and County of San Francisco, California. The SFMTA shall execute, acknowledge, and deliver any instrument requested by the TJPA to evidence such subordination, but no such instrument shall be necessary to make such subordination effective.

B. The SFMTA further agrees to subordinate its interest in this Lease to the lien of any future ground lessors or mortgagees encumbering the Premises, provided that TJPA obtains, at its expense, a non-disturbance and attornment agreement that provides to the SFMTA all of the rights and obligations under this Lease from any mortgagee or ground lessor of TJPA whose lien may have priority over this Lease. Such agreement will be in form and substance reasonably acceptable to the SFMTA.

Section 35. Inspection of Records

The SFMTA and the TJPA, each at its own expense and upon reasonable notice, shall have the right to inspect the books, records, and other data of the other party relating to the provisions and requirements hereof, provided such inspection is made during regular business hours. The TJPA agrees to provide the SFMTA with a copy of the report of the annual audit of the TJPA financial statements.

Section 36. Successors and Assigns

All of the terms, provisions, covenants, stipulations, conditions and considerations in this Lease shall extend to and bind the legal representatives, successors, and assigns of the respective parties hereto.

Section 37. Taxes, Assessments, and Liens

The SFMTA agrees to pay and discharge promptly all lawful taxes properly levied and to which the SFMTA is subject by reason of its use and occupancy of the Premises. The SFMTA further agrees not to permit or suffer any liens to be imposed upon the Premises as a result of its activities without promptly discharging the same;

provided, however, that the SFMTA may, if it so desires, contest the legality of such taxes and liens without being in breach of this Lease.

Section 38. Attorneys' Fees

If either party fails to perform any of its obligations under this Lease or a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the non-prevailing party in such dispute, as the case may be, shall pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights hereunder (whether or not such action is prosecuted to a judgment). For purposes of this Lease, reasonable attorneys' fees of the TJPA's legal counsel or the City's Office of the City Attorney (as applicable) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the TJPA's legal counsel's services or the City Attorney's services (as applicable) were rendered who practice in the City of San Francisco, and, for the City's Attorney's fees, in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. The term "attorneys' fees" shall also include, without limitation, all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees were incurred. The term "costs" shall mean the costs and expenses of counsel to the parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks,

paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

Section 39. MacBride Principles - Northern Ireland

The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this Lease. By signing this Lease, the TJPA confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

Section 40. Non-Liability of City Officials, Employees and Agents

Notwithstanding anything to the contrary in this Lease, no elective or appointive board, commission, member, officer, employee or agent of City or the TJPA shall be personally liable to the other party, its successors and assigns, in the event of any default or breach by the SFMTA or the TJPA, respectively, or for any amount which may become due to the other party, its successors and assigns, or for any obligation of the SFMTA or the TJPA, respectively, under this Lease.

Section 41. Controller's Certification of Funds

The terms of this Lease shall be governed by and subject to the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Lease, there shall be no obligation for the payment or expenditure of money by the SFMTA under this Lease unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a

valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of the SFMTA after the fiscal year in which the term of this Lease commences, sufficient funds for the payment of Operating Charges and any other payments required under this Lease are not appropriated, then the SFMTA may terminate this Lease, without penalty, liability or expense of any kind to the SFMTA, as of the last date on which sufficient funds are appropriated. The SFMTA shall use its reasonable efforts to give the TJPA reasonable advance notice of such termination.

Section 42. Prevailing Wages and Working Conditions

Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.61. The TJPA agrees to require its Contractors and Subcontractors performing (i) labor in the construction of a "public work" as defined in California Labor Code Section 1720 et seq. (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling if paid for in whole or part out of public funds) at the Premises, or (ii) Covered Construction at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "Prevailing Wage Requirements"). The TJPA agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

The TJPA shall include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract shall name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. The TJPA's failure to comply with its obligations under this Section shall constitute a material breach of this Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party.

Section 43. Tropical Hardwood and Virgin Redwood Ban

Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, neither the TJPA nor any of its contractors shall provide any items to the SFMTA in the construction of the Improvements or otherwise in the performance of this Lease which are tropical hardwood, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood products.

If the TJPA fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, it shall be liable for liquidated damages for each violation in an amount equal to the TJPA's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greatest. The TJPA acknowledges and agrees that the liquidated damages assessed shall be payable to the City and County of San Francisco upon demand and may be set off against any monies due to the TJPA from any contract with the City and County of San Francisco.

Section 44. Bicycle Parking Facilities

Article 1.5, Section 155.3, of the San Francisco Planning Code (the "Planning Code") requires the provision of bicycle parking at City-leased buildings at no cost to the TJPA. During the term of this Lease, the SFMTA shall have the right to install and maintain, at its sole cost, all Class 1 Bicycle Parking Spaces (as defined in the Planning Code) and all Class 2 Bicycle Parking Spaces (as defined in the Planning Code) in the transit center locations, if any, required under the Planning Code.

Section 45. Resource Efficient City Buildings

The TJPA acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction and operation of City buildings. The TJPA hereby agrees that it shall comply with all applicable provisions of such Code sections.

Section 46. Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and

all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

Section 47. Conflicts of Interest

Through its execution of this Lease, the parties acknowledge that they are familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certify that they do not know of any facts which would constitute a violation of said provisions, and agree that if a party becomes aware of any such fact during the term of this Lease, the such party shall immediately notify the other party.

Section 48. Notification of Limitations on Contributions

Through its execution of this Lease, the TJPA acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a

committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The TJPA acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The TJPA further acknowledges that the prohibition on contributions applies to the TJPA; each member of its board of directors, and its chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the TJPA; any subcontractor listed in the contract; and any committee that is sponsored or controlled by the TJPA. Additionally, the TJPA acknowledges that it must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. The TJPA further agrees to provide to City the name of each person, entity or committee described above.

Section 49. Preservative-Treated Wood Containing Arsenic

The TJPA may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code, Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The TJPA may purchase preservative-treated

wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude the TJPA from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

Section 50. Exhibits

All exhibits referred to herein which may, from time to time, be referred to in any duly executed amendment hereto are (and with respect to future amendments, shall be) by such reference incorporated herein and shall be deemed a part of this Lease as fully as if set forth herein.

Section 51. Amendment

This Lease may be amended by a duly executed, mutual agreement of the parties to this Lease in writing.

Section 52. Corporate Authority

Each party represents and warrants to the other that it has full right, authority, and capacity to execute and perform this Lease; the execution and delivery of this Lease has been duly authorized by all requisite actions of the party; the Lease constitutes a valid, binding, and enforceable obligation of the party; and neither the execution of the Lease nor the consummation of the Lease violates any agreement, contract, or other restriction to which the party is bound.

Section 53. Recording

Neither TJPA nor SFMTA shall record this Lease.

Section 54. Time of Essence

Time is of the essence of this Lease and each and every provision of the Lease.

Section 55. Entire Agreement

This Lease, including the Exhibits attached, contains all the terms and provisions between TJPA and the SFMTA relating to the matters set forth herein, and no prior or contemporaneous agreement or understanding pertaining to the same will be of any force or effect.

Section 56. Limitation of Liability.

EXCEPT FOR THIRD-PARTY CLAIMS UNDER ANY INDEMNITY PROVISION HEREIN, IN NO EVENT SHALL THE TJPA OR THE SFMTA BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

[signature page follows]

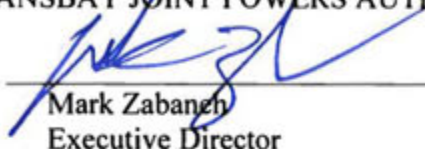
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Execution Date:

6/15/2018

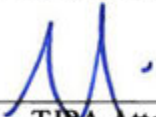
TRANSBAY JOINT POWERS AUTHORITY

By:


Mark Zabaneh
Executive Director

APPROVED AS TO FORM

By


TJPA Attorney

Transbay Joint Powers Authority
Board of Directors
Resolution No.: 08-08

Adopted: May 10, 2018

Attest:


Secretary, TJPA Board

Execution Date: _____

CITY AND COUNTY OF SAN FRANCISCO,
ACTING BY AND THROUGH ITS SAN
FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By: _____

Edward D. Reiskin
Director of Transportation

San Francisco Municipal Transportation Agency
Board of Directors

Resolution No: _____

Adopted: _____

Attest:

Secretary, SFMTA Board of Director

APPROVED AS TO FORM

By

Deputy City Attorney

Executed as set forth below in the City and County of San Francisco.

