

[TJPA letterhead]

[date]

John Updike, Director
Real Estate Division
General Services Agency
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Re: Transbay Transit Center Program (the "Transbay Project")
Goldman Sachs Bridge Loan

Dear Mr. Updike:

I am writing to request the agreement and consent of the City and County of San Francisco (the "City") to the proposal further set forth in this letter. We request such agreement and consent because the City is a party to that certain Cooperative Agreement dated July 11, 2003 (the "Cooperative Agreement") between the State of California, acting by and through its Department of Transportation ("Caltrans"), the Transbay Joint Powers Authority ("TJPA") and the City.

In connection with and pursuant to the Cooperative Agreement, Caltrans transferred certain State-owned parcels of real property (the "Transferred Parcels") to the City and TJPA. The TJPA and City are to use the Transferred Parcels for construction of the Transbay Project or for disposition and development by third parties whereby the Gross Sales Proceeds (as defined in the Cooperative Agreement) will be deposited into a Trust Account (as defined in the Cooperative Agreement) and used for Capital Costs (as defined in the Cooperative Agreement). When Caltrans conveyed the Transferred Parcels, it retained a right to terminate the transfer of all or part of the Transferred Parcels and re-take title thereto upon the failure of certain conditions (collectively, the "Power of Termination").

As you may be aware, TJPA is currently seeking to close a bridge loan in the amount of \$171.0 million (the "Loan") arranged by Goldman Sachs Bank USA ("Goldman"). As conditions to closing the Loan, Goldman requires, among other things, the following to occur in order to protect and create certain security interests for the Loan:

- 1) Caltrans shall relinquish its Power of Termination with respect to Transferred Parcel F and the components of Transferred Parcels O, O', and O'' that are planned for the parcel known as "Block 4" under the Redevelopment Plan for the Transbay Redevelopment Project Area, and any interest Caltrans has in the Gross Sales Proceeds of such Transferred Parcels (including any requirement that such Gross Sales Proceeds be deposited in the Trust Account) and any gross lease revenues generated from any portion of such Transferred Parcels. Except for the amounts necessary to pay for the capitalized interest, hedging costs, required expense reserves and transaction fees with respect to the Loan and up to \$9.9 million to pay for construction related soft costs for the Transbay

Terminal Project (as defined in the Cooperative Agreement), all Loan proceeds will be deposited in the Trust Account at the closing of the Loan.

- 2) TJPA shall pledge the net tax increment generated by the Transferred Parcels, as security for the Loan.
- 3) TJPA will execute (a) as security for the Loan, a deed of trust on Transferred Parcel F (which deed of trust will be released and reconveyed when the Loan is repaid in full), and (b) a recordable negative covenant (the Agreement Not to Encumber of Transfer Property) for Transferred Parcels O, O', and O'', prohibiting TJPA from selling or encumbering Parcel F and Block 4 before the Loan is repaid in full, except under limited exceptions, unless TJPA deposits (or causes to be deposited) the Gross Sales Proceeds from the sale in an amount that equals or is greater than a Lien Release Price into a "lockbox" as collateral for the Loan until the Loan is repaid in full, all pursuant to a form of deed of trust and form of recordable negative covenant acceptable to City.

This proposal does not affect the City's rights or obligations under the Cooperative Agreement, because (i) the Transferred Parcels at issue have been transferred to TJPA, (ii) the City is not a party to the Loan documents, and (iii) the City does not have any obligations under any of the Loan documents. Nonetheless, because the foregoing arrangements are not strictly what was contemplated under the Cooperative Agreement in certain respects, TJPA wanted to notify you of the proposal and obtain your agreement and consent to the foregoing. Please evidence such agreement and consent by executing this letter below on or before the financial close of the Loan

Very truly yours,

[TJPA]

cc: Carol Wong, Deputy City Attorney

**Agreed and consented to this _____
day of _____, 2014.**

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

Name: John Updike

Title Director of Property