

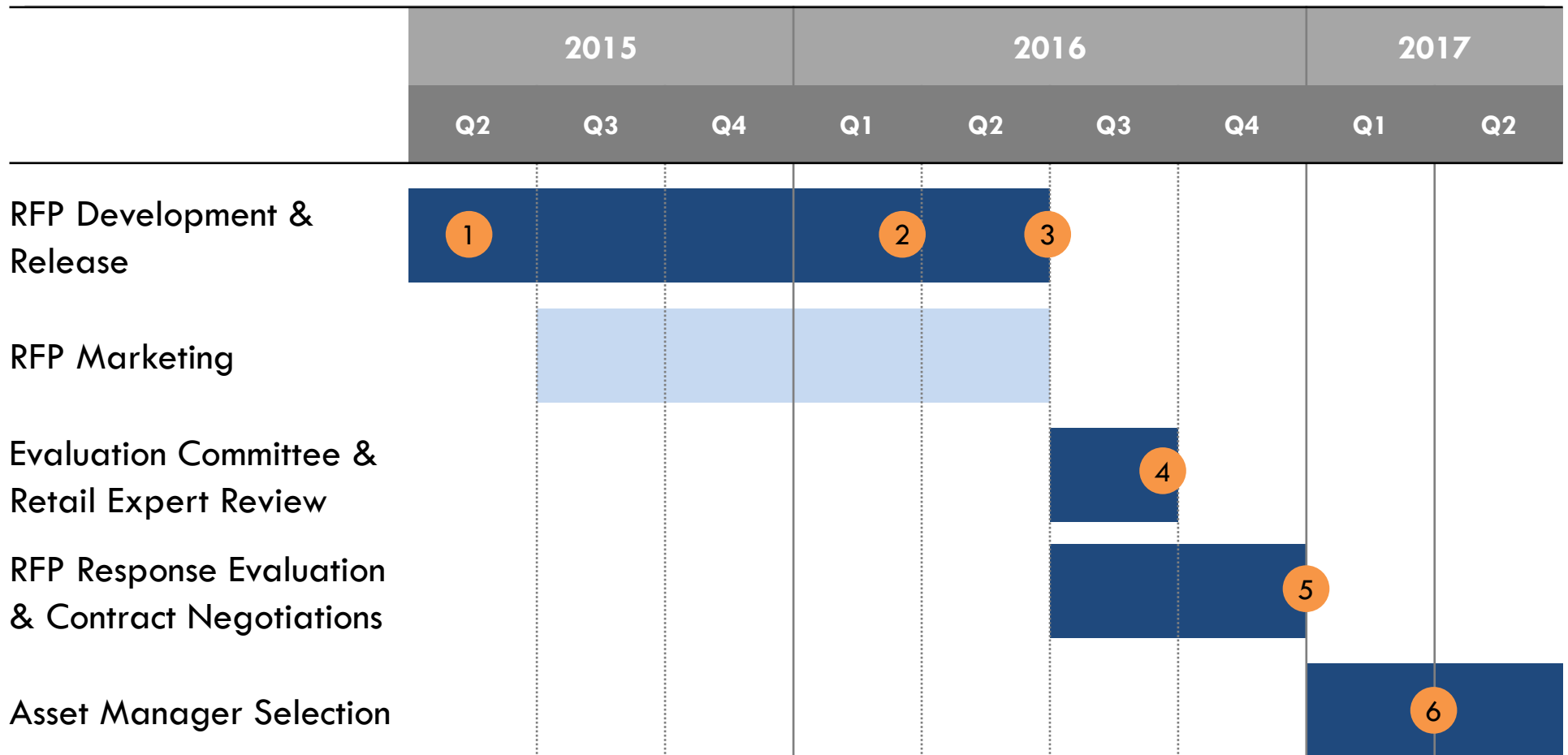


# TRANSBAY JOINT POWERS AUTHORITY

## CAC UPDATE

### APRIL 11, 2017

# Transbay RFP Process



1 **Jun. 2015** HR&A engaged

2 **Mar. 2016** RFP released

3 **Jun. 2016** RFP submissions received

4 **Sep. 2016** Selection of qualified respondents for negotiations

5 **Jan. 2017** Entered exclusive contract negotiations

6 **Q1 2017** Execution of final asset management agreement

# **Transbay Transit Center RFP Overview**

RFP Response Evaluation

Asset Management Agreement Negotiation & Recommendation

Next Steps

Funding Analysis

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The Transit Center presents a unique opportunity for a private sector partner.

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## The opportunity includes four distinct scope elements.

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The RFP included a scope for Phase 1 and the opportunity to propose interim programming for the Lower Concourse and Train Platform prior to completion of Phase 2.



Fit-out, leasing, and management of **facility-wide retail space**



Development and operation of a high-quality **promotional platform**



Management and production of **private and public events**



Facility **operations and maintenance and capital improvements**

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Successful execution of this scope requires a team with strong, multidisciplinary expertise.

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The RFP was widely marketed and made publicly available to provide the opportunity for all qualified firms to respond.

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HR&A reached out to **40+ firms** across a wide spectrum of disciplines to garner interest in the RFP.

Outreach included local and national firms that have the necessary expertise to build a team, including:

- Mixed-use and retail-focused developers and managers
- Promotional platform managers
- Open space managers
- Facility managers