Execution Date: _____

TRANSBAY JOINT POWERS AUTHORITY

By: _____
Mark Zabaneh
Executive Director

APPROVED AS TO FORM

By _____
TJPA Attorney

Execution Date: _____

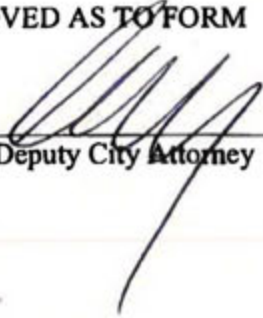
CITY AND COUNTY OF SAN FRANCISCO,
ACTING BY AND THROUGH ITS SAN
FRANCISCO MUNICIPAL TRANSPORTATION
AGENCY

By  _____
Eiskin
Director of Transportation

San Francisco Municipal Transportation Agency
Board of Directors

Resolution No: 180605-084
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Sec: _____ d of Director

APPROVED AS TO FORM

By  _____
Deputy City Attorney

SFMTA Bus Plaza Exclusive Use Area

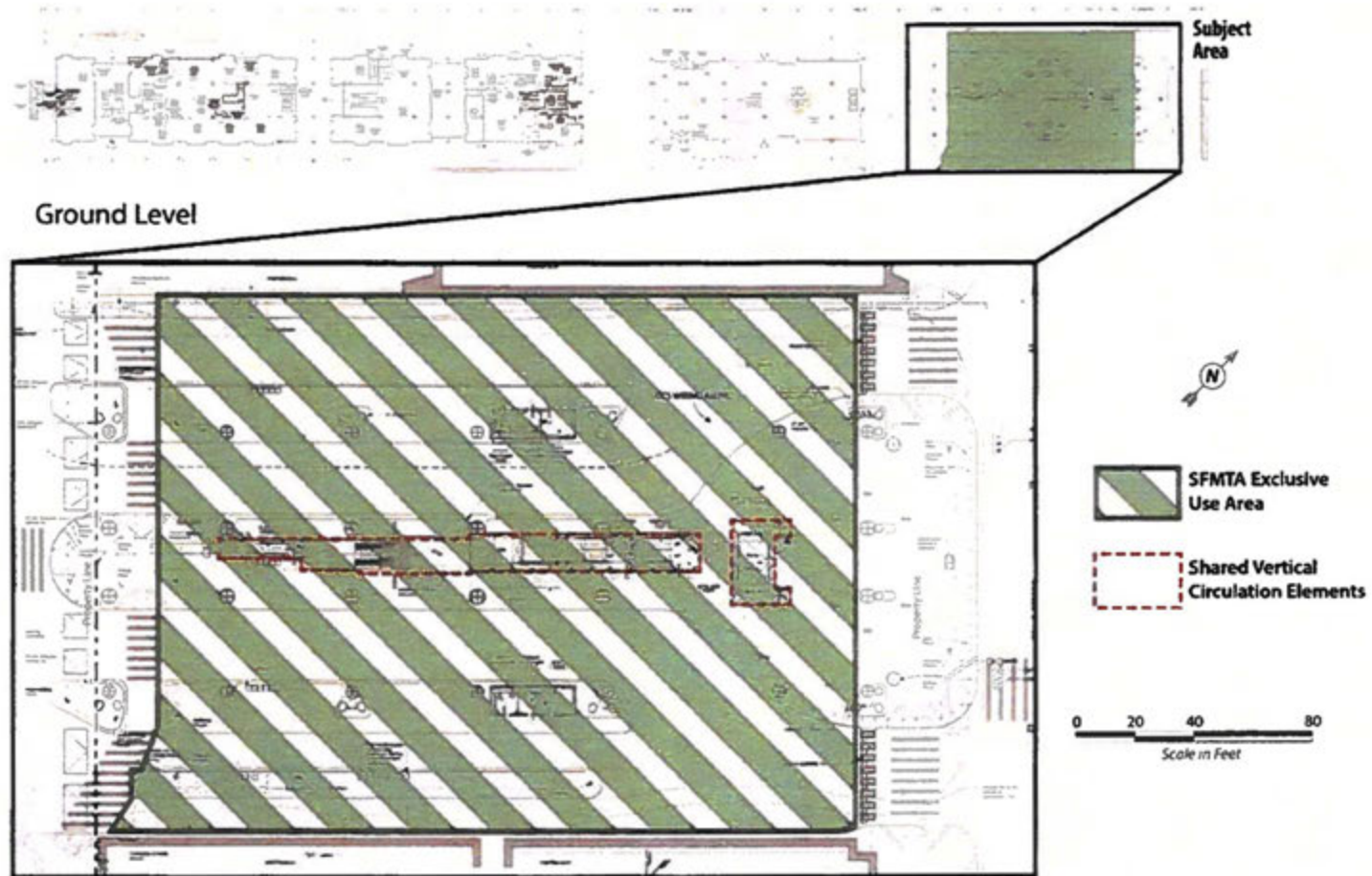


EXHIBIT B

Improvements

The Improvements include all wall/ceiling/floor finishes, lighting, telecom/electrical, fire alarm/sprinklers, CCTV, access control, signage, striping, traffic signals, and the OCS. Program elements include:

- SFMTA Supervisor's Office: Two Supervisor Offices each measuring approximately 125 sf. with built-in stainless steel counter surface for two staff members
- Boarding Platforms/Islands: Covered area with five passenger waiting/loading platforms with digital signage pylons and fixed seating at each platform, wall mounted digital schedule board, and digital interactive kiosks for building information and announcements
- Drive Aisles: Covered area with concrete drive aisles and uncovered lanes from Beale Street through the Bus Plaza to Fremont Street, serving the SFMTA waiting/loading platforms
- Benches: Accessible bench seating for passengers at each platform
- OCS wiring installed in the ceiling above SFMTA's northern drive aisle and bypass lane with structural members located above the ceiling to accommodate future OCS expansion on SFMTA's three platforms to the south
- Driver's Restroom: Four unisex single occupant driver/staff restrooms
- Traffic signals within the Premises and outside the Premises but within the Bus Plaza, consisting of pole-mounted traffic and pedestrian signal heads as designed by SFMTA

Improvements that will be installed in other portions of the transit center include the following:

- Certain transit operator digital signage distributed on all levels throughout the transit center including Grand Hall schedule board, wall mounted digital schedule boards, interactive kiosks for building information and announcements, and static map displays.
- Certain traffic signals at the Fremont Street interface with the Bus Plaza, consisting of pole-mounted traffic and pedestrian signal heads as designed by SFMTA

Notes:

Although not the subject of this Lease, the TJPA will provide to the Bus Deck Level of the transit center all wall/ceiling/floor finishes, lighting, telecom/electrical, fire alarm/sprinklers, CCTV, signage, striping, and access control. Program elements within the Bus Deck Level include:

- **Boarding Platforms:** Covered area with two passenger waiting/loading platforms with digital signage pylons and fixed seating at each platform
- **Drive Aisle:** Covered area with concrete drive aisle and bypass lane serving the SFMTA waiting/loading platforms
- **Driver's Restroom:** One pair of shared driver/staff restrooms and one pair of unisex single occupant driver/staff restrooms

EXHIBIT C

Proportional Share Calculation

**Transbay Transit Center
Proportional Share Calculation**

Exclusive Use of Bus Deck and Bus Plaza

	Number of Bus Spaces	Square Footage	Percent of Exclusive Area
AC Transit - Bus Deck	37	198,706	78.2%
SFMTA - Bus Plaza	10	50,436	19.8%
SFMTA - Loss of Bus Island	0	0	2.0%
Totals	47	249,142	100.0%

EXHIBIT D

Additional Insureds

Transbay Joint Powers Authority

Alameda-Contra Costa Transit District

Peninsula Corridor Joint Powers Board - Caltrain

State of California, Department of Transportation

Trustee, the Series 1 Holders, the LC Banks and the Direct Placement Banks, and their officers, agents and employees, as those terms are defined in the "Sublease – TJPA Property, dated as of January 1, 2017, by and between U.S. Bank National Association, in its capacity as Trustee, as Sublessor, and City and County of San Francisco, as Sublessee" recorded in the official records of the City and County of San Francisco on January 17, 2017 as document number 2017-K395369

United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau

Salesforce.com and all legal entities controlling, controlled by, or under common control with, directly or indirectly, salesforce.com

All of the officers, directors, agents, representatives, permitted assigns, and employees of each of the above.

The Additional Insureds listed in this Exhibit shall also include such other parties as the TJPA may request from time to time.

EXHIBIT E

TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 004

Category: Workplace Matters

EQUAL EMPLOYMENT OPPORTUNITY / NON-DISCRIMINATION POLICY

1. Equal Employment Opportunity

The Transbay Joint Powers Authority (the "Authority") is committed to equal opportunity in employment and services. It is the policy of the Authority to ensure:

- a. Equal opportunity to all persons in or seeking employment with the Authority.
- b. That selection of employees to positions within the Authority are made on the basis of merit and fitness without discrimination

The Authority, its staff, employees, contractors and agents shall not discriminate with respect to service provision or program operation or in the recruitment, selection, testing, training, transfer, promotion or demotion, termination, performance appraisal process, compensation or in any other term, condition, or privilege of employment because of the individual's race, religious creed, color, medical condition, sex, sexual orientation, gender identity, marital status, parental status, domestic partner status, age, national origin, ancestry, disability, veteran status, or any other basis protected by law.

2. Nondiscrimination Based on Disability

The Authority is firmly committed to equal opportunity for people with disabilities in compliance with the Americans with Disabilities Act of 1990 (ADA) and corresponding state law. The law prohibits discrimination against persons with disabilities in the application process and in all phases of employment and requires that qualified individuals be provided with reasonable accommodation to perform the essential functions of their jobs and to enable them to enjoy equal benefits and privileges of employment. The Authority will provide reasonable accommodation for the known physical or mental disability of a qualified employee or applicant unless to do so would pose an undue hardship or direct threat to the health and safety of others.

The Authority, its staff, employees, contracts and agents must administer all personnel functions in a manner that is equal and fair to all employees and prospective employees.

It is the obligation of every staff member or employee of the Authority to comply with this policy in substance, practice and spirit.

EXHIBIT F
Subordination

The Lease and all rights of SFMTA hereunder shall be expressly subject and subordinate to the following:

- TIFIA Loan Agreement, dated as of January 1, 2010, by and between the Transbay Joint Powers Authority and the United States Department of Transportation, as amended by the First Amendment thereto, dated as of May 8, 2014, the Second Amendment thereto, dated as of December 1, 2014, and the Third Amendment thereto, dated as of January 1, 2017.
- Site Lease – TJPA Property, dated as of January 1, 2017, by and between the Transbay Joint Powers Authority, as Lessor, and U.S. Bank National Association, in its capacity as Trustee, as Lessee, recorded in the Official Records of the City and County of San Francisco on January 17, 2017 as Document No. 2017-K395368.
- Sublease – TJPA Property, dated as of January 1, 2017, by and between U.S. Bank National Association, in its capacity as Trustee, as Sublessor, and City and County of San Francisco, as Sublessee, recorded in the Official Records of the City and County of San Francisco on January 17, 2017 as Document No. 2017-K395369.
- Leaseback Lease, dated as of January 1, 2017, by and between City and County of San Francisco, as Sublessor, and the Transbay Joint Powers Authority, as sublessee.



First Amendment to Lease Agreement between SFMTA and TJPA

The San Francisco Municipal Transportation Agency (SFMTA) proposes to modify the Lease Agreement with the Transbay Joint Powers Authority (TJPA) to continue operation of Muni bus facilities at the Salesforce Transit Center. The modification would extend the Term of the Lease Agreement to December 31, 2050, with two 10-year extension options. Rent fee will be determined as a fair-share operating charge. When the Transit Center operating costs exceed revenues, the operating deficit will be paid by each public transit provider based on the percentage of exclusive use space utilized. The SFMTA occupies nearly 21.8% of exclusive use space and will pay that percent share of the operating deficit, should one exist. The SFMTA will have the right to terminate the Lease Agreement if TJPA's projected annual operating charge and assessment for the SFMTA would exceed \$3 million during the term of the agreement.

Since the execution of this lease modification does not entail any construction, expansion or change of use and does not result in any direct or reasonably foreseeable indirect change to the environment, it is "Not a Project" under CEQA.

Not a "project" under CEQA pursuant to CEQA Guidelines Sections 15060(c) and 15378(b) because the action would not result in a direct or a reasonably foreseeable indirect physical change to the environment.

A handwritten signature in black ink, appearing to read 'Crysta Highfield'.

Jun 4, 2025

Crysta Highfield
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 250715-068

WHEREAS, The Salesforce Transit Center (Transit Center) was designed and constructed as a replacement for the former Transbay Terminal and as a transit hub and connector between local and regional transit, including Muni; and,

WHEREAS, On June 5, 2018, the SFMTA Board of Directors adopted Resolution No. 180605-084 authorizing a Transit Center Lease with TJPA (Lease) for a pilot program for bus facilities at the Transit Center; and,

WHEREAS, Multiple Muni lines operate at the Transit Center, including the 5/5R - Fulton, 7 - Haight, 38/38R - Geary, 25-Treasure Island, and 714 BART Early Bird. The Transit Center also serves AC Transit's transbay routes from the East Bay, WestCAT buses from Contra Costa County, and Greyhound buses, and Amtrak buses from Emeryville also stop nearby to connect passengers to the Transit Center; and,

WHEREAS, The Lease rent is a proportional share of the Transit Center's excess operating expenses, based on the SFMTA's exclusive use area under the Lease; and,

WHEREAS, The SFMTA has the right to terminate the Lease if the SFMTA's projected share of excess operating expenses for an upcoming fiscal year would exceed \$3,000,000; and,

WHEREAS, The Lease term expires on July 13, 2025, and the First Amendment will extend the Lease term to December 31, 2050, with two 10-year extension options subject to the mutual approval of TJPA and the SFMTA; and,

WHEREAS, The SFMTA seeks to continue operations at the Transit Center to preserve its strategic role as a central hub for Muni lines, improve service reliability, and strengthen multimodal connections with regional transit providers; and,

WHEREAS, On June 4, 2025, the SFMTA, under authority delegated by the Planning Department, determined that the proposed Lease Amendment is not a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation of the San Francisco Municipal Transportation Agency (SFMTA) to execute a First Amendment to Lease Agreement (Lease Amendment) with the Transbay Joint Powers Authority (TJPA) for continued Muni operations at

the Salesforce Transit Center (Transit Center) and exercise up to two ten-year extension options if mutually approved by the Director of Transportation and TJPA; and be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to submit the First Amendment to Lease Agreement to the Board of Supervisors for its approval.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting July 15, 2025.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 180605-084

WHEREAS, The Salesforce Transit Center (Transit Center) was designed and constructed as a replacement for the former Transbay Terminal and as a transit hub and connector between local and regional transit, including Muni; and,

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) and the Transbay Joint Powers Authority (TJPA) have executed a number of agreements, dating back to at least 2007, to provide SFMTA staff to assist the TJPA in support of the Transit Center construction; and,

WHEREAS, On September 10, 2008, Alameda-Contra Costa Transit District (AC Transit) and TJPA entered into a lease and use agreement that included AC Transit's lease of the Transit Center's Bus Deck, and AC Transit has agreed to grant the SFMTA a license to use two Bus Deck bus bays for its 25 – Treasure Island line pursuant to a License Agreement (License); and,

WHEREAS, The SFMTA wishes to lease the entirety of the Transit Center Bus Plaza from TJPA for its bus services pursuant to a Transit Center Lease (Lease); and,

WHEREAS, The TJPA has constructed certain improvements for the SFMTA's Bus Plaza, including an overhead catenary system and traffic signals, and the SFMTA installed four of its ticket vending machines at the Transit Center, for which the two agencies have created an Ancillary Improvements Agreement (Ancillary Agreement) to specifically delineate the installation, ownership, operation, and maintenance of these improvements; and,

WHEREAS, The SFMTA has agreed to pay a proportional share, equal to its exclusive use area of the Bus Plaza and the Bus Deck, of any operating deficit as its rent payment under the Lease and as its license fee under the License; and,

WHEREAS, Because operating costs and revenues will be variable as the Transit Center leases up and operations commence, the SFMTA is proposing an initial pilot program until the Transit Center operations are stabilized. Accordingly, the initial term of the Lease and the License will be for three years, with three one-year extension options, and subject to SFMTA's right to terminate both agreements if the SFMTA's aggregate rent and license fee payments reach \$9,545,000; and,

WHEREAS, On April 17, 2018, the SFMTA, under authority delegated by the Planning Department, determined that the SFMTA's lease and license of the Transit Center pursuant to the Lease and the License are not a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it

RESOLVED, The Board of Directors authorizes the Director of Transportation to execute a Transit Center Lease and an Ancillary Improvements Agreement with the Transbay Joint Powers Authority and a License Agreement with Alameda-Contra Costa Transit District for a Pilot Program for Muni bus facilities at the new Salesforce Transit Center.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting June 5, 2018.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency



Daniel Lurie, Mayor

Janet Tarlov, Chair
Stephanie Cajina, Vice Chair
Mike Chen, Director
Alfonso Felder, Director

Steve Heminger, Director
Dominica Henderson, Director
Fiona Hinze, Director

Julie Kirschbaum, Director of Transportation

September 30, 2025

**The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102**

***Subject: Request for Approval – First Amendment to Lease Agreement with the
Transbay Joint Powers Authority extending the lease term to December 31, 2050
with two ten-year extension options***

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) respectfully requests that the San Francisco Board of Supervisors authorize the Director of Transportation to execute a First Amendment to Lease Agreement (Lease Amendment) with the Transbay Joint Powers Authority (TJPA) for continued Muni operations at the Salesforce Transit Center (Transit Center) bus plaza through December 31, 2050, with up to two ten-year extension options if mutually approved by the Director of Transportation and the TJPA.

BACKGROUND

The Transit Center located at First and Mission Streets, was designed and constructed as a replacement facility for the former Transbay Terminal. It is a premier transit hub and connector for local and regional transit providers, including Muni, AC Transit, Golden Gate Transit, WestCAT, Amtrak, and Greyhound.

On June 5, 2018, the SFMTA Board adopted Resolution No. 180605-084, authorizing a Transit Center Lease with TJPA (Lease) for a pilot program for bus facilities at the Transit Center bus plaza. The pilot program demonstrated successful coordination among agencies and consistent ridership demands. Hence, the arrangement has become an ongoing operational commitment.

The Transit Center provides the SFMTA with a facility to operate multiple lines of Muni service from the Transit Center's bus plaza at street level.

Multiple Muni lines operate at the Transit Center, including the 5/5R-Fulton, 7-Haight, 38/38R-Geary, 25-Treasure Island, and 714 BART Early Bird. The Transit Center also serves AC Transit's transbay routes from East Bay, WestCAT buses from Contra Costa County, Golden Gate Transit from Marin County, Amtrak buses from Emeryville, and Greyhound buses. It has below-grade space built to

accommodate Caltrain and the California High Speed Rail. The ongoing coordination among the TJPA, SFMTA, AC Transit, and other transit agencies ensures the success of the Transit Center to serve the local and regional riders.

The Lease provides approximately 50,436 square feet of exclusive-use space for Muni bus operations at the Transit Center bus plaza to enhance the SFMTA's transportation network, improve its connectivity to other regional transit agencies, and provide improved facilities for both riders and operators. TJPA provides ongoing maintenance as well as janitorial and security services to the bus plaza and the rest of the Transit Center, including in the SFMTA's exclusive-use areas, operator restrooms, and associated public areas.

The annual operating charge paid by the SFMTA under the Lease is based on the Transit Center's operating expenses and revenues for that fiscal year. When operating expenses exceed revenues, the resulting deficit will be charged proportionally to each Transit Center public transit operator based on the percentage of exclusive-use area it occupies. An estimated annual operating charge based on estimated operating revenues and operating expenditures is established in advance of each fiscal year and paid on a quarterly basis. Quarterly payments are adjusted if actual operating revenues and operating expenditures for the prior quarter differ from the estimated amounts for that quarter. The SFMTA's exclusive-use area under the Lease contains approximately 50,436 square feet, or 21.8%, of the total exclusive-use area in the Transit Center. The current fiscal year annual operating charge is \$1,203,280. For fiscal year 2026 – 2027, the estimated annual operating charge is projected to be \$1,130,000. It is anticipated that the annual operating charges will decrease over time as the TJPA revenue program grows. The SFMTA has the right to terminate the Lease if the SFMTA's projected annual operating charge for an upcoming fiscal year would exceed \$3,000,000.

The Transit Center's operating expenses consist of management, janitorial services, security, maintenance, utility, insurance, taxes as well as repairs and expenses incurred in daily operations. Its revenues include retail, advertising space, event space rental, regional funding measures, and naming rights/sponsorship agreements – all sources other than the Transit Center public transit operator proportional payments for excess operating expenses.

One of the keys to minimizing the operating deficit and SFMTA's annual operating charge is the acquisition of strong, long-term commercial tenants and partners. TJPA has a naming rights agreement with Salesforce.com, Inc. to name the Transit Center the Salesforce Transit Center. It has also engaged Colliers International to manage retail leasing strategy. With the future extension of Caltrain and California High Speed Rail to the Transit Center, TJPA anticipates that ridership and retail space demands would increase, resulting in operating revenues to offset costs.

The Lease is currently on a month-to-month basis. Continuing operations at the Transit Center bus plaza allows the SFMTA to maintain a critical connection point for multiple ridership Muni routes and to support efficient transfers between local and regional transit services. Accordingly, the Lease

Amendment will extend the Lease term to December 31, 2050, with two 10-year extension options if mutually approved by the Director of Transportation and TJPA.

STAKEHOLDER ENGAGEMENT

The SFMTA has conducted stakeholder engagement while negotiating the Lease Amendment. The stakeholder representatives include SFMTA management, SFMTA Real Estate staff, and TJPA management. The consensus is that by extending the Lease term via the Lease Amendment, the SFMTA will be able to continue using the Transit Center bus plaza to serve the public.

No direct outreach was conducted for the Lease Amendment as it merely extends the Lease term to continue Muni operations at the Transit Center bus plaza.

ALTERNATIVES CONSIDERED

Multiple Muni lines have operated at the Transit Center since it opened in 2018. An alternative to the Lease Amendment is relocating those existing Muni lines from the Transit Center, but that would be enormous cost for the SFMTA. This alternative has not been seriously considered, nor does SFMTA staff recommend it, as it would not be in keeping with previous decisions to develop and operate a regional transit center with direct connections between Muni and regional transportation networks.

The SFMTA Board approved the Lease Amendment at its July 15, 2025 meeting. The SFMTA respectfully requests that the Board of Supervisors authorize the Director of Transportation of the SFMTA to execute the Lease Amendment for continued Muni operations at the Salesforce Transit Center (Transit Center) through December 31, 2050, with up to two ten-year extension options if mutually approved by the Director of Transportation and TJPA.

Sincerely,



Julie Kirschbaum
Director of Transportation

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

I hereby submit the following item for introduction (select only one):

- ☒ 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- ☐ 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- ☐ 3. Request for Hearing on a subject matter at Committee
- ☐ 4. Request for Letter beginning with "Supervisor _____ inquires..."
- ☐ 5. City Attorney Request
- ☐ 6. Call File No. _____ from Committee.
- ☐ 7. Budget and Legislative Analyst Request (attached written Motion)
- ☐ 8. Substitute Legislation File No. _____
- ☐ 9. Reactivate File No. _____
- ☐ 10. Topic submitted for Mayoral Appearance before the Board on _____

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- ☐ Yes ☐ No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Mandelman

Subject:

[Lease Amendment – Transbay Joint Powers Authority – Salesforce Transit Center at First and Mission Streets – Current Estimated Annual Operating Charge of \$1,203,280]

Long Title or text listed:

Resolution approving a First Amendment to Lease Agreement with the Transbay Joint Powers Authority for continued Muni operations at the Salesforce Transit Center through December 31, 2050, with two ten-year extension options and a current estimated annual operating charge of \$1,203,280.

Signature of Sponsoring Supervisor:

