

STAFF REPORT FOR CALENDAR ITEM NO.: 12
FOR THE MEETING OF: October 12, 2017

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Authorize the Executive Director to execute a lease agreement with Greyhound Lines Inc. for certain commercial space in the transit center for a 10-year term; contingent on Greyhound reaching separate sublease with AC Transit for Greyhound's use of certain bus bays on the bus deck level of the transit center. The total stated rent value over the 10-year term is \$2,503,711.

EXPLANATION:

As construction work of the Salesforce Transit Center progresses toward completion, the TJPA is actively planning for operational readiness of the facility. One aspect of this planning is negotiation of lease and use agreements with transportation operators, including Greyhound.

The TJPA designed the new transit center to allow (1) Greyhound buses to operate from the bus deck level of the new facility, and (2) Greyhound to occupy certain commercial space on the ground level and second level of the new facility for ticketing, offices, staff amenities, and passenger lounge/waiting area. The TJPA expects that hundreds of Greyhound riders will utilize the new Transit Center's extensive amenities every day. The TJPA plans for Greyhound to eventually move the new Intercity Bus Facility when that facility is built and ready for occupancy (Phase 2 of the project).

With regards to Greyhound's operation from the bus deck level, the TJPA expects Greyhound to sublease space from AC Transit. Under the terms of AC Transit's 2008 Lease and Use Agreement for the transit center, AC Transit is a "primary tenant" of the bus deck level and AC Transit has certain rights and obligations to sublease portions of its space on the bus deck level to other transit operators.

By contrast, Greyhound's use of commercial space on the ground level and second level of the facility is not within AC Transit's leased area and so is subject to direct lease from the TJPA. In 2010, the TJPA and Greyhound Lines, Inc. entered a lease agreement for the Temporary Terminal. That lease is scheduled to terminate when the new Transit Center is ready for occupancy and use by Greyhound, and, thus, a new lease is required for the transit center.

TJPA staff has negotiated the attached lease with Greyhound for its lease and use of the commercial space in the transit center ("Lease"). The Lease is based on the existing lease of the Temporary Terminal but revised to reflect the terms and conditions that are particular to the new transit center. Some of the material terms of the Lease are:

Leased Space: The leased space consists of (1) exclusive use of about 1,095 square feet of commercial space on the second level of the transit center for office and ticketing purposes; (2) exclusive use of about 557 square feet of commercial space on the ground level of the transit center for package services; and (3) share use of about 2,847 square feet of commercial space on the second level of the transit center for passenger waiting area/lounge. (As noted above, AC Transit is expected to separately sublease bus bays on the bus deck level for Greyhound's bus operations.)

Commencement Date and Term: The Lease commences when all of the following have occurred: (1) the TJPA substantially completes construction of the transit center; (2) the commercial space subject to the Lease as well as the bus deck level are ready for occupancy and use by Greyhound; and (3) Greyhound and AC Transit have entered a sublease for Greyhound's use of the bus deck level. The TJPA expects all of these requirements to be in place so that Greyhound can begin operations from the new transit center in March 2018. The Lease terminates in 10 years or when the new Intercity Bus Facility is ready for Greyhound's occupancy, whichever is earlier.

Rent: Greyhound will pay \$9,228 per month (\$36 per square foot) as base rent, and \$8,972 per month (\$35 per square foot) as additional rent (covers Greyhound's share of expenses attributable to the common areas of the transit center, such as facility management, utilities, janitorial, repairs and maintenance, security, and insurance), each of which will be escalated by 3 percent annually. Greyhound will also pay the actual cost to provide utilities to its leased premises, with a 50 percent responsibility for those utilities provided to the shared passenger lounge. (Under the sublease with AC Transit, Greyhound is expected to also pay its pro-rata share of the net operating expenses for the transit center generally based on the number of bus bays it is allocated on the bus deck level of the transit center.) The Rent was established as follows. Because of the unique nature of the space and location the Rent (comprised of both base and additional rent (as noted above) was derived from various perspectives. Taken into account was market office rent; market retail rent and operating expenses. Market office rent-which includes expenses—is between \$71-\$74/per square foot annually. Retail rent comparables for similar second floor space was not readily available because the only other like location is the second floor of Embarcadero Center. The Colliers team obtained permission to reveal that a 5,000 square space was recently leased at \$36/per square foot NNN annually. The next step was to look at the transit center's operating expenses. Based on an estimated, partial year budget for FY17-18, adjusted expenses for second floor space came to about \$35/per square foot. As such, the combined rent of \$71 per square foot (\$36 base plus \$35 additional rent is consistent with the market.

Tenant Improvements and Equipment: The TJPA will provide certain tenant improvements to Greyhound, and will bear the cost of relocating certain furniture, fixtures, and equipment from the Temporary Terminal to the new transit center.

The revenue the TJPA receives from Greyhound under the Lease will offset the operating costs of the facility, thereby reducing the transit operator contributions.

RECOMMENDATION:

Authorize the Executive Director to execute a lease agreement with Greyhound Lines, Inc. for certain commercial space (about 1,652 square feet of exclusive use space and about 2,847 square feet shared use space) in the transit center for about \$9,228 base rent and \$8,972 additional rent each month over a 10 year term for a total stated rent value of \$2,503,711; contingent on Greyhound reaching separate sublease with AC Transit for Greyhound's use of certain bus bays on the bus deck level of the transit center.

ENCLOSURES:

1. Lease
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 to design, build, and operate the Transbay Transit Center Program (“Transbay Program”); and

WHEREAS, The TJPA’s construction of the new transit center is nearing completion and the TJPA is actively planning for operational readiness of the facility, including negotiation of lease and use agreements with transportation operators; and

WHEREAS, The TJPA designed the new transit center to allow (1) Greyhound Lines, Inc. (“Greyhound”) buses to operate from the bus deck level of the new facility, and (2) Greyhound to occupy certain commercial space on the ground level and second level of the new facility for ticketing, offices, staff amenities, and passenger lounge/waiting area; and

WHEREAS, The TJPA expects Greyhound to sublease space on the bus deck level of the transit center direct from AC Transit, as contemplated under the terms of AC Transit’s 2008 Lease and Use Agreement for the transit center; and

WHEREAS, TJPA staff has negotiated and recommends the attached lease with Greyhound for its lease and use of the commercial space in the transit center (“Lease”); and

WHEREAS, The revenue the TJPA receives from Greyhound under the Lease will offset the operating costs of the facility, thereby reducing the transit operator contributions; now, therefore, be it

RESOLVED, That the TJPA Board approves the lease with Greyhound Lines, Inc. for certain commercial space in the transit center, in substantially the form attached, which is contingent on Greyhound reaching a separate sublease with AC Transit for Greyhound’s use of certain bus bays on the bus deck level of the transit center; and, be it

FURTHER RESOLVED, That the TJPA Board authorizes the Executive Director to take all actions and execute all documents as he deems reasonably necessary to implement and effectuate the above approval.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of October 12, 2017.

Secretary, Transbay Joint Powers Authority

**Transbay Joint Powers Authority,
Greyhound Lines, Inc.**

Transit Center Lease

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**Greyhound Lines, Inc.
Transit Center Lease**

This Transit Center Lease (“Lease”) is made and entered into this _____ day of _____, 2017 (“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 GREYHOUND LINES, INC. (“Greyhound”) as lessee (each a “party” and collectively the “parties”).

RECITALS

A. The TJPA is developing the Transbay Transit Center Program in San Francisco (“Transbay Program”). The Transbay Program includes, among other things, a temporary terminal on the block bounded by Main, Howard, Beale, and Folsom Streets (“Temporary Terminal”), a new transit center generally located at First and Mission Streets (“Transit Center”), and an extension of the San Francisco-San Mateo-Santa Clara commuter rail system and California High Speed Rail into the Transit Center in the City and County of San Francisco, State of California, including a new Intercity Bus Facility.

B. Greyhound provides intercity bus service. In 2010, Greyhound and TJPA entered a lease and use agreement for Greyhound’s lease of portions of the Temporary Terminal. The parties contemplate that Greyhound’s lease of the Temporary Terminal will terminate reasonably soon after the date on which the new Transit Center is ready for occupancy by Greyhound and use as a transportation facility. Once the Transit Center is ready for occupancy and use, Greyhound wishes to make the Transit Center a point of destination/departure for its bus services in San Francisco, starting its operations at the

Bus Deck Level of the Transit Center and relocating to the Intercity Bus Facility portion of the Transit Center once constructed.

C. TJPA acknowledges that 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 shall sublease portions of the Bus Deck Level to Greyhound. This Lease provides the terms and conditions for Greyhound’s lease and use of portions of the Transit Center other than the Bus Deck Level, but this Lease is expressly contingent on the execution of the aforementioned sublease between Greyhound and AC Transit. The commencement of this Lease is conditioned on AC Transit and Greyhound entering into a sublease of the Bus Deck Level.

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 Greyhound 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, as further described in Section 10.

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. Greyhound has the right to lease property related to its transportation operations and has full power and authority to enter this Lease.

H. In consideration of the covenants, conditions, and agreements to be performed by the parties and subject to the terms provided herein, TJPA lease to Greyhound, and Greyhound lease from TJPA, the Premises described below.

Section 1. Leased Premises

A. TJPA leases to Greyhound, and Greyhound leases from TJPA the following areas of the Transit Center under this Lease:

1. Exclusive use of approximately One Thousand Ninety Five (1,095) square feet of commercial space on the Second Level of the Transit Center, as labeled and identified on the attached Exhibit A1 (“Greyhound Exclusive Office Area”), for Greyhound’s office and ticketing purposes.

2. Exclusive use of approximately Five Hundred Fifty Seven (557) square feet of commercial space on the Ground Level of the Transit Center, as labeled and identified on the attached Exhibit A2 (“Greyhound Exclusive Package Area”), for Greyhound’s package services.

3. Shared use with other carrier(s) of approximately Two Thousand Eight Hundred Forty Seven (2,847) square feet of commercial space on the Second Level

of the Transit Center, as labeled and identified on the attached Exhibit A1 (“Shared Passenger Area”), for Greyhound’s and other carrier’s passenger waiting area/lounge. Greyhound’s share for the purposes of allocating the associated rent and other amounts payable hereunder for the Shared Passenger Area under this Lease shall be Fifty (50) percent of the area, or approximately One Thousand Four Hundred Twenty Four (1,424) square feet.

B. The term “Premises” shall mean the Greyhound Exclusive Office Area, Greyhound Exclusive Package Area, and Shared Passenger Area, collectively, unless otherwise expressly limited. The Parties may modify the areas that Greyhound is permitted to use in the Transit Center by written agreement at any time.

Section 2. Commencement Date

The Lease term shall commence on the date on which the last of the following has occurred: (i) the TJPA substantially completes construction of the Transit Center, including ingress and egress, and the Improvements as discussed in Section 10 below, (ii) the Premises and the Bus Deck Level are ready for occupancy and use by Greyhound and the public as a transportation facility and will not subject either Greyhound or the public to any hazard, delay, or undue inconvenience, and (iii) Greyhound and AC Transit have entered a sublease for the use of portions of the Bus Deck Level (the last to occur of (i)-(iii) shall be the “Commencement Date”). Greyhound shall cease bus operations at the Temporary Terminal and transfer such operations to the Premises on the Commencement Date, and thereafter, within Seven (7) days of the Commencement Date, complete its surrender of the premises at the Temporary Terminal. TJPA shall give Greyhound at least Sixty (60) days’ prior written notice of the planned Commencement Date and permit

Greyhound reasonable access to the Premises to complete any tenant improvements to the Premises (“Tenant Improvements”), and the parties agree to acknowledge in writing the actual Commencement Date within a reasonable time after Greyhound’s occupancy of the Transit Center.

Section 3. Termination Date

The Lease shall terminate on the earlier of (a) the Ten (10) year anniversary of the Commencement Date, or (b) the date on which the new Intercity Bus Facility is ready for occupancy and use by Greyhound and the public as a transportation facility, and will not subject either Greyhound or the public to any hazard, delay, or undue inconvenience (“Termination Date”).

Section 4. Greyhound Obligation Upon Termination

Upon the Termination Date, or earlier termination of this Lease, Greyhound 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. Greyhound further agrees and acknowledges that in the event Greyhound does not promptly vacate the Premises at the termination of this lease, in addition to any other rights or remedies of the TJPA relating to such unlawful holdover, Greyhound 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 holdover (including, but not limited to attorneys’ fees, lost profits, and/or any claims asserted against the TJPA by any party).

Section 5. Surrender of Possession

Greyhound 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 Greyhound's control. Greyhound shall remove all fixtures and equipment and other property installed or placed by it in, on, or about the Premises, subject, however, to any valid lien that the TJPA may have thereon for unpaid rentals or fees. Such removal shall not damage the Premises.

Section 6. Relocation Costs

The parties acknowledge that at the termination of this Lease, Greyhound will not be a "displaced person" and will not, except as pursuant to a taking of its leasehold and/or possessory interest prior to the termination of this Lease that renders it unable to reasonably operate at the Transit Center, 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.*).

Section 7. Accommodation of Additional Transportation Providers

To facilitate and promote regional transportation facilities and to maximize the use of the substantial public investment in facilities at the Transit Center, Greyhound will notify the TJPA if Greyhound does not need any portion of the Premises for Greyhound's scheduled or planned operations to allow the TJPA the option to rent that part of the Premises to another carrier.

Section 8. Rent

A. Base Rent. Greyhound shall pay the TJPA as base rent for the Premises, without deduction, setoff, prior notice, or demand, the sum of Nine Thousand Two Hundred Twenty Eight Dollars (\$9,228) per month (Three Thousand Seventy Six (3,076) square feet at Thirty Six Dollars (\$36) per square foot per year) in advance on the first (1st) day of each month (“Base Rent”), commencing on the Commencement Date and continuing for the duration of this Lease.

B. Additional Rent. Greyhound shall pay the TJPA as additional rent for the Premises, without deduction, set off, prior notice, or demand, the sum of Eight Thousand Nine Hundred Seventy Two Dollars (\$8,972) per month (Three Thousand Seventy Six (3,076) square feet at Thirty Five Dollars (\$35) per square foot per year) in advance on the first (1st) day of each month (“Additional Rent”), commencing on the Commencement Date and continuing for the duration of this Lease. The Additional Rent generally covers Greyhound’s share of expenses attributable to the common areas of the Transit Center, such as facility management fees, utilities, janitorial, repairs and maintenance, security, and insurance.

C. Pass-Through Fees. Greyhound shall pay the TJPA or directly to the service provider, as determined by the TJPA, the actual cost to provide utilities (including electricity, gas, water, and waste collection) and any agreed upon dedicated/unique security or other agreed upon services Greyhound requires at the Premises (“Pass-Through Fees”). Greyhound’s obligation for any Pass-Through Fees attributable to the Shared Passenger Area shall be Fifty (50) percent of the total Pass-Through Fees. For Pass-Through Fees payable to the TJPA, the TJPA agrees to provide Greyhound reasonable documentation substantiating such fees, and Greyhound shall pay the Pass-

Through Fee within Thirty (30) days after invoice from the TJPA and otherwise in the same manner as it pays the Rent. In the event that TJPA reasonably determines that unique/dedicated services are required for Greyhound's operations, TJPA shall provide notice to Greyhound describing the basis for such determination and the expected Pass-Through Fees required to resolve such concerns in order to reach mutual agreement with Greyhound regarding the scope of such services. TJPA and Greyhound shall periodically review the necessity for any unique/dedicated services and in no event shall Greyhound be obligated for Pass-Through Fees for unique/dedicated services that do not arise directly and solely from Greyhound's operations or respond solely to Greyhound's operations.

D. Payment. All Rent and any other sum due from Greyhound to the TJPA under any provision of this Lease shall be paid to TJPA at the following address:
Transbay Joint Powers Authority, Attention Executive Director, 201 Mission Street, Suite 2100, San Francisco, CA 94105. The Base Rent, Additional Rent, and Pass-Through Fees are together referred to as the "Rent."

E. Rental Adjustments. On each anniversary of the Commencement Date, the Base Rent and Additional Rent payable under this Lease shall be increased by Three (3) percent.

F. Security Deposit. On the Commencement Date, Greyhound shall pay to the TJPA a security deposit in the sum of Twenty Four Thousand Dollars (\$24,000) ("Security Deposit"), to be held by the TJPA to guarantee Greyhound's performance of all the terms, covenants, and conditions of this Lease; TJPA will roll over Greyhound's security deposit under the Temporary Terminal Lease to satisfy the obligation here. If

Greyhound defaults with respect to any provision of this Lease, including but not limited to, the provisions relating to the payment of the Rent, late charges, interest, and taxes, the TJPA may, upon reasonable advance written notice to Greyhound, use, apply, or retain all or any part of the Security Deposit for the payment of any amount which the TJPA may spend as a result of Greyhound's default or use it to compensate the TJPA for any other loss or damage which the TJPA may suffer as a result of Greyhound's default, subject to the terms and conditions of this Lease. If any portion of the Security Deposit is so used or applied, Greyhound shall within Ten (10) days following written demand, deposit cash with the TJPA in an amount sufficient to restore the Security Deposit to its original amount; Greyhound's failure to do so shall be a material breach of this Lease. Greyhound shall not be entitled to interest on the Security Deposit. The Security Deposit shall not alleviate Greyhound's obligation to pay the Rent for the last month of the term of this Lease. If Greyhound shall faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be promptly returned to Greyhound at the expiration of the Lease term and after Greyhound has vacated the Premises.

G. Late Charge and Interest. If any installment of the Rent or any other sum due from Greyhound under any provision of this Lease shall not be received by the TJPA or the TJPA's designee within Five (5) business days after such amount is then overdue, then, without requirement for notice to Greyhound, Greyhound shall pay to the TJPA a late charge equal to Three (3) percent of such overdue amount. The parties hereby agree that such late charge is a fair and reasonable estimate of the costs the TJPA will incur by reason of late payment by Greyhound. In addition to the late charge required by this

Section, any amount due the TJPA under any provision of this Lease that shall not be received by the TJPA or the TJPA's designee within Five (5) business days after such amount is then overdue shall bear interest at a rate of One (1) percent above the discount rate of the Federal Reserve Bank of San Francisco from the due date. Notwithstanding the foregoing, for the first Two (2) late payments of Rent or other charges in each calendar year, no late charge or interest shall accrue if such late payment is received within Five (5) business days after notice from TJPA that such amount is then overdue.

Section 9. Ingress and Egress

A. Subject to the provisions of this Lease and effective on the Commencement Date, the TJPA grants to Greyhound and Greyhound's vehicles, machinery, equipment, passengers, guests, and invitees the rights and privileges of ingress and egress with respect to the Premises.

B. Greyhound'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 by the TJPA.

C. When reasonably required for reasons of safety, security, or crowd control, the TJPA may limit Greyhound's access to the Premises. The TJPA will provide Greyhound Forty Eight (48) hours 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), TJPA shall use best efforts to minimize disruption and interference with Greyhound's operations at the Premises.

Section 10. Responsibility for Landlord Improvements and Services; Other Requirements

A. TJPA's Responsibility.

1. On or before the Commencement Date, the TJPA, at its sole expense, shall construct the improvements to the Premises described in Exhibit B (the "Landlord Improvements"). The TJPA shall cause the Landlord Improvements to be constructed in accordance with all applicable federal, state, and local laws.

2. On or before the Commencement Date, the TJPA, at its sole expense and in reasonable coordination with Greyhound, shall relocate Greyhound's TV monitors; office equipment, including computers, printers, desks, chairs, filing cabinets, and shelving; baggage carts; break room table, chairs, and appliances; and the Greyhound logo sign behind the ticket counter from the existing Temporary Terminal and install them in the Premises (collectively, the "Relocated Personal Property"). The parties agree that the transfer of the Relocated Personal Property from the Temporary Terminal to the Premises satisfies all of the TJPA's obligations regarding such relocation under federal and state relocation laws and the Temporary Terminal lease.

3. Except for the Landlord Improvements and Relocated Personal Property, the TJPA shall have no obligation to provide any furniture, fixtures, or equipment to the Premises. Greyhound shall be responsible, at its sole expense, for any such furniture, fixtures, or equipment to the Premises, the Tenant Improvements, and any additional improvements, additions and alterations, only upon first receiving the TJPA's express written permission, as provided in Section 10.

4. The TJPA, at its sole expense, shall prudently and efficiently maintain and repair and replace the Landlord Improvements, including foundations, structures, outside walls, windows, window glass, plate glass and all doors, roof (including water tightness) and building systems (including plumbing) and all utility systems (such as water, sewer, electric, gas and other utility lines), and components in the central air conditioning and heating systems, the 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.

5. The TJPA, at its sole expense, shall maintain insurance as provided in Section 18, and provide standard janitorial services, maintenance services, and repair services for the Premises. The TJPA shall provide standard security services for the Transit Center (which is expected to include roving patrols of areas accessible to the public at irregular intervals; monitoring of areas accessible to the public via TJPA-supplied technology; and emergency and incident support to supplement first responders and law enforcement), but is not obligated to provide any dedicated/unique security or other services to Greyhound's exclusive Premises or for Greyhound's operations in the Transit Center.

6. The TJPA reserves the right, with at least Thirty (30) days advance notice to Greyhound, to construct, reconstruct, install, repair, remove, replace, renew, operate, and use building systems, structures, or other improvements in, over, or under the Premises. In taking such actions, the TJPA shall not interfere with Greyhound's enjoyment of the Premises. The TJPA shall indemnify, defend and hold harmless

Greyhound against all costs, damages, and claims arising from the TJPA's conduct under this Section 10 unless the costs, damages, or claims are proximately caused by the sole negligence of Greyhound, its officers, directors, employees, agents, representatives, or invitees.

7. Notwithstanding the above, Greyhound acknowledges that Phase II of the Transbay Project 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 Greyhound's operations at the Premises. Greyhound waives any claim or right to compensation resulting from damages, lost business, or other impacts that may result from the TJPA's Phase II activities.; however, in the event that Greyhound suffers damages, lost business or other impacts reasonably attributable to the Phase II activities, Greyhound shall have the right to terminate this Lease upon Thirty (30) days' notice to TJPA.

B. Greyhound's Responsibility.

1. Greyhound, at its sole expense, shall keep, operate, and maintain the Premises, together with all fixtures, furnishings, and floor coverings located therein, in a neat, clean, safe, sanitary, and operating condition, replacing all worn-out fixtures, furnishings, floor coverings, machinery, and equipment as may reasonably be required; provided, however, that Greyhound's financial obligation for the Shared Passenger Area is limited to Fifty (50) percent.

2. Greyhound, at its sole expense, shall provide any furniture, fixtures, or equipment that it requires at the Premises, including any signage, operating

equipment, furniture, security cameras and cabling, and telecommunications cabling, for the Premises that are not otherwise identified in Section 10(A) of this Lease.

3. Greyhound, at its sole expense, shall maintain insurance as provided in Section 18, and provide any dedicated/unique security services or other services that it requires at the Premises or for Greyhound's operations in the Transit Center, as provided in Section 8(c). Any Greyhound security for the Premises shall be coordinated with security provided by the TJPA for the Transit Center.

4. Except for the Landlord Improvements, Greyhound shall bear the cost and expense for the Tenant Improvements and any other improvements, additions, alterations, reconstruction, demolition, repairs, furniture, fixtures, or equipment that it requires at the Premises. Greyhound shall not commence work to repair, alter, reconstruct, demolish, or build the Tenant Improvements or any other improvements to or of the Premises before Greyhound submits complete plans and specifications to the TJPA and receives the TJPA's written approval of the plans and specifications. The TJPA shall provide Greyhound with approval or rejection and comments to the plans and specifications within Ten (10) business days of submission by Greyhound and if no response is provided within such timeframe, TJPA's approval will be deemed. Greyhound shall obtain the TJPA's written consent for proposed alterations and variances from the approved plans and specifications, except minor changes.

Prior to commencing work on the Tenant Improvements or any other alterations or modifications to or of the Premises, Greyhound shall obtain building, electrical, plumbing, and any other permits required by any legal authority with jurisdiction over such construction at Greyhound's sole cost. Upon the TJPA's request,

Greyhound shall exhibit within the area of the improvements all certificates and permits required by any legal authority with jurisdiction over the construction. Greyhound shall give the TJPA at least Ten (10) days advance written notice before commencing construction of the Tenant Improvements or any other alterations or modifications to or of the Premises, except in the case of emergency repairs, where notice shall be reasonable under the circumstances. Any notices of such construction shall remain posted within the Premises until completion and acceptance of such work.

Greyhound 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 the TJPA or Asset Manager in the construction, maintenance, or operation of the Transit Center or would cause any jurisdictional or other labor disputes threat. To the extent Greyhound unknowingly violates this provision, the parties shall cooperate to resolve such concern and, so long as the parties are reasonably cooperating in achieving a resolution, Greyhound shall not be found in default of this Lease.

5. All Landlord Improvements, the Tenant Improvements, and any other improvements to or of the Premises made by Greyhound, except movable furniture and personal property and trade fixtures, shall belong to the TJPA, and shall be surrendered with the Premises on or before the Termination Date. On or before the Termination Date, Greyhound shall remove its movable furniture and personal property and trade fixtures.

6. Greyhound 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; provided, however, that Greyhound shall be entitled to rent abatement for TJPA's failure to make reasonable repairs to the Premises.

7. Greyhound shall comply with the Transit Center Rules & Regulations provided to Greyhound in advance by the TJPA, and any other reasonable rules and regulations adopted and uniformly enforced by the TJPA for the operation, maintenance, security, and management of the Transit Center. To the extent that any rules and regulations conflict with any provision in this Lease, the provision in the Lease controls.

8. Greyhound shall comply with the commercially reasonable procedures, restrictions, and requirements provided to Greyhound in advance by the TJPA related to implementation of its obligations under the Naming Rights Agreement, and the terms for Greyhound's use of the name and logos associated with the Transit Center.

Section 11. Use of Premises

Subject to Section 1 of this Lease, the TJPA shall permit Greyhound to use the Premises to perform such operations and functions as are incidental, necessary, or proper to the conduct of its public bus transportation and packaging business, including, but not limited to, the following:

A. Any and all purposes in connection with and incidental to the operation of a public bus transportation and packaging business consistent with the rules of

Greyhound and federal and state law, including, without limiting the generality hereof, the movement, loading, and unloading of passengers and their personal belongings and freight 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 Greyhound's vehicles and equipment.

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

D. The installation and operation of identification signs advertising the services of Greyhound within the interior of the Premises; for the avoidance of doubt, Greyhound shall not be permitted to install any signage in the interior or exterior of the Transit Center except as expressly permitted by the TJPA.

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 Greyhound's public bus transportation and packaging business, subject to the TJPA's regulation and consent.

Section 12. Prohibited Uses

Greyhound shall not use the Premises or cause or permit its affiliates, employees or others under its control 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,

Greyhound shall not do or cause or permit anything to be done, in or about the Premises, or bring or keep anything thereon which will in any way:

- A. increase the rate of reasonable 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, including the Premises;
- 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; or
- G. use or allow the Premises to be used for any unlawful purpose.

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

- A. Greyhound 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, Greyhound shall not use, create, store, deposit, dispose, or allow any hazardous materials on the Premises. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted.

D. Greyhound shall not install facilities for, nor operate on the Premises, a gasoline or petroleum supply station. Greyhound shall not permit on the Premises any vehicle used or designed for the transportation or storage of gasoline or petroleum products.

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

1. Household products necessary for routine cleaning and maintenance of the property may be kept on the Premises in quantities reasonable for Greyhound'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 Greyhound 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.

G. In the event Greyhound 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 Greyhound, unless such breach is of the type that cannot be cured within Ten (10) days, this Lease may be terminated by the TJPA and be of no further force or effect. It is the intent of the parties hereto that Greyhound 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 Greyhound, its employees, or contractors after the Commencement Date. Greyhound shall not be responsible or bear the cost of cleanup, removal, disposal, or decontamination of hazardous materials introduced to the Premises by any party other than Greyhound, its employees or contractors during any period prior to or after the Commencement Date.

H. Greyhound 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 Greyhound, its employees or contractors during Greyhound'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 with reasonable advance notice to Greyhound except in the event of an emergency and any building or improvements situated thereon at any and all reasonable times during the term of this Lease for the purpose of inspecting the same without interference or hindrance by Greyhound, its agents or representatives.

B. In the event Greyhound 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 Greyhound notice to do such acts as are reasonably required to comply with the Lease. If within Ten (10) business days after the TJPA sends written notice to comply, Greyhound fails to do the work and diligently proceed in good faith to comply, 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 Greyhound as are reasonably required to perform such work. Any amount so expended by the TJPA shall be paid by Greyhound within thirty (30) days after demand along with reasonable supporting evidence demonstrating the need for TJPA's acts. The TJPA shall have no liability to Greyhound for any damage, inconvenience, or interference with the use of the Premises by Greyhound as a

result of performing any such work that Greyhound was notified about in advance as provided herein but failed to perform.

Section 15. Concessionaires

Subject to the TJPA's prior written approval, which approval shall not be unreasonably withheld, Greyhound may contract with an entity to provide food and beverage vending machines in the Premises ("Concessionaire"). The activities, functions, or services provided by the Concessionaire shall not interfere with the transportation operations of Greyhound or other carriers using the Premises, and shall conform with the Transit Center Rules & Regulations, and any other reasonable rules and regulations adopted by the TJPA for the operation, maintenance, security, and management of the Transit Center.

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

Section 17. Indemnity

A. With the exception of any claims arising out of or by reason of TJPA's negligent or willful acts or omissions relating to any of its express undertakings set forth in the Lease, for which claims Greyhound does not owe TJPA or the Additional Insureds

any defense or indemnification, Greyhound agrees to defend, indemnify, and hold harmless the TJPA and the entities identified on the attached Exhibit C (“Additional Insureds”), 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 or the Additional Insureds as a result of or arising out of Greyhound’s acts, omissions, use, occupancy, or operations of Greyhound, as well as its agents, consultants, contractors, representatives, and invitees on, about, or related to the Transit Center for which Greyhound or one of the Greyhound entities listed above, but not the TJPA or the Additional Insureds, is liable to such entity by law. With the exception of any claims arising out of or by reason of Greyhound’s negligent or willful acts or omissions relating to any of its express undertakings set forth in the Lease, for which claims TJPA does not owe Greyhound any defense or indemnification, TJPA agrees to defend, indemnify, and hold harmless Greyhound 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 Greyhound as a result of or arising out of the acts, omissions, or operations of the TJPA, as well as its agents, consultants, contractors, representatives, and invitees on, about, or related to the Transit Center (including relating to failure to make reasonable repairs to the Premises) for which the TJPA or one of the TJPA entities listed above, but not Greyhound, is liable to any person by law.

B. If Greyhound or one of the Greyhound entities described in Section 17(A) receives a claim, demand, or suit for which it has agreed to indemnify the Additional Insureds, then Greyhound shall notify the TJPA 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 Additional Insureds shall have the right to investigate, settle, compromise, satisfy, or defend the same.

Section 18. Insurance

A. Greyhound

1. Without in any way limiting Greyhound's indemnification obligations under this Lease, except as provided herein, Greyhound shall maintain, during the full term of this Lease, insurance coverages at least as broad as: (a) 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; (b) Workers' Compensation, as required by the State of California in statutory requirements, and Employer's Liability Insurance with limits not less than One Million Dollars (\$1,000,000) each accident, injury, or illness; (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, hired, or non-owned auto coverage, as applicable; and (d) Property Insurance against all risks of loss to any tenant improvements or betterments, at full replacement cost with no coinsurance penalty provisions.

2. Greyhound's Commercial General Liability Insurance policy must provide the following: (a) Name as additional insured the entities identified in the attached Exhibit C; and (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 Greyhound's insurance and shall not

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

3. Greyhound hereby grants to the TJPA a waiver of any right to subrogation which any insurer of Greyhound may acquire against the TJPA by virtue of the payment of any loss under such insurance. Greyhound agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the TJPA has received a waiver of subrogation endorsement from the insurer.

4. Should any of the required insurance be provided under a claims-made form, Greyhound 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 Commencement Date, Greyhound 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 certificates of insurance as evidence of coverage reasonably promptly upon the TJPA's request..

7. 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 reasons. Notices shall be sent to the address specified in the Section entitled "Notices."

8. Approval of the insurance by the TJPA shall not relieve or decrease the liability of Greyhound under this Lease. If Greyhound 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 Greyhound. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the TJPA..

9. Failure to maintain insurance shall constitute a substantial breach by Greyhound of this Lease.

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

B. Greyhound Contractors

1. Greyhound shall require that any contractor providing construction or services to the Premises maintain in force, during the full term of its contract, 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 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. Notwithstanding the foregoing, the parties will reasonably cooperate in adjusting/reducing the above requirements where appropriate for contractors providing construction or services to the Premises that pose minimal risk to the parties and the Premises.

2. Greyhound’s contractors’ insurance shall satisfy the terms and conditions specified in Section 18(A)(2) – (10), as appropriate.

C. TJPA.

1. Without in any 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; and (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 Greyhound, and all of its officers, agents, and employees.

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

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 Greyhound 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 Greyhound, in form evidencing all coverages set forth above, and (b) furnish complete copies of policies promptly upon Greyhound request. As a part of or in lieu of the insurance required herein and subject to prior approval by Greyhound, the TJPA may provide equivalent protection under a self-insurance program acceptable to Greyhound; provided, however, that Greyhound's approval shall not be unreasonably withheld.

7. Approval of the insurance by Greyhound 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, Greyhound 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 Greyhound.

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

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

Section 19. Nondiscrimination

A. Greyhound Shall Not Discriminate

In the performance of this Lease, Greyhound agrees not to discriminate against any Greyhound employee or any TJPA employee working with Greyhound on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, 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.

B. Non-Discrimination in Benefits

Greyhound does not 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 San Francisco, or where the work is being performed for the TJPA 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. Condition to Contract

As a condition to this Lease, Greyhound shall execute the “San Francisco Administrative Code Chapters 12B & 12C Declaration: Nondiscrimination in Contracts and Benefits” form.

D. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Greyhound 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, Greyhound understands that pursuant to section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty (\$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 Greyhound.

E. TJPA’s Nondiscrimination Policy

Greyhound agrees to comply with the provisions of the TJPA Equal Employment Opportunity/Non-Discrimination Policy No. 004 set forth in Exhibit D to this Lease.

Section 20. Assignment and Subletting

Greyhound shall not sublease the Premises or any part thereof or any of the privileges recited herein without TJPA’s prior written consent. Greyhound shall not assign or transfer this Lease or any part hereof in any manner whatsoever.

Notwithstanding the foregoing, Greyhound 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 Greyhound from any of its obligations with respect to the terms hereof.

Section 21. Encumbrances

Greyhound 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

A. 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 Greyhound's rights under this Lease.

Section 24. Default

The occurrence of any of the following shall constitute a material breach and default of this Lease by Greyhound.

A. Any failure by Greyhound to pay the Rent or any other monetary sums required to be paid hereunder, where such failure continues for Ten (10) business days after written notice thereof has been given by the TJPA to Greyhound.

B. The abandonment or vacation of the Premises by Greyhound. Failure to occupy and operate the Premises for Thirty (30) consecutive days following the mailing of written notice from the TJPA to Greyhound calling attention to the abandonment shall be deemed an abandonment or vacation.

C. The making by Greyhound of any general assignment or general arrangement for the benefit of creditors; the filing by or against Greyhound of a petition to have Greyhound adjudged bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Greyhound the same is dismissed within Sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Greyhound's assets, where possession is not restored to Greyhound within Forty Five (45) days; or the attachment, execution, or other judicial seizure of substantially all of Greyhound's assets, where such seizure is not discharged within Thirty (30) days.

D. The failure by Greyhound to comply with any provision of any law, statute, zoning restriction, ordinance or governmental rule, regulation or requirement as set forth in Section 12 of this Lease, where such failure continues after Thirty (30) days written notice from the TJPA to Greyhound, provided, however, that if the nature of such default is such that it cannot be reasonably cured within such Thirty (30) day period,

Greyhound shall not be deemed to be in default if Greyhound shall within such period commence such cure and thereafter diligently prosecute the same to completion.

E. The failure by Greyhound to comply with the requirements regarding prohibited uses and environmental laws and hazardous materials set forth in Section 13 of this Lease.

F. The construction by Greyhound of any improvements on the Premises contrary to the provisions as set forth in Section 10(B) of this Lease where such failure continues after Ten (10) business days written notice from the TJPA to Greyhound.

G. The intentional failure by Greyhound to pay any tax, assessment, imposition, levy or charge of any kind as set forth in Section 36 of this Lease.

H. The failure by Greyhound to observe and perform any other provision of this Lease to be observed or performed by Greyhound, where such failure continues for Thirty (30) days after written notice thereof by the TJPA to Greyhound, provided, however, that if the nature of such default is such that it cannot be reasonably cured within such Thirty (30) day period, Greyhound shall not be deemed to be in default if Greyhound shall within such period commence such cure and thereafter diligently prosecute the same to completion.

Section 25. TJPA's Remedies

In the event of any material default or breach by Greyhound beyond applicable notice and cure periods set forth herein, the TJPA may at any time thereafter, without limiting the TJPA in the exercise of any right of remedy at law or in equity which the TJPA may have by reason of such default or breach, terminate Greyhound's right to

possession by any lawful means, in which case this Lease shall terminate and Greyhound shall surrender possession of the Premises to the TJPA upon such termination. In such event the TJPA shall be entitled to recover from Greyhound all damages incurred by the TJPA by reason of Greyhound's default including, but not limited to, the following:

A. the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

B. any other amount reasonable necessary to compensate the TJPA for all the detriment proximately caused by Greyhound's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom, including consequential damages; plus

C. at the TJPA's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable State Law.

The TJPA shall have the right to make any reasonable repairs, alterations, or modifications to the Premises pursuant to this Paragraph 25. As used in subparagraph (a) above, the "worth at the time of award" is computed by including interest on the principal sum at a rate One (1) percent above the discount rate of the Federal Reserve Bank of San Francisco from the date of the default. The term "Rent" as used in this Article shall be deemed to be and to mean Rent to be paid pursuant to Section 8 of this Lease and all other monetary sums required to be paid by Greyhound pursuant to the terms of this Lease.

Section 26. Damage by Fire, Disaster or Other Casualty

In case of damage to the Premises by fire or other casualty, if the damage is so extensive as to substantially amount to the total destruction of the Premises that renders it unsuitable for continued use for public bus transportation and package services, this Lease may, at the option of either Greyhound or the TJPA, be terminated, and the Rent shall be apportioned in relation to the time of the damage. If said damage has rendered the Premises untenable in part for the use permitted hereunder, the Rent shall be abated in proportion to that part of the Premises on which Greyhound is unable to operate its bus or package services during the period of damage and repair.

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. 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 Greyhound hereunder shall be in writing and given by registered or overnight mail addressed to Greyhound as follows:

Greyhound Lines, Inc.

350 N. St. Paul Street

Dallas, Texas 75201

Attn.: Legal Dept.

with copy to:

Greyhound Lines, Inc.
350 N. St. Paul Street
Dallas, Texas 75201
Attn: Real Estate

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

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

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 Greyhound, 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 Greyhound 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 or any other casualty which is not within its control (except financial inability); provided, however, that these provisions shall not excuse Greyhound from payment of Rent.

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 Greyhound 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 Greyhound 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 Greyhound 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 E; and (ii) any matters of record pertaining to the Transit Center in the Official Records of the City and County of San Francisco, California. Greyhound shall execute, acknowledge, and deliver any instrument reasonably requested by the TJPA to evidence such subordination, but no such instrument shall be necessary to make such subordination effective.

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

Section 35. 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 36. Taxes, Assessments, and Liens

Greyhound agrees to pay and discharge promptly all lawful taxes properly levied and to which Greyhound is subject by reason of its use and occupancy of its

proportionate share of the Premises, including, but not limited to, possessory interest taxes to the City and County of San Francisco that may be owed as a result of Greyhound's occupancy of the Premises. Greyhound 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 Greyhound may, if it so desires, contest the legality of such taxes and liens without being in breach of this Lease.

Section 37. Utilities and Services

Greyhound shall pay when due, and shall hold the TJPA harmless from any liability for, all charges for water (domestic and fire protection), gas, heat, light, power, telephone, sewage, air conditioning and ventilating, and all other materials and utilities supplied to the Premises, except as those services which the TJPA agrees to provide herein as set forth in Section 10 of this Lease. The TJPA shall not be liable in damages or otherwise for any failure or interruption of any utility service furnished to the Premises unless such failure or interruption is caused by TJPA's gross negligence or willful misconduct. No such failure or interruption shall entitle Greyhound to immediately terminate this Lease, unless such failure is due to the fault of the TJPA and is not remedied within Five (5) days after written notice by Greyhound to the TJPA.

Section 38. 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 39. Recording

Neither the TJPA nor Greyhound shall record this Lease.

Section 40. Time of Essence

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

Section 41. 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 42. Amendment

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

Section 43. Entire Agreement

This Lease, including the Exhibits attached, contains all the terms and provisions between the TJPA and Greyhound 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 44. Limitation of Liability.

EXCEPT FOR THIRD-PARTY CLAIMS UNDER ANY INDEMNITY PROVISION HEREIN, IN NO EVENT SHALL THE TJPA OR GREYHOUND 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 pages follow]

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: _____ GREYHOUND LINES, INC.

By: _____

Name: _____

Its: _____

EXHIBIT A1

EXHIBIT A2

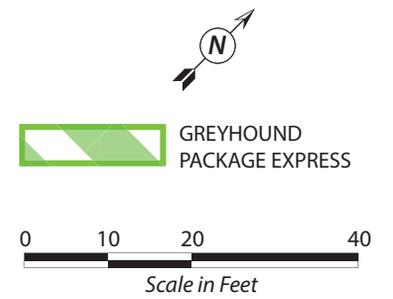