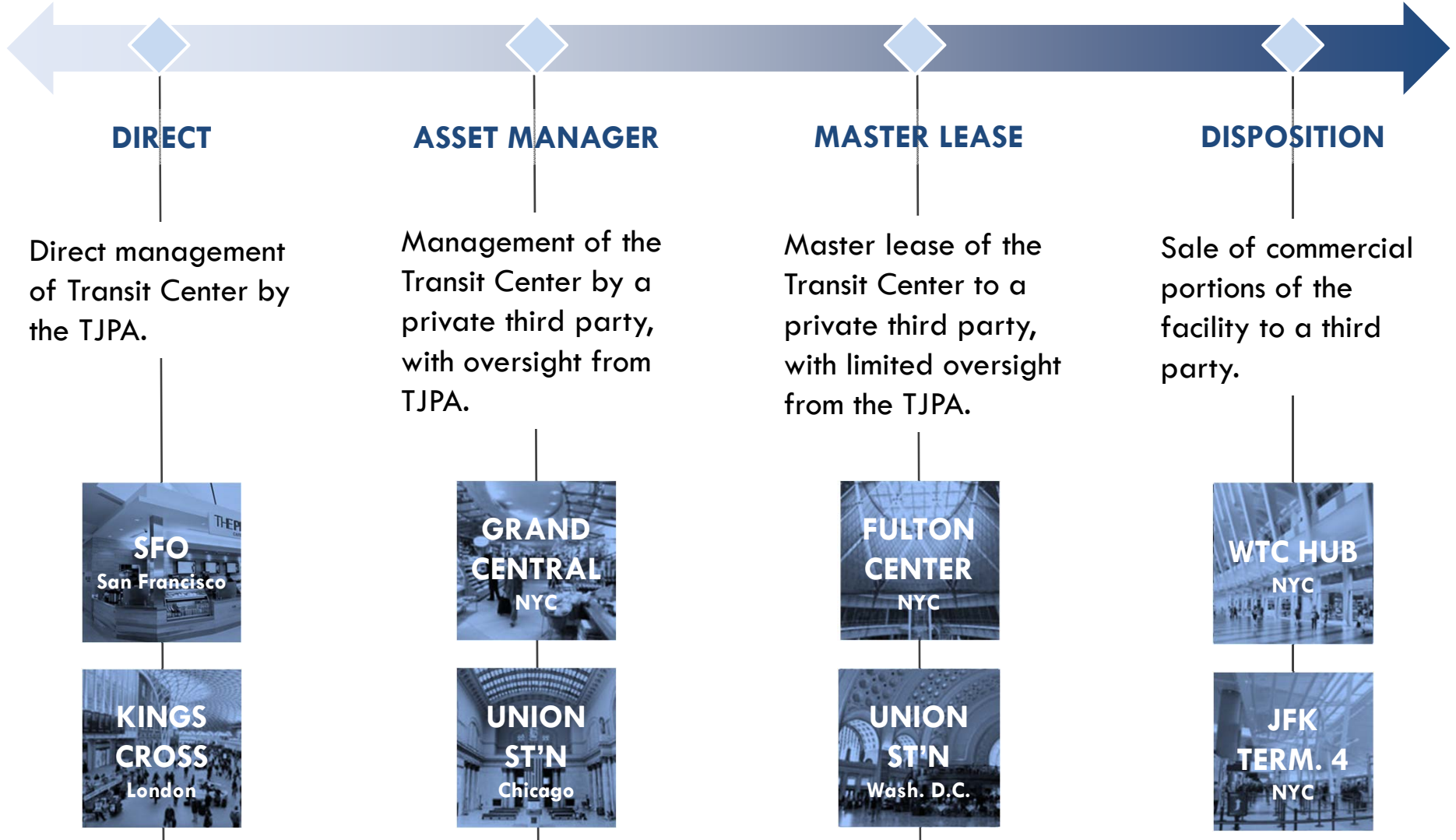
HR&A's outreach process included:

- Development of marketing materials
- Telephone and in-person presentations
- Site tours surrounding the Transbay Transit Center construction site

# The TJPA explored a range of partnership options.

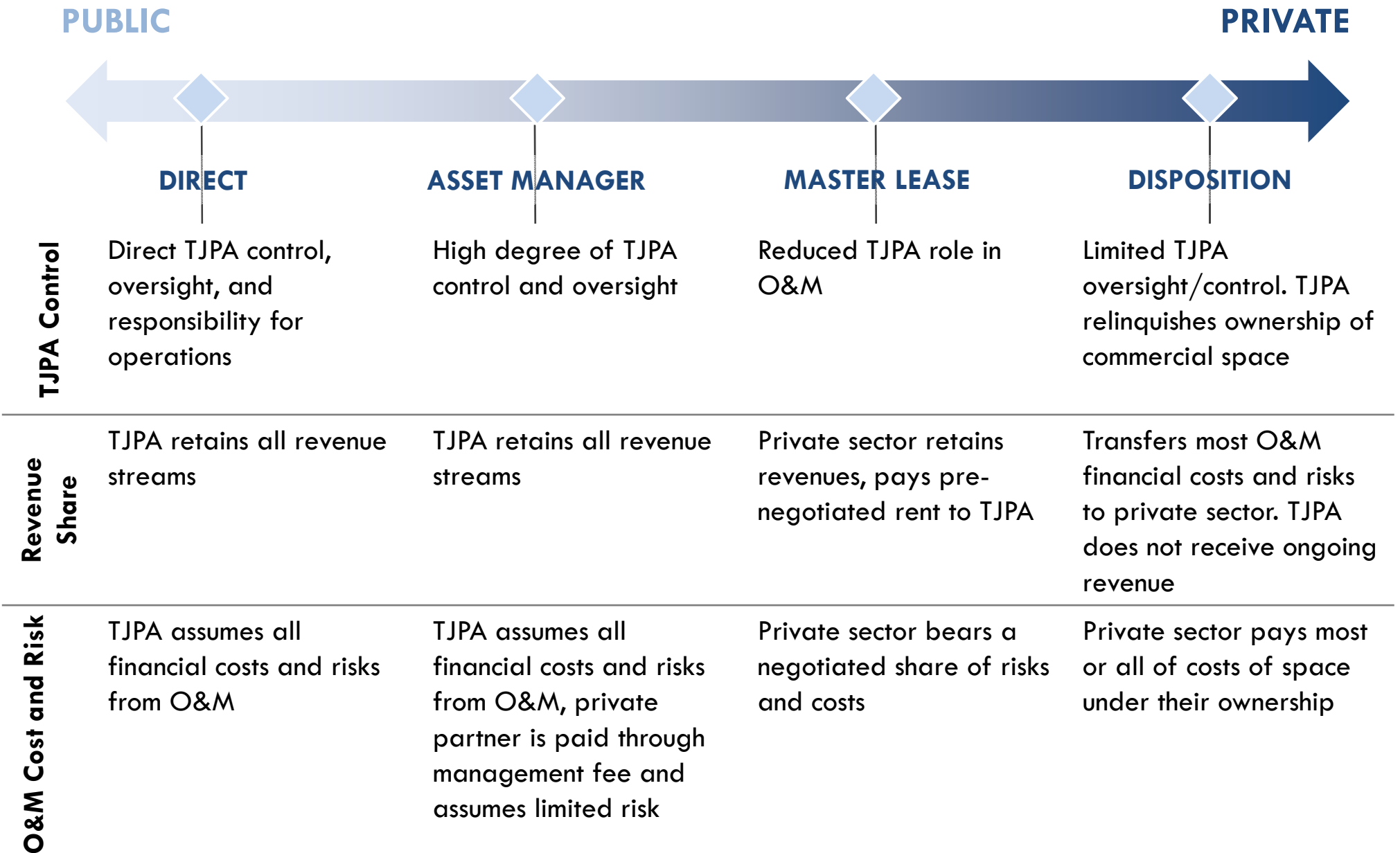
**PUBLIC**

**PRIVATE**





Partnership options were evaluated against TJPA priorities and the evaluated risks and rewards for each option.



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A panel of local market experts reviewed the RFP, including its structure and contents, and provided feedback prior to its release.

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**Purpose** To confirm the RFP's contents, objectives, and structure, ensuring that the RFP attracted a robust market response

## Panel Members

- **John Updike**, Director of Real Estate, City and County of San Francisco
- **Todd Rufo**, Director, San Francisco Office of Economic and Workforce Development
- **Cheryl Nashir**, Associate Deputy Airport Director for Revenue Development and Management, SFO
- **Byron Rhett**, Deputy Director of Planning and Development, Port of San Francisco
- **Robert Moser**, Commander, San Francisco Police Department
- **Peter David Cavaluzzi** FAIA, Design Principal and Board Director, Perkins Eastman Architects

Within the RFP, TJPA outlined four goals for a private sector partnership for management of the Transit Center.

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1. **Operate a clean, safe and well maintained Transit Center, befitting a world class transit facility.** The selected partner will ensure high standards of operations and maintenance for the benefit of the Transit Center's visitors and subtenants.
  2. **Deliver a visionary program that reflects local character and context.** The selected partner will have an ambitious vision for the retail, digital, and events program within the Transit Center, and the experience necessary to lead a team to execute the concept.
  3. **Ensure a high quality user experience within this new civic facility.** The selected partner should ensure that its program complements, and builds upon the Transit Center's unique and engaging features to become a hub of neighborhood activity.
  4. **Maximize the economic value of the Transit Center.** The selected partner will maximize the value of the facility by executing a premier commercial program that generates revenues to the TJPA.
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The RFP required respondents to propose on a key set of terms.

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**1. Deal structure**

- Preference for master lease with flexibility to accept alternative structures

**2. Term**

- Initial Term
- Renewals

**3. Projected revenues and operating costs**

**4. Revenues to the TJPA**

- Fixed Rent
- Participation Rent or Revenue Share

**5. Shared and reimbursed costs**

- Operating Expense Sharing
- Capital Expenditure Sharing
- Cost Overrun Sharing

**6. Management fees**

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Transbay Transit Center RFP Overview

**RFP Response Evaluation**

Asset Management Agreement Negotiation & Recommendation

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## The evaluation criteria guided evaluation of the proposals.

Criteria	Components	Max. Score
Qualifications and Experience	<ul style="list-style-type: none"> <li>• Experience managing large mixed-use facilities</li> <li>• Experience in retail tenanting</li> <li>• Experience managing open spaces</li> <li>• Experience managing promotional platforms</li> </ul>	80 points
Concept		
<i>Retail Concept</i>	<ul style="list-style-type: none"> <li>• Vision for retail program*</li> </ul>	60 points
<i>Promotional Platform Concept</i> <i>Open Space Concept</i>	<ul style="list-style-type: none"> <li>• Vision for the promotional platform &amp; open space management and programming</li> </ul>	30 points
Economic Proposal	<ul style="list-style-type: none"> <li>• Economic offer to the TJPA</li> <li>• Financial capability</li> </ul>	100 points
<b>Proposal Evaluation Subtotal</b>		<b>270 points</b>
Interview (for respondents receiving 220+ points)		30 points
<b>Total Maximum Points</b>		<b>300 points</b>

\*Up to 15 of the 60 points allocated to retail concept were awarded to plans incorporating a significant amount of high-quality, locally owned businesses in their concept.

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A committee of local experts reviewed and evaluated the proposals and guided the TJPA's selection of qualified respondents.

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**Purpose** To review and evaluate the proposals, conduct interviews, and score responses to guide TJPA decision-making

## **Evaluation Committee Members**

- **Keysha Bailey**, TJPA Citizens Advisory Committee (CAC) Member, Executive Consultant
- **Shuprotim Bhaumik**, Partner, HR&A Advisors
- **Anthony Birdsey**, TJPA CAC Member; Board of Directors member, Greater Rincon Hill Community Benefit District; Senior Director, Tishman Speyer
- **Scott Boule**, Legislative Affairs and Community Outreach Manager, TJPA
- **Lois Rawlings**, Real Estate Manager, AC Transit
- **Ben Sigman**, Executive Vice President, Economic & Planning Systems
- **John Updike**, Director of Real Estate, City & County of San Francisco

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Additionally, a committee of retail experts reviewed and commented on proposed retail concepts.

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**Purpose** To review and evaluate proposal retail concepts

## **Evaluation Committee Members**

- **Jeff Badstubner**, Senior Vice President, Retail Market Lead, Jones Lang LaSalle
- **Byron Rhett**, Deputy Director, Planning & Development, Port of San Francisco
- **Susan Reynolds**, Deputy Director, Real Estate, Port of San Francisco
- **Kate Coburn**, Partner, Retail Practice Leader, HR&A Advisors
- **Justin Schultz**, Director, HR&A Advisors



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TJPA received three proposals, summarized below and in the following slides.

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- Asset management structure led by Cushman & Wakefield.
- Sub-agreements for retail leasing and management, Rooftop Park management, promotional platform, and station advisory consulting.



- Asset management structure led by Lincoln Property Company.
- Sub-agreements for retail leasing and management, Rooftop Park management, promotional platform management.



- Hybrid master lease with YoungWoo as the master operator with subconsultants for retail strategy, Rooftop Park management, promotional platform management, and facilities management.

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## Team Overview



**Team Lead, Retail Leasing  
and Management**



**MJM Management Group**

**Open Space  
Management**



**Whelley Consulting**

**Stations Operation  
Advisory**



**Vicki Sundstrom**



**Promotional Platform  
Management**

- **Asset Management:** National experience managing large-scale, mixed-use facilities, and the necessary in-house capacity and industry relationships to execute the full scope of services.
- **Retail Leasing and Management:** Strong local capacity and market understanding coupled with an existing network of potential tenant relationships.
- **Open Space Management:** Local experience executing open space management and a programming vision that highlights participation of community groups.
- **Promotional Platform Management:** Provides all required functions through multiple subcontractors. Revenue generation strategy is focused on digital advertising.

# Relevant Management Experience



**Bay Area Headquarters**  
San Francisco, CA  
C&W Asset Services



**Four Season Retail**  
San Francisco, CA  
C&W Retail Leasing



**Union Square**  
San Francisco, CA  
MJM



**MTA**  
New York City, NY  
Outfront Media



**SFO**  
San Francisco, CA  
Vicki Sundstrom

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# Proposed Retail Approach



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## VISION AND MIX

- Focused on high-quality dining and everyday service amenities, emphasis on food.
- Food-focused tenants would be concentrated in ground floor spaces, with services located on the second floor.
- The rooftop restaurant is called out as a destination opportunity.

## LOCAL RETAIL

- Proposal suggests a predominantly local retail program across all categories.

## ROOFTOP PARK

- Vision for a signature rooftop restaurant and build-out of rooftop café.

## SAMPLE POTENTIAL TENANTS

TARTINE BAKERY  
& CAFE



wework



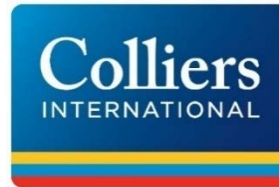
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## Team Overview

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BIEDERMAN  
REDEVELOPMENT  
VENTURES



LAVOZ  
MARKETING

**Team Lead and  
Asset Manager**

**Rooftop Park  
management**

**Retail Leasing and  
Management**

**Digital Content  
Management**

**Marketing**

- **Asset Management:** Local and national experience managing large-scale real estate as well as transit facilities. Necessary in-house capacity and industry contacts to execute the full scope of services.
- **Retail Leasing and Management:** Strong local capacity and market understanding with proven relationships and leasing and management capabilities.
- **Open Space Management:** Plan for the Rooftop Park emphasizes a high standard of maintenance and robust programming strategy.
- **Promotional Platform Management:** Offers a robust concept for coordinating all aspects of the promotional platform, while incorporating brand activation and strategic positioning through digital assets and experiential promotions.

# Relevant Management Experience



**ARTIC**  
Anaheim, CA  
Lincoln



**CTC**  
Charlotte, NC  
Lincoln



**Market Square**  
San Francisco, CA  
Colliers



**Klyde Warren Park**  
Dallas, TX  
Biederman Redevelopment Ventures



**Bryant Park**  
New York City, NY



**Brookfield Place**  
New York City, NY  
Pearl Media



**Chelsea Market**

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# Proposed Retail Approach



## VISION AND MIX

- Recommends a wide mix of potential tenants, from full-service food and beverage to pharmacies to fitness to apparel and sundries stands.
- Preliminary retail merchandising plan lays out the sample tenants that may lease each retail space.
- Proposed vision includes local, regional, and national tenants.

## LOCAL RETAIL

- Vision for a locally tenanted program with a concentration of food and beverage tenants.

## ROOFTOP PARK

- Vision for a full-service rooftop restaurant and build-out of the rooftop café.

## SAMPLE POTENTIAL TENANTS



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## Team Overview



TOWN SQUARE



**Team Lead**

**Rooftop Park  
Management**

**Retail Strategy  
Consultant**

**Promotional Platform  
Management**

**Facility Management**



- **Asset Management:** Expertise to manage facility O&M; although, the team's proposed hybrid master lease structure bears only a minimal portion of facility O&M costs.
- **Retail Leasing and Management:** Innovative retail concept, but no local experience.
- **Open Space Management:** Proposal for active, event-driven Rooftop Park program with multiple event partners to implement the program.
- **Promotional Platform Management:** Capacity to manage digital advertising for the facility, clear approach to developing and operating the content management system (CMS).



# Relevant Management Experience



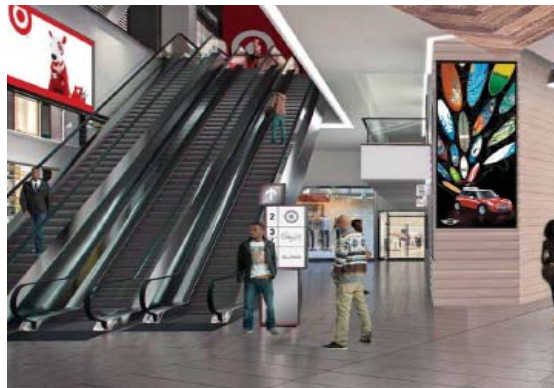
**Pier 57**  
New York City, NY  
YoungWoo



**The Commons**  
Minneapolis, MN  
Town Square



**McEvoy Ranch**  
San Francisco, CA  
Gensler



**City Point**  
Brooklyn, NY  
Big Outdoor



**Oakland Int'l Airport**  
Oakland, CA  
Enovity

Respondents provided estimates for projected revenues and costs for facility operation.

**Estimated Revenues & Expenses (Stabilized Year Estimates – FY 20-21)**

	Cushman & Wakefield	Lincoln	YoungWoo & Associates
<b>Estimated Revenues</b>			
Retail	\$7.03M	\$5.51M	\$5.22M
Advertising	\$4.16M	\$3.96M	\$1.61M
Promotional Events and Event Rentals	\$2.66M	\$3.13M	\$1.01M
Naming Rights and Sponsorship	\$2.28M	\$8.04M	\$2.96M
<b>Total Revenue</b>	<b>\$16.14M</b>	<b>\$20.65M</b>	<b>\$10.80M</b>
<b>Base &amp; Participation Rent</b>	N/A	N/A	\$0.43M
<b>Total Revenue to TJPA</b>	<b>\$16.14M</b>	<b>\$20.65M</b>	<b>\$0.43M</b>
<b>Estimated Ongoing Expenses (excludes facility reserve*)</b>			
O&M Cost (janitorial, repairs, etc.)	-\$9.78M	-\$13.20M	-\$11.14M
Respondent Incentive Payments, Fees, and Admin Cost	-\$5.05M	-\$6.04M	-\$5.29M
TJPA Administrative & Insurance Costs	-\$4.80M	-\$4.80M	-\$4.80M
Security	-\$6.89M	-\$6.89M	-\$6.89M
<b>Total Ongoing Expenses</b>	<b>-\$26.51M</b>	<b>-\$30.93M</b>	<b>-\$28.12M</b>
Ongoing Tenant Improvements	-\$2.08M	-\$1.68M	\$0.00M
<b>TJPA NET INCOME SUBTOTAL (Year 3, stab. year)</b>	<b>-\$12.45M</b>	<b>-\$11.96M</b>	<b>-\$27.69M</b>
<b>Initial Tenant Improvements</b>	<b>-\$20.30M</b>	<b>-\$27.10M</b>	<b>\$0M**</b>

\*Facility reserve will be funded by tax increment revenues.

\*\*Initial tenant improvement cost of \$20M paid by YoungWoo, per the team's proposed structure.

Respondents provided estimates for projected revenues and costs for facility operation.

*Estimated Cash Flow to TJPA (Stabilized Year Estimates – FY 20-21)*

	Cushman & Wakefield	Lincoln	YoungWoo & Associates
<b>Total TJPA Revenue</b>	<b>\$16.14M</b>	<b>\$20.65M</b>	<b>\$0.43M</b>
<b>Total Ongoing Expenses (excludes facility reserve)</b>	<b>-\$26.51M</b>	<b>-\$30.93M</b>	<b>-\$28.12M</b>
Ongoing Tenant Improvements	-\$2.08M	-\$1.68M	\$0.00M
<b>TJPA NET INCOME SUBTOTAL (Year 3, stab. year)</b>	<b>-\$12.45M</b>	<b>-\$11.96M</b>	<b>-\$27.69M</b>
<b>Committed TJPA Funding</b>			
Estimate CBD contribution (per CBD Management Plan)	\$1.72M	\$1.72M	\$1.72M
MTC (per temporary terminal contribution)	\$5.38M	\$5.38M	\$5.38M
Current Leases	\$0.43M	\$0.43M	\$0.43M
<b>TJPA NET INCOME (Year 3, stab. year)</b>	<b>-\$4.92M</b>	<b>-\$4.43M</b>	<b>-\$20.16M</b>
Contribution to Facility Operating Reserve	-\$0.50M	-\$0.50M	-\$0.50M
<b>TJPA NET INCOME (Year 3, stab. year)</b>	<b>-\$5.42M</b>	<b>-\$4.93M</b>	<b>-\$20.66M</b>

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Following their evaluation, the committee issued the highest average score to Lincoln.

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- Complete, strong written proposal, and compelling team with ability to execute full scope
  - Highest scores in each category of all teams
  - Score of 261 of 300
  - Recommendation: advance team to negotiations phase
- 



- Demonstration of local expertise and ability to execute retail leasing and asset management scope
  - Need for clarification of promotional platform team and deal structure
  - Score of 246 of 300
  - Recommendation: advance team to negotiations phase
- 



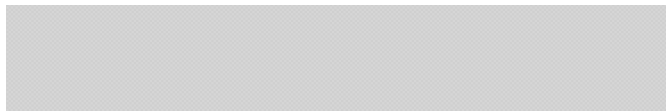
- Most compelling retail and activation program
  - Need for clarification of the team structure and economic offer
  - Score of 250 of 300
  - Recommendation: advance team to negotiations phase
-

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After a period of clarification and negotiation, the TJPA entered an exclusive negotiation period with Lincoln.

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Response Evaluation & Clarification		Term Sheet Negotiations		Exclusive Contract Negotiations	
June '16	Sep. '16	Jan '17	Mar '17		



TJPA concluded negotiations with YWA in 12/16, prior to term sheet negotiations.



C&W was notified that TJPA was entering exclusive negotiations.



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## Team Selection Rationale

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TJPA entered exclusive negotiations with **Lincoln Property Company**. The rationale for selecting Lincoln includes:

### **Proposal Quality**

- Highest quality proposal that fully addressed the scope and met all RFP requirements.
- Provision of requested additional information and attention to strengthening the approach to the revenue-generating portions of the scope.

### **Team Capability and Experience**

- Prior experience managing large mixed-use facilities and transit facilities coupled with a high degree of professionalism and collaborative approach.
- Significant local San Francisco management experience and market understanding.

### **Deal Structure and Economic Offer**

- Presentation of most competitive offer based on the strongest approach to driving revenues.
  - O&M costs anticipated to be similar to other respondents based on market pricing.
-

Transbay Transit Center RFP Overview

RFP Response Evaluation

**Asset Management Agreement Negotiation & Recommendation**

Next Steps

Funding Analysis

---

## Asset Management Agreement Structure

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### **Lincoln will:**

- Manage the team of experts required to activate and operate the Transit Center, including:
  - Building improvements and tenant fit-out
  - Facility maintenance
  - Retail leasing and management
  - Rooftop Park activation and maintenance
  - Promotional platform activation and management
  - Other facility activation and programming
- Optimize revenues generated through commercial program elements, which will flow directly to TJPA
- Manage contractor and service provider scopes and contracts, including managing the cost of services procured on behalf of the TJPA
- Coordinate with the TJPA's security provider to ensure safe operations
- Coordinate with transit agencies and community groups

### **Lincoln will receive:**

- Fees for asset management, construction management, Rooftop Park management, and commissions or shared revenue for retail leasing and promotional platform activation



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# Asset Management Agreement Key Terms

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## **Term**

- Initial term: 6 years
- Optional extension: Up to two 3 year terms, at the agreement of both TJPA and Lincoln

## **Performance Guarantee**

- Lincoln has provided a performance guarantee equivalent to fees paid to date.

## **Termination**

- TJPA has the right to terminate the agreement if Lincoln is not performing adequately and does not cure defaults.

## **Revenues**

- All facility revenues will flow to the TJPA, with the team's performance encouraged by guaranteed revenues and incentive fees.
- Promotional Platform revenues will be guaranteed for the greater of \$1.25 million or 80% of the prior year's digital advertising net revenue to the TJPA.

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## Asset Management Agreement Key Terms (cont.)

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The TJPA will pay or reimburse the Lincoln team for:

### **Management Fees, Commissions, and Revenue Sharing**

The Lincoln team will collect fees, commissions, and revenues for their services and based on performance, as described on the following slides.

### **Operating Expenses**

The Lincoln team will oversee operations and maintenance of the facility, including directly providing some services and providing remaining services through service contracts.

### **Staffing Costs**

The cost of management staff will be capped within the agreement and charged annually to the TJPA.

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## Asset Management Agreement Key Terms (cont.)

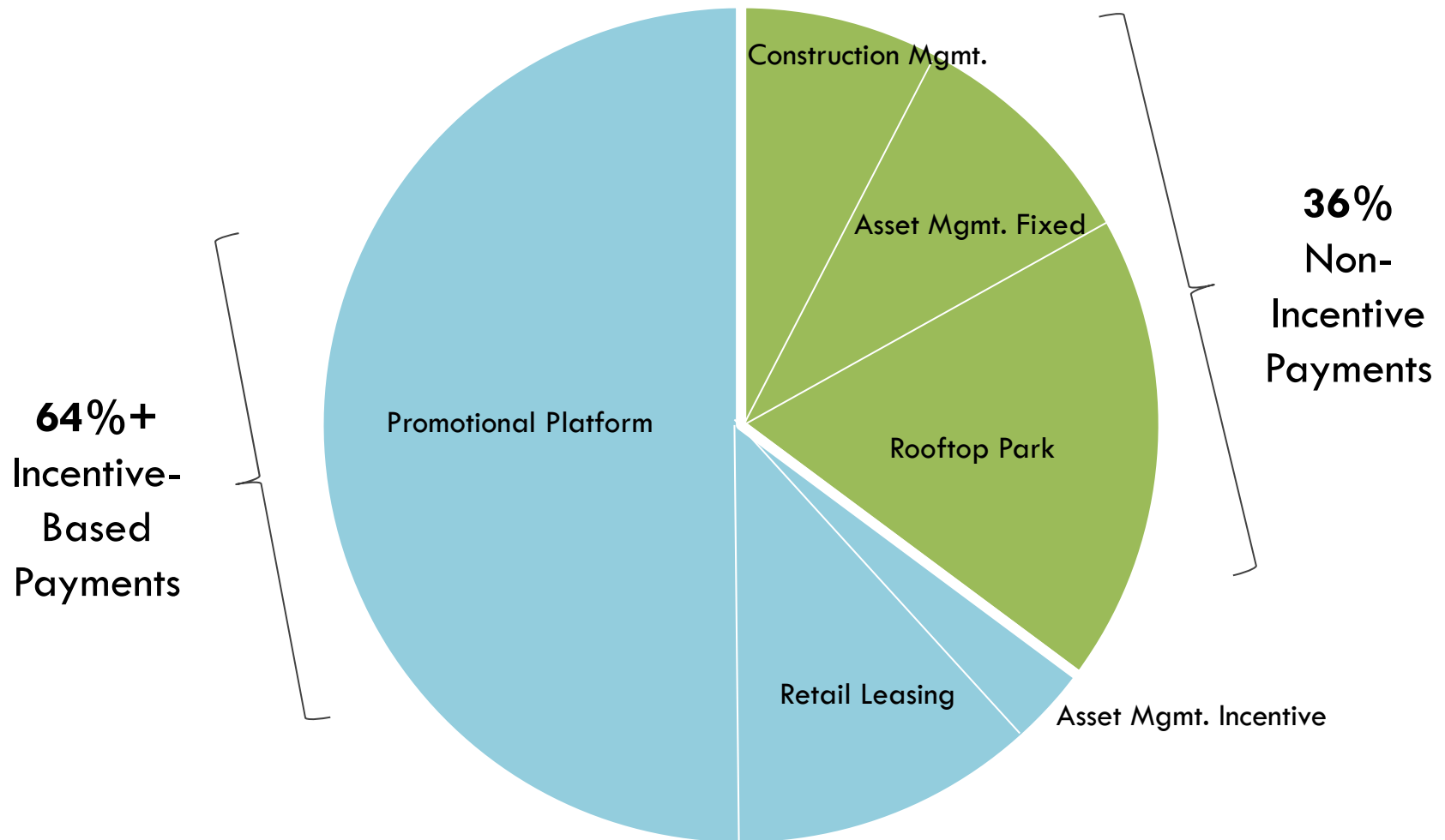
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### Management Fees, Commissions, and Revenue Sharing

- The team will receive:
  - Fixed and incentive fees for:
    - Asset management (A fixed fee of \$200,000 in Y1 and Y2, followed by \$300,000 in Y3-Y6, plus 15% of retail revenues over set thresholds)
    - Rooftop Park (A fixed annual fee of \$798,000. Includes estimated management staff cost of \$574,000)
    - Construction management (5% of hard costs up to \$500,000, and 3.5% of hard costs above \$500,000)
  - Commissions for retail leasing (5% of directly leased long-term leases, 10% of short-term “pop-up” leases)
  - Revenue share for promotional platform activation (25% of advertising and sponsorship revenues and 15% of naming rights revenues flow to the promotional platform mgr.)
- 64% + of fees, commissions, and revenue share are incentive-based, driving team performance, with the remaining amount made up of fixed base fees.

## Asset Management Agreement Key Terms (cont.)

**Fees, Commissions, and Revenue Sharing**  
*Share of Total Fees Over Initial Term*



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## Asset Management Agreement Key Terms (cont.)

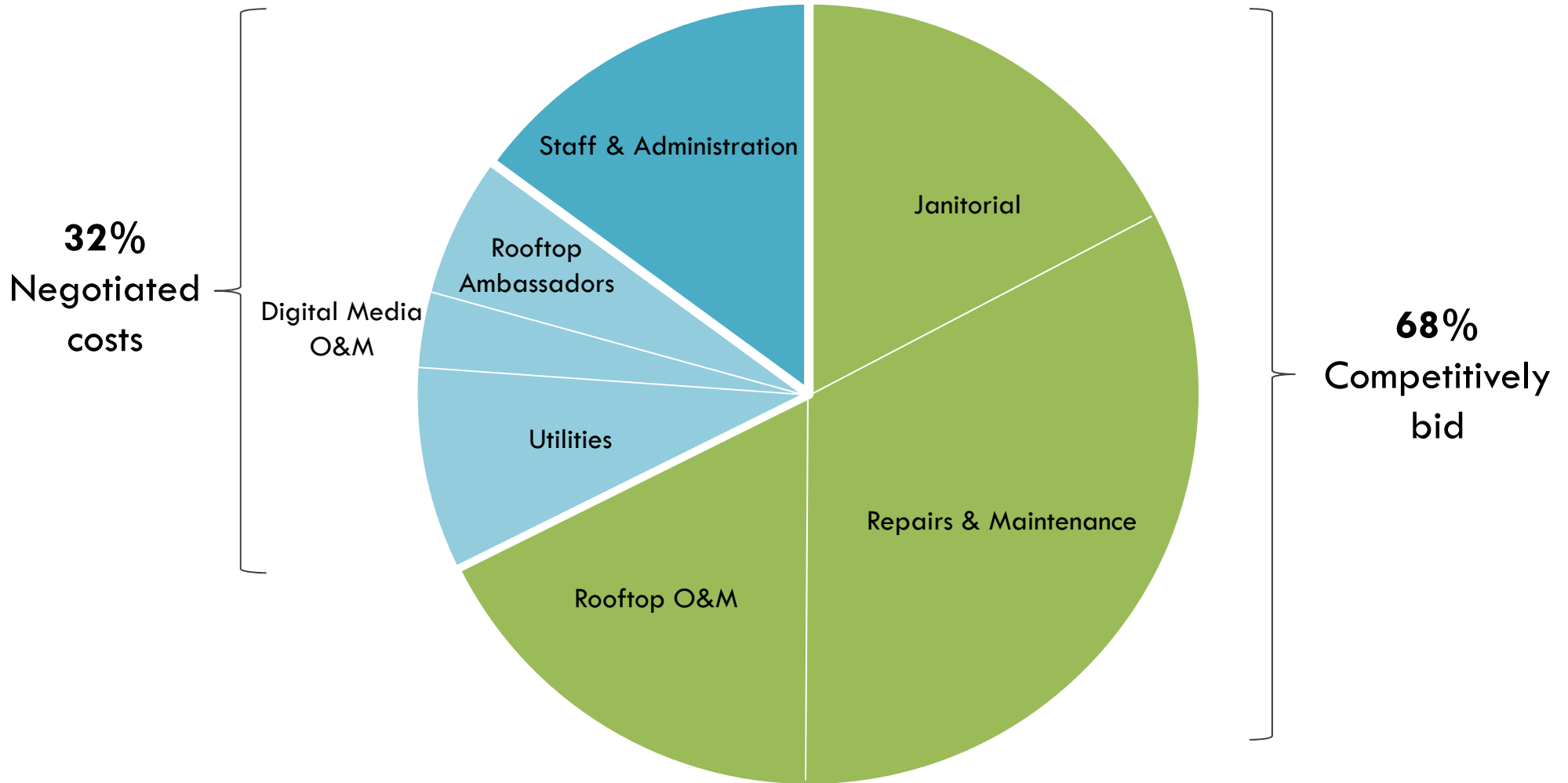
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### **Cost Control Mechanisms**

- TJPA will approve Lincoln's staffing and administrative plan to fix these costs.
- Lincoln will competitively bid a fixed scope of services for janitorial and repairs & maintenance services to the market to procure the most competitive pricing.
- Annual budgeting procedures will ensure predictability and TJPA oversight of costs.
- TJPA will review and approve an annual operating and capital expenditures budget, produced by Lincoln, each year.
- Lincoln will provide monthly reports on expenditures to TJPA for recurring expenses (such as utilities) and TJPA approval will be required for any non-recurring expenses (such as one-time repairs).
- Any costs incurred over this budget will be approved by TJPA prior to Lincoln signing a contract or change order.

# Operating cost breakdown: Competitively bid vs. negotiated costs

Figure 3: Fixed vs. Bid Operating Costs



Transbay Transit Center RFP Overview

RFP Response Evaluation

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**Next Steps**

Funding Analysis

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## Next Steps

Date	Activities
3/24	Board approval of Asset Management Agreement
Q2 2017	<p>Begin ramp-up activities:</p> <ul style="list-style-type: none"><li>• Train all employees in facility operations, maintenance, and security</li><li>• Create protocols for budgeting, reporting, metrics tracking, and event programming</li><li>• Begin planning and design for tenant improvements &amp; base building improvements</li><li>• Begin procurement of vendors and service contracts</li><li>• Develop and present retail merchandising plan to Board</li><li>• Commence retail marketing and leasing</li><li>• Create content and messaging for digital screens</li></ul> <p>On-board TJPA Facility Manager</p>

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Transbay Transit Center RFP Overview

RFP Response Evaluation

Asset Management Agreement Negotiation & Recommendation

Next Steps

**Funding Analysis**

## Projected Transit Center Operating Need

### *Estimated Cash Flow to TJPA (FY 17-18 to FY 20-21)*

	FY 17-18	FY 18-19	FY 19-20	FY 20-21
<b>Total TJPA Revenue</b>	<b>\$0.59M</b>	<b>\$9.18M</b>	<b>\$17.59M</b>	<b>\$20.65M</b>
<b>Total Ongoing Expenses</b>	<b>-\$11.36M</b>	<b>-\$29.76M</b>	<b>-\$29.44M</b>	<b>-\$30.93M</b>
Ongoing Tenant Improvements	\$ -	-\$0.57M	-\$1.63M	-\$1.68M
Contribution to Facility Operating Reserve	\$ -	\$ -	\$ -	-\$0.50M
<b>TJPA NET INCOME SUBTOTAL</b>	<b>-\$10.77M</b>	<b>-\$21.15M</b>	<b>-\$13.48M</b>	<b>-\$12.46M</b>
<b>Committed TJPA Funding</b>				
CBD	\$0.80M	\$1.62M	\$1.67M	\$1.72M
MTC	\$2.43M	\$5.03M	\$5.20M	\$5.38M
<b>Other Tenant Revenue</b>				
Current Leases	\$0.20M	\$0.41M	\$0.42M	\$0.43M
<b>TJPA NET INCOME (GAP/SURPLUS)</b>	<b>-\$7.34M</b>	<b>-\$14.09M</b>	<b>-\$6.19M</b>	<b>-\$4.93M</b>

\*Projections based on Lincoln Property Company estimates.

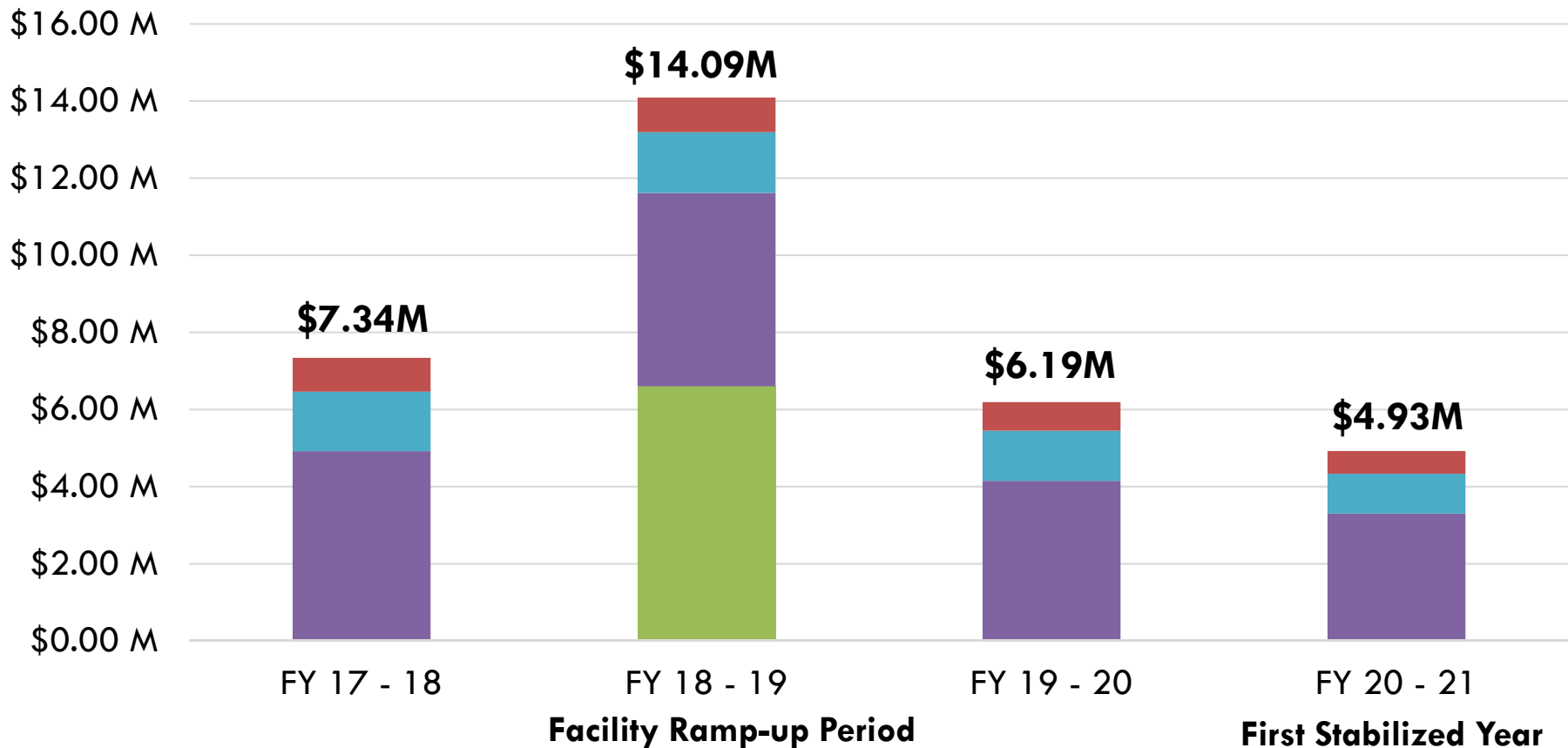
\*\*Projected facility reserve of \$7.75 - \$9.5M available at facility opening.

\*\*\*Facility renewal reserve will be funded from tax increment.

\*\*\*\*Projected initial capital improvement costs of \$28.14M will be funded from program capital reserve and other sources.

# Projected Operations Funding Strategy

## Potential Transit Center Funding Need Allocation



Existing Operating Reserve/Site License Fees AC Transit SFMTA Other Operators

\*Projections based on Lincoln Property Company estimates. Costs as shown assume that initial capital improvements are funded by sources other than the operators.

## Projected Operations Funding Strategy

	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21
<b>TJPA NET INCOME (GAP/SURPLUS)</b>	<b>-\$7.34 M</b>	<b>-\$14.09 M</b>	<b>-\$6.19 M</b>	<b>-\$4.93 M</b>
<i>Funding Allocation:</i>				
Existing Operating Reserve/Site License Fees	\$ -	\$6.60 M	\$ -	\$ -
AC Transit (67%)	\$4.92 M	\$5.02 M	\$4.15 M	\$3.30 M
SFMTA (21%)	\$1.54 M	\$1.57 M	\$1.30 M	\$1.03 M
Other Operators (12%)	\$0.88 M	\$0.90 M	\$0.74 M	\$0.60 M
<b>Total Funding</b>	<b>\$7.34 M</b>	<b>\$14.09 M</b>	<b>\$6.19 M</b>	<b>\$4.93 M</b>

*\*Projections based on Lincoln Property Company estimates. Costs as shown assume that initial capital improvements are funded by sources other than the operators.*



# TRANSBAY JOINT POWERS AUTHORITY

## CAC UPDATE

### APRIL 11, 2017

## **Appendix: Other Asset Management Agreement Terms**

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## Insurance and Indemnification

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- Lincoln will be required to hold specific insurance coverages in amounts specified by the TJPA's insurance broker which will be primary to TJPA's insurance.
- Lincoln will be required to indemnify the TJPA against any claims or damages arising out of gross negligence, willful misconduct, or fraud.
- Lincoln will not be held responsible to the extent that any claims or damages are attributable to the TJPA or its contractors.
- TJPA liability coverage is public liability. Covers public officials but not Manager. TJPA's insurance broker recommends Manager carry a separate CGL policy.
- Insurance cost responsibility:
  - TJPA-funded coverage: Lincoln's commercial general liability and excess liability coverage.
  - Lincoln-funded coverage: All other coverage, including crime, fidelity, workers' compensation, errors & omissions, automobile.
- TJPA will hold commercial property, commercial general liability, and excess liability, as needed.

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## Asset Manager as Fiduciary of TJPA

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- Lincoln is an independent contractor, charged with acting as the agent of and a fiduciary to TJPA.
- TJPA directs the services to be provided and the standards to be met. Lincoln determines how to meet those requirements.
- Colliers as subcontractor to Manager – acting as TJPA's agent and owes a fiduciary duty to TJPA, but supervised by Lincoln.



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## TJPA Advertising Policy: Objectives

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The TJPA Advertising Policy controls for quality and appropriateness of advertising at the Transit Center.

Advertising should:

- Maximize revenue for the Transbay Program. The class and consumer friendliness of Advertising directly relates to the goal of maximizing revenue.
- Promote the Transbay Program and ridership on the public transportation systems that partner with the TJPA.
- Maintain a safe and welcoming environment for passengers, particularly minors, using TJPA property and riding the public transportation systems that use TJPA property by encouraging a minimum level of decorum.
- Maintain the TJPA's position of neutrality on issues not directly related to the Transbay Program.
- Not promote illegal activity.

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## TJPA Advertising Policy: Restrictions

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Advertising shall not:

- Concern a political campaign or candidate, ballot measure, initiative, or other legislation;
- Contain false, misleading, or deceptive commercial speech;
- Contain profanity;
- Be libelous, slanderous, or defamatory;
- Contain nude, obscene, or pornographic images, by community standards;
- Advocate or promote the use of illegal goods or services, or unlawful conduct;
- Depict graphic violence;
- Contain or use a graffiti style to convey a message;
- Infringe on any copyright, trademark, or other protected intellectual property;
- Demean or disparage an individual or group;
- Conflict with the requirements of the TJPA's funding partners, including the US Department of Transportation, or any applicable federal, state, or local law;
- Contain, imply, or declare an endorsement by the TJPA, except as expressly permitted by the TJPA.