

**STAFF REPORT FOR CALENDAR ITEM NO.: 11
FOR THE MEETING OF: April 9, 2015**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Authorizing an amendment to the lease agreement between the Transbay Joint Powers Authority and CA-Mission Street Limited Partnership for office space at 201 Mission Street in San Francisco to decrease the leased area from 12,368 to 9,685 sq. ft., extend the term of the lease by five years and four months, and establish rental rates for the extended period.

SUMMARY:

- The Authority's lease agreement for office space at 201 Mission Street, Suite 2100 in San Francisco will expire on November 30, 2015.
- The current space of 12,368 sq. ft. has housed the TJPA offices for the past five years, and a portion of the space (958 sq. ft.) has been subleased to a financial company since August 2013.
- In order to provide continuity for the project, and considering the cost of other alternative office space in the vicinity of the Transbay Transit Center as well as costs of moving, staff has worked with its broker to negotiate with the landlord for a lease extension through March 31, 2021. The lease extension reduces the office space by 2,683 sq. ft. to 9,685 sq. ft. as TJPA staff can reconfigure office space to fit into a smaller area, saving more than \$16,000 per month on rent.
- Under the negotiated lease amendment, rent will start at \$70.00 / sq. ft. for the first year and increases by 3% per year to \$81.15 for the final four months of the proposed extension. The first four months of rent under the extension, from December 2015 through March 2016, shall be abated (free of charge).
- The TJPA will accept the reduced space "as is" without any obligation of the landlord to provide any tenant improvement allowance. The TJPA would be responsible for any expense for tenant improvements to the remaining portion of the space (none are planned). However, the landlord is responsible for the costs associated with demising the space (reducing TJPA's footprint to the 9,685 sq. ft.).

REPORT:

The current lease of office space at 201 Mission Street, Suite 2100 in San Francisco for TJPA offices will expire on November 30, 2015. With completion of construction scheduled for late 2017, TJPA requires office space for at least two years beyond the expiration of the current lease.

Staff has been considering options for its office location after expiration of the current lease term since May 2014. TJPA engaged its broker from DTZ (formerly Cassidy Turley) to assist with this effort. TJPA staff toured other properties that might potentially meet the TJPA's needs in the vicinity of the project. Based on proposals from each property, staff negotiated the proposed lease amendment with CA-Mission Street Limited Partnership for the existing suite in 201 Mission. Costs of a move and tenant build-out, which totaled over \$360,000 in 2009 for a move and tenant build-out within 201 Mission, were a strong consideration in the evaluation of the proposals. After touring the available properties, the TJPA solicited proposals from 101 2nd

Street and 201 Mission Street. Based on the terms of those proposals and multiple rounds of proposals with 201 Mission Street, staff negotiated the proposed lease amendment with CA-Mission Street Limited Partnership for space at 201 Mission Street.

TJPA staff has also engaged in space planning and proposed a reduction in space of 2,683 sq. ft., which results in savings of more than \$16,000 per month for rent as well as reducing TJPA's obligation to pay a pro rata share of the building's taxes and expenses, without impacting staff operations.

TJPA last negotiated rent and other terms for its office space in 2007. Under that agreement, approved by the Board in 2008, the rent started at \$48.00 / sq. ft. for the first year and increased at 3% per year to \$57.31 in the seventh year (2015). Current vacancy rates for Class-A office space in the South of Market Area are low and demand is high, resulting in increased rents. Based on advice from TJPA's broker about current market rents, TJPA accepted the landlord's final proposal at \$70.00 per sq. ft. for the first year. The landlord accepted the proposal to reduce the amount of space in exchange for a five-year lease term (TJPA had originally been negotiating based on a three-year lease term). Should TJPA choose to relocate its offices following completion of Phase 1 of the Transit Center Program, the lease allows TJPA to sub-lease the office space through the end of the term. The rate would annually increase by the same rate as under the current lease – 3% per year. The first four months of rent under the extension, from December 2015 through March 2016, shall be abated (free of charge), a savings of about \$226,000.

TJPA's broker recommends this lease as favorable under the current market conditions, particularly because it allows TJPA to reduce the square footage by 22% without substantial relocation costs.

RECOMMENDATION:

Authorize the Executive Director to execute the lease amendment with CA-Mission Street Limited Partnership, in substantially the form enclosed, to lease office space on the 21st floor of 201 Mission Street, decrease the area of the lease to 9,685 sq. ft., extend the term by five years and four months, and establish rental rates for the extension period.

ENCLOSURES:

1. Office Lease Agreement
2. Resolution

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, The Transbay Joint Powers Authority (TJPA) is a joint powers agency organized and existing under the laws of the State of California; and

WHEREAS, Pursuant to the Joint Powers Agreement creating the TJPA, dated April 4, 2001 (the Agreement), the TJPA has the authority to make and enter into contracts, to acquire real and personal property and to exercise all powers necessary and proper to carry out the provisions of the Agreement; and

WHEREAS, The TJPA negotiated and entered into a five-year lease in December 2003 for offices at 201 Mission Street, San Francisco; and

WHEREAS, The TJPA negotiated and executed a seven-year lease amendment with CA-Mission Street Limited Partnership in March 2008, that extended the term to November 30, 2015; and

WHEREAS, The TJPA must make provisions for its offices beyond that date, to continue in carrying out the TJPA's mission to develop and construct the Transbay Transit Center; and

WHEREAS, Staff has negotiated a five-year four-month lease amendment with CA-Mission Street Limited Partnership for the same office suite, but with a reduction in space resulting in significant cost savings without impacting staff operations; now, therefore, be it

RESOLVED, That the Transbay Joint Powers Authority Board authorizes the Executive Director to execute an amendment to the office lease for 9,685 sq. ft. of office space at 201 Mission Street in San Francisco for a term of five years and four months with CA-Mission Street Limited Partnership, in substantially the form attached hereto, and to take such other actions as may be necessary to secure the leased space.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of April 9, 2015.

Secretary, Transbay Joint Powers Authority

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (“**Third Amendment**”) is entered into as of April _____, 2015, by and between **CA-MISSION STREET LIMITED PARTNERSHIP**, a Delaware limited partnership (“**Landlord**”) and **TRANSBAY JOINT POWERS AUTHORITY, a Joint Powers Authority under California Government Code §§ 6500, et seq.** (“**Tenant**”), with reference to the following facts:

- A. Landlord and Tenant are parties to that certain lease dated as of December 3, 2003 (the “**Original Lease**”), as amended by that certain First Amendment to Lease dated as of March 3, 2008 (the “**First Amendment**”) and that certain Second Amendment to Lease dated as of November 30, 2011 (the “**Second Amendment**,” and together with the First Amendment and the Original Lease, the “**Lease**”), pursuant to which Landlord leases to Tenant space containing approximately 12,368 rentable square feet (the “**Original Premises**”) described as Suite No. 2100 on the twenty-first (21st) floor of the building located at 201 Mission Street, San Francisco, California (the “**Building**”).
- B. Tenant desires to surrender a portion of the Premises to Landlord containing approximately 2,683 rentable square feet that are currently a part of Suite No. 2100, as shown on Exhibit A hereto (the “**Reduction Space**”) (the Original Premises, minus the Reduction Space, is referred to herein as the “**Remaining Portion of the Original Premises**”), and Landlord is willing to accept such surrender on the following terms and conditions. All rentable area referred to in this Third Amendment is calculated in accordance with the “Standard Method For Measuring Floor Area in Office Buildings” approved June 7, 1996, by the American National Standards Institute and the Building Owners and Managers Association International (ANSI/BOMA Z65.1-1996) as interpreted and applied by Landlord’s measurement firm to the Building. Landlord and Tenant stipulate and agree that the rentable area of the Building (used in the calculation set forth in Section 5 below) and for the Reduction Space and the Remaining Portion of the Original Premises as set forth herein are correct.
- C. The Lease by its terms shall expire on November 30, 2015 (“**Current Termination Date**”), and the parties desire to extend the term of the Lease, all on the following terms and conditions.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Reduction.**

- (a) Tenant shall vacate the Reduction Space in accordance with the terms of the Lease on or prior to November 30, 2015, which is the date immediately preceding the Reduction Effective Date (defined in Section 1(b) below) and Tenant shall fully comply with all obligations under the Lease respecting the Reduction Space up to the Reduction Effective Date,

including, without limitation, those provisions relating to the condition of the Reduction Space and the removal of Tenant's Property from the Reduction Space.

(b) Effective as of December 1, 2015 (the "**Reduction Effective Date**"), the Premises is decreased from 12,368 rentable square feet described as Suite No. 2100 on the twenty first (12st) floor to 9,685 rentable square feet described as Suite No. 2100 on the twenty first (21st) floor of the Building by the elimination of the Reduction Space. The Reduction Space shall be given a new suite designation. As of the Reduction Effective Date, the Reduction Space shall be deemed surrendered by Tenant to Landlord, the Lease shall be terminated with respect to the Reduction Space, and the "Premises", as defined in the Lease, shall mean the Remaining Portion of the Original Premises; provided, if Tenant shall violate any provision hereof or if Tenant's representations herein shall be false or materially misleading, Landlord may, at its option, declare this Third Amendment null and void and may reinstate the Lease with respect to the Reduction Space in addition to, and not in lieu of, any other rights or remedies available to Landlord.

(c) If Tenant continues to occupy the Reduction Space after the Reduction Effective Date, such occupancy shall be that of a tenancy at sufferance and in no event for month-to-month or year-to-year, but Tenant shall, throughout the entire holdover period, be subject to all the terms and provisions of the Lease, as amended hereby, and Tenant shall be liable for Base Rent, Additional Rent and other charges respecting the Reduction Space equal to one hundred fifty percent (150%) of the amount in effect under the Lease (on a per month basis without reduction for any partial months during any such holdover) prorated on a per square foot basis for the Reduction Space. Such holdover amount shall not be deemed permission for Tenant to holdover in the Reduction Space. No holding over by Tenant in the Reduction Space or payments of money by Tenant to Landlord after the Reduction Effective Date shall be construed to prevent Landlord from recovery of immediate possession of the Reduction Premises by summary proceedings or otherwise. In addition to the obligation to pay the amounts set forth above during any such holdover period, Tenant also shall be liable to Landlord for all damage, including any consequential damage, which Landlord may suffer by reason of any holding over by Tenant in the Reduction Premises, and Tenant shall indemnify Landlord against any and all claims made by any other tenant or prospective tenant against Landlord for delay by Landlord in delivering possession of the Reduction Premises to such other tenant or prospective tenant as a result of Tenant's holdover.

(d) Landlord, at Landlord's sole cost and expense (except as otherwise provided in subsection (c) above) shall install a wall separating the Reduction Space from the Remaining Portion of the Original Premises substantially as shown on **Exhibit A** attached hereto, and shall perform any required pain and patch work, vinyl baseboard replacement and any necessary balancing of the HVAC system required in connection with the installation of the wall (the "**Demising Work**"). Notwithstanding any limitations provided in the Lease concerning Landlord's entry into the Premises, Tenant shall permit Landlord access to the Premises when and as required to perform the Demising Work during the entire period in which such Demising Work is being performed. Although Landlord will use commercially reasonable efforts, given the nature and scope of the Demising Work, to minimize interference with Tenant's use of the Remaining Portion of the Original Premises, Tenant acknowledges that such work will be performed during normal business hours in the Premises, will involve noise and other

disruptions, and that no such work shall render Landlord liable to Tenant, constitute a constructive eviction of Tenant, give rise to an abatement of Rent, or relieve Tenant from the obligation to fulfill any covenant or agreement. Should Tenant cause any delays in Landlord's performance of the Demising Work such that the Reduction Effective Date occurs after December 1, 2015, Tenant shall pay Base Rent for the entirety of the Premises based upon the rental rate set forth in the rent schedule set forth in Section 3 below, and no reduction in Tenant's Pro Rata Share as provide in Section 4 below shall be effective until the actual occurrence of the Reduction Effective Date. No postponement of the Reduction Effective Date shall change the Second Extended Termination Date.

2. **Extension.** The term of the Lease is hereby extended for a period of five (5) years and four (4) months such that the term of the Lease shall expire on March 31, 2021 (the "**Second Extended Termination Date**"), unless sooner terminated in accordance with the terms of the Lease. That portion of the term commencing the day immediately following the Current Termination Date ("**Second Extension Date**") and ending on the Second Extended Termination Date shall be referred to herein as the "**Second Extended Term**". Promptly following the Reduction Effective Date, Landlord and Tenant shall enter into a letter agreement in the form attached hereto as **Exhibit B**, specifying and/or confirming the Reduction Effective Date, the Second Extended Termination Date, and the schedule of Base Rent payable hereunder and Tenant's Pro Rata Share. If Tenant fails to execute and deliver such letter agreement to Landlord within ten (10) Business Days after Landlord's delivery of same to Tenant, said letter agreement will be deemed final and binding upon Tenant.

3. **Base Rent.**

(a) **Generally.** From and after the Reduction Effective Date and through and including the Second Extended Term, the Base Rent payable for the Remaining Portion of the Original Premises shall be as follows:

Months Following Reduction Effective Date	Annual Rate Per Rentable Square Foot	Monthly Base Rent
Months 1 - 12*	\$70.00	\$56,495.83**
13 - 24	\$72.10	\$58,190.71
25 - 36	\$74.26	\$59,934.01
37 - 48	\$76.49	\$61,733.80
49 - 60	\$78.79	\$63,590.10
61 - 64	\$81.15	\$65,494.81

* If the Reduction Effective Date is other than the first (1st) day of a calendar month, then "Month 1" will include the remainder of the calendar month in which the Reduction Effective Date occurs, plus the next-succeeding calendar month.

** Subject to abatement as set forth in Section 3(b) below.

(b) **Abatement.** Notwithstanding anything in this Section of the Lease to the contrary, so long as Tenant is not in Default under the terms of the Lease, as amended hereby, Tenant shall be entitled to an abatement of Base Rent for the first four (4) full calendar months of the Second Extended Term (the "**Abatement Period**"). The total amount of Base Rent abated

during the Abatement Period is referred to herein as the “**Abated Rent**”. If Tenant is in Default at any time, (a) at Landlord’s option, all Abated Rent credited to Tenant prior to the occurrence of the Default shall become due and payable to Landlord; and (b) if the Default occurs prior to the expiration of the Abatement Period, there will be no further abatement of Base Rent pursuant to this Section. No such recapture by Landlord of the Abated Rent shall constitute a waiver of any Default of Tenant or any election of remedies by Landlord.

4. **Additional Security Deposit.** Concurrently with Tenant’s execution and delivery of this Third Amendment, Tenant shall pay Landlord the sum of \$7,501.31 which will be added to and become a part of the Security, held by Landlord as provided under Section 6 of the Original Lease. Accordingly, the Security Deposit will be increased to **\$TBD BASED ON REVIEW OF TENANT FINANCIALS**. In addition, the last sentence of Section 6 of the Original Lease is hereby deleted in its entirety, and the following is substituted therefor: “Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, and all other provisions of law, now or hereafter in force, which (a) establish a time frame within which a landlord must refund a security deposit under a lease, and/or (b) provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage caused by the Default of Tenant under this Lease, including without limitation all damages or rent due upon termination of this Lease pursuant to Section 1951.2 of the California Civil Code.”

5. **Tenant’s Pro Rata Share.** From and after the Reduction Effective Date, Tenant’s Pro Rata Share for the Remaining Portion of the Original Premises is decreased to 2% (i.e., $9,685/483,528$ (the rentable area of the Building) x 100). Notwithstanding anything in this Third Amendment to the contrary, Tenant shall remain liable for all year-end adjustments with respect to Tenant’s Pro Rata Share of Expenses and Taxes applicable to the Reduction Space for that portion of the calendar year preceding the Reduction Effective Date. Such Adjustments shall be paid at the time, in the manner, and otherwise in accordance with the terms of the Lease, unless otherwise specified herein.

6. **Expenses and Taxes.** From and after the Reduction Effective Date, Tenant shall pay Tenant’s Pro Rata Share of Expenses and Taxes in accordance with the terms of the Lease, provided, however, effective as of the Reduction Effective Date, the Base Year for the computation of Tenant’s Pro Rata Share of Expenses and Taxes shall be calendar year 2016.

7. **Improvements to Premises.**

(a) **Condition of Premises.** Tenant is in possession of the Original Premises and agrees that other than the performance by Landlord of the Demising Work, it has accepted the Original Premises “as is” without any agreements, representations, understandings or obligations on the part of Landlord to (i) fund or otherwise pay for, or perform any alterations, additions, repairs or improvements, except as may be expressly provided otherwise in this Third Amendment; or (ii) grant Tenant any abated Rent, concessions, credits or contributions of money with respect to the Remaining Portion of the Original Premises, except as may be expressly provided otherwise in this Third Amendment.

(b) **Responsibility for Improvements to Remaining Portion of the Original Premises.** Any construction, alterations or improvements to the Remaining Portion of the Original Premises shall be performed by Tenant at its sole cost and expense and shall be governed in all respects by the provisions of Section 9.03 of the Original Lease.

8. **Parking; Bicycle Storage.** Exhibit G to the Original Lease is hereby deleted in its entirety, and **Exhibit C** attached hereto and made a part hereof is substituted therefor. In addition, Tenant shall have the non-exclusive right to use the Building's designated bicycle storage area. Tenant's right to use the bicycle storage area is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the bicycle storage area, Tenant's cooperation in seeing that Tenant's employees and invitees also comply with such rules and regulations and Tenant not being in default under this Lease. Tenant's use of the bicycle storage area shall be at Tenant's sole risk and Tenant acknowledges and agrees that Landlord shall have no liability whatsoever for damage to the bicycles of Tenant, its employees and/or invitees, or for other personal injury or property damage or theft relating to or connected with the bicycle storage rights granted herein or any of Tenant's, its employees and/or invitees' use of the bicycle storage area. Landlord specifically reserves the right to change the location, size, configuration, design, layout and all other aspects of the bicycle storage area at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under the terms of the Lease, as amended hereby, from time to time, on a temporary or on a permanent basis, close-off, restrict access to, or discontinue the existence of the bicycle storage area.

9. **Right of First Refusal and Renewal Option.** Section 8 of the First Amendment, providing for a one-time Right of First Refusal for space on the twenty first (21) floor of the Building is hereby deleted in its entirety. In addition, Section 9 of the First Amendment, providing for a Renewal Option, is hereby deleted in its entirety. There are no further expansion or renewal options.

10. **Insurance.** The provisions of Article 14 of the Lease are hereby deleted in their entirety, and the following is substituted therefor:

(a) From and after the date Tenant first has access to the Premises, Tenant shall maintain the following insurance ("**Tenant's Insurance**"):

(i) Commercial General Liability Insurance applicable to the Premises and its appurtenances written on an occurrence (rather than "claims made") basis providing, on an occurrence basis; covering the Premises and all operations of Tenant in or about the Premises against claims for bodily injury, death, property damage, advertising injury and products liability and to include contractual liability coverage insuring Tenant's indemnification obligations under this Lease, to be in combined single limits of not less than \$1,000,000 each occurrence for bodily injury, death and property damage, \$2,000,000 for products/completed operations aggregate, \$2,000,000 for personal injury, and to have general aggregate limits of not less than \$2,000,000 (per location) and Umbrella Liability Insurance in an amount not less than \$5,000,000 per occurrence and \$5,000,000 annual aggregate. The general aggregate limits under the Commercial General Liability insurance policy or policies shall apply separately to the Premises and to Tenant's use thereof (and not to any other location or use of Tenant) and such policy shall

contain an endorsement to that effect. The certificate of insurance evidencing the form of policy shall specify all endorsements required herein and shall specify on the face thereof that the limits of such policy apply separately to the Premises.

(ii) Insurance covering any of the items included in any equipment maintained by Tenant, as well as trade fixtures, merchandise, movable partitions, furniture and other personal property from time to time in, on or upon the Premises (“**Tenant’s Property**”), and all Leasehold Improvements, in an amount not less than one hundred percent (100%) of their full replacement value from time to time during the Term, providing protection against perils included within the standard form of “all-risk” (i.e., “Special Cause of Loss”) fire and casualty insurance policy, and including earthquake sprinkler leakage coverage;

(iii) Workers’ Compensation Insurance in amounts required by Law;

(iv) Employers Liability Coverage of at least \$500,000.00 per occurrence (with \$500,000.00 disease coverage per employee);

(v) if Tenant owns or leases any vehicles, automobile liability coverage for all vehicles owned or leased by Tenant in an amount not less than \$1,000,000.00 per accident; and

(vi) business interruption coverage in an amount equal to 100% of Tenant’s estimated gross revenues from the Premises for a twelve (12) month period.

(b) All policies of the insurance provided for in this Section 10 above shall be issued in form acceptable to Landlord by insurance companies with a rating and financial size of not less than A:XII in the most current available “Best’s Insurance Reports”, and licensed to do business in the state of California. Each and every such policy:

(i) shall designate Landlord (as well as Landlord’s managing agent, asset manager, and any mortgagee of Landlord and any other party reasonably designated by Landlord) as an additional insured, except with respect to the insurance described in clauses (a)(iii) and (a)(iv) above;

(ii) shall be delivered in its entirety (or, in lieu thereof, a certificate in form and substance satisfactory to Landlord) to each of Landlord and any such other parties in interest prior to any entry by Tenant or Tenant’s employees or contractors onto the Premises and thereafter within five (5) days after the inception (or renewal) of each new policy, and as often as any such policy shall expire or terminate. Renewal or additional policies shall be procured and maintained by Tenant in like manner and to like extent;

(iii) shall contain a provision that the insurer will give to Landlord at least thirty (30) days’ notice in writing (and ten (10) days in the case of non-payment) in advance of any material change, cancellation, termination or lapse, or the effective date of any reduction in the amounts of insurance; and

(iv) shall be written as a primary policy which does not contribute to and is not in excess of coverage which Landlord may carry.

(c) In addition, Landlord shall be named as a loss payee with respect to Tenant's Property insurance on the Leasehold Improvements. Tenant will be responsible for the payment of any deductible amount under any policy of insurance maintained by Tenant. Tenant shall additionally carry and maintain such other types of insurance coverage in such reasonable amounts as may be reasonably requested from time to time by Landlord.

(d) Notwithstanding the foregoing, Tenant may self-insure for the insurance coverage specified in this Section 10; provided, however, for purposes of Section 15 of the Original Lease, any loss or damage to Tenant, Tenant's property, its leasehold interest, its business, the Premises or any additions or improvements thereto or contents thereof that would have been covered by the insurance otherwise required to be carried by Tenant under the terms of this Section 10 shall be deemed covered by and recoverable by Tenant under valid and collectible policies of insurance. Tenant's right to self-insure pursuant to this Section 10 is personal to the originally named Tenant that executed the Original Lease only. [RESERVED - MINIMUM NET WORTH REQUIREMENT PENDING REVIEW OF TENANT FINANCIALS]

(e) Landlord shall maintain so called All Risk property insurance on the Building in amounts reasonably determined by Landlord to be necessary, together with such other insurance coverage as Landlord, in its reasonable judgment, may elect to maintain; Landlord may elect to self-insure with respect to any such coverage.

11. **Miscellaneous.**

(a) The Lease, this Third Amendment and the attached exhibits, which are hereby incorporated into and made a part of this Third Amendment, set forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements.

(b) Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

(c) In the case of any inconsistency between the provisions of the Lease and this Third Amendment, the provisions of this Third Amendment shall govern and control.

(d) No party shall be bound by this Third Amendment until both have executed and delivered the same to each other.

(e) The Premises have not undergone an inspection by a Certified Access Specialist (CASp). This notice is given pursuant to California Civil Code Section 1938.

(f) The capitalized terms used in this Third Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Third Amendment.

(g) Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Third Amendment, other than Cassidy Turley ("**Tenant's Broker**"). Tenant agrees to indemnify and hold Landlord harmless from all claims of any brokers other

than Tenant's Broker claiming to have represented Tenant in connection with this Third Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Third Amendment, other than Jones Lang LaSalle ("**Landlord's Broker**"). Landlord agrees to indemnify and hold Tenant harmless from all claims of any brokers other than Landlord's Broker claiming to have represented Landlord in connection with this Third Amendment.

(h) Each signatory of this Third Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

(i) Tenant represents and warrants to Landlord that Tenant is currently in compliance with and shall at all times through and including the Second Extended Termination Date (including any extension thereof), remain in compliance with the regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

(j) This Third Amendment may be executed in multiple counterparts each of which is deemed an original but together constitute one and the same instrument. This Third Amendment may be executed in so-called "pdf" format and each party has the right to rely upon a pdf counterpart of this Third Amendment signed by the other party to the same extent as if such party had received an original counterpart.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Third Amendment as of the day and year first above written.

**CA-MISSION STREET LIMITED PARTNERSHIP,
a Delaware limited partnership**

By: NAPI REIT TRS, INC., a Maryland corporation
Its: General Partner

By: _____
Name: _____
Title: _____

TENANT:

TRANSBAY JOINT POWERS AUTHORITY,
a Joint Powers Authority under
California Government Code §§ 6500, et seq.

By: _____
Print Name: _____
Its: _____

By: _____
Print Name: _____
Its: _____

EXHIBIT A

REDUCTION SPACE

EXHIBIT B

ACCEPTANCE LETTER

Date _____

Re: Third Amendment to Lease dated as of _____, 2015, by and between CA-MISSION STREET LIMITED PARTNERSHIP, as Landlord, and TRANSBAY JOINT POWERS AUTHORITY, as Tenant (the "Third Amendment") for 9,685 rentable square feet described as Suite No. 2100 on the twenty-first (21st) floor of the Building located at 201 Mission Street, San Francisco, California

Dear _____:

In accordance with the terms and conditions of the above referenced Third Amendment, Tenant accepts possession of the Remaining Portion of the Original Premises and agrees:

1. The Reduction Effective Date is _____;
2. The Second Extended Termination Date is: _____, ____.
3. The schedule of Base Rent payable for the Reduction Space is _____, ____.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely,

Agreed and Accepted:

Property Manager

Tenant: _____

By: _____

Name: _____

Title: _____

Address: _____

[EXHIBIT - - DO NOT SIGN]

EXHIBIT B

PARKING AGREEMENT

1. During the Second Extended Term, Tenant has the right to lease from Landlord and Landlord agrees to lease to Tenant one (1) parking space (the “**Space**”) for the use of Tenant and Tenant’s clients and their respective employees in the surface parking lot servicing the Building (the “**Parking Lot**”), located adjacent to the Building on the southeast side. Tenant’s rights under this Parking Agreement are contingent upon Tenant delivering not less than ten (10) days’ written notice to Landlord stating its election to lease the Space, provided that Landlord may permit Tenant to lease the space prior to the passage of such ten (10)-day period if such Space is readily available. Tenant may elect not to lease the Space by delivering written notice to Landlord, and such termination will be effective on the last day of the calendar month during which Tenant delivers such notice, provided that if Landlord receives such notice less than three (3) days prior to the last day of the month, then such termination shall be effective on the last day of the following calendar month. If, following any such termination described in the foregoing sentence, Tenant may elect to re-lease the Space (subject to availability) under the terms and conditions hereof by delivering written notice of such election to Landlord. In addition to the Space described above, Tenant may lease from Landlord additional spaces in the Parking Lot on a month-to-month basis, subject to the availability, and subject to the terms and conditions of this Parking Agreement. The rent for such Spaces will initially be as follows: Tenant will pay \$425.00 per month for each Space; said rate is subject to adjustment from time to time in Landlord’s sole but reasonable discretion. Such charges, if any, shall be payable in advance to Landlord or such other entity as designated by Landlord, and shall be sent concurrently with Tenant’s payment of monthly Base Rent to the address Landlord designates from time to time. Except as otherwise set forth herein below, no deductions from such charges, if any, shall be made for days on which the Parking Lot is not used by Tenant.

2. Tenant shall at all times comply with all applicable ordinances, rules, regulations, codes, laws, statutes and requirements of all federal, state, county and municipal governmental bodies or their subdivisions respecting the use of the Parking Lot. Landlord reserves the right to adopt, modify and enforce reasonable rules (“**Rules**”) governing the use of the Parking Lot from time to time. Landlord shall provide Tenant with one (1) parking pass for each of the Spaces, provided that Landlord shall have the right to require Tenant to place a deposit on each such parking pass and to pay a fee for any lost or damaged parking pass. Landlord may refuse to permit any person who violates such Rules to park in the Parking Lot, and any violation of the Rules shall subject the car to removal from the Parking Lot following reasonable notice. Tenant shall comply with and cause its employees to comply with all the Rules as well as all reasonable additions and amendments thereto.

3. Unless specified to the contrary above, the Spaces hereunder shall be provided on a non-designated “first-come, first-served” basis. Landlord reserves the right to assign other specific parking spaces, and to reserve other parking spaces for visitors, small cars, handicapped persons and for other tenants, guests of tenants or other parties, which assignment and reservation or spaces may be relocated as determined by Landlord from time to time, and Tenant and persons designated by Tenant hereunder shall not park in any such location designated for such assigned or reserved parking spaces.

4. Tenant shall not store or permit its employees to store any automobiles in the Parking Lot without the prior written consent of the operator. Except for emergency repairs, Tenant and its employees shall not perform any work on any automobiles while located in the Parking Lot. If it is necessary for Tenant or its employees to leave an automobile in the Parking Lot overnight, Tenant shall provide the operator with prior notice thereof designating the license plate number and model of such automobile.

5. Landlord shall have the right to temporarily close the Parking Lot, or certain areas therein in order to perform necessary repairs, maintenance and improvements to the Parking Lot, and in such events, Landlord shall refund any prepaid parking fee hereunder for any Spaces affected by such closure, prorated on a per diem basis.

6. LANDLORD SHALL NOT BE LIABLE FOR ANY LOSS, INJURY OR DAMAGE TO PERSONS USING THE PARKING LOT OR AUTOMOBILES OR OTHER PROPERTY THEREIN, IT BEING AGREED THAT, TO THE FULLEST EXTENT PERMITTED BY LAW, THE USE OF THE SPACES SHALL BE AT THE SOLE RISK OF TENANT AND ITS EMPLOYEES. WITHOUT LIMITING THE FOREGOING, TENANT HEREBY VOLUNTARILY RELEASES, DISCHARGES, WAIVES AND RELINQUISHES ANY AND ALL ACTIONS OR CAUSES OF ACTION FOR PERSONAL INJURY OR PROPERTY DAMAGE OCCURRING TO TENANT ARISING AS A RESULT OF PARKING IN THE PARKING LOT, OR ANY ACTIVITIES INCIDENTAL THERETO, WHEREVER OR HOWEVER THE SAME MAY OCCUR, AND FURTHER AGREES THAT TENANT WILL NOT PROSECUTE ANY CLAIM FOR PERSONAL INJURY OR PROPERTY DAMAGE AGAINST LANDLORD OR ANY OF THE LANDLORD RELATED PARTIES FOR ANY SAID CAUSES OF ACTION. IN ALL EVENTS, TENANT AGREES TO LOOK FIRST TO ITS INSURANCE CARRIER AND TO REQUIRE THAT TENANT'S EMPLOYEES LOOK FIRST TO THEIR RESPECTIVE INSURANCE CARRIERS FOR PAYMENT OF ANY LOSSES SUSTAINED IN CONNECTION WITH ANY USE OF THE PARKING LOT. TENANT HEREBY WAIVES ON BEHALF OF ITS INSURANCE CARRIERS ALL RIGHTS OF SUBROGATION AGAINST LANDLORD OR LANDLORD RELATED PARTIES.

7. Tenant shall not assign its rights under this Parking Agreement or sublease any Space without the consent of Landlord. Landlord shall have the right to terminate this Parking Agreement with respect to any Space that Tenant desires to sublet or assign its rights thereto.

8. Landlord hereby reserves the right to enter into a management agreement or lease with another entity for the operation of the Parking Lot ("**Operator**"). In such event, Tenant, upon request of Landlord, shall enter into a parking agreement upon substantially the same terms hereunder with the Operator and pay the Operator the monthly charge established hereunder, and Landlord shall have no liability for claims arising through acts or omissions of the Operator. It is understood and agreed that the identity of the Operator may change from time to time during the Term. In connection therewith, any parking lease or agreement entered into between Tenant and any Operator shall be freely assignable by such Operator or any successors thereto.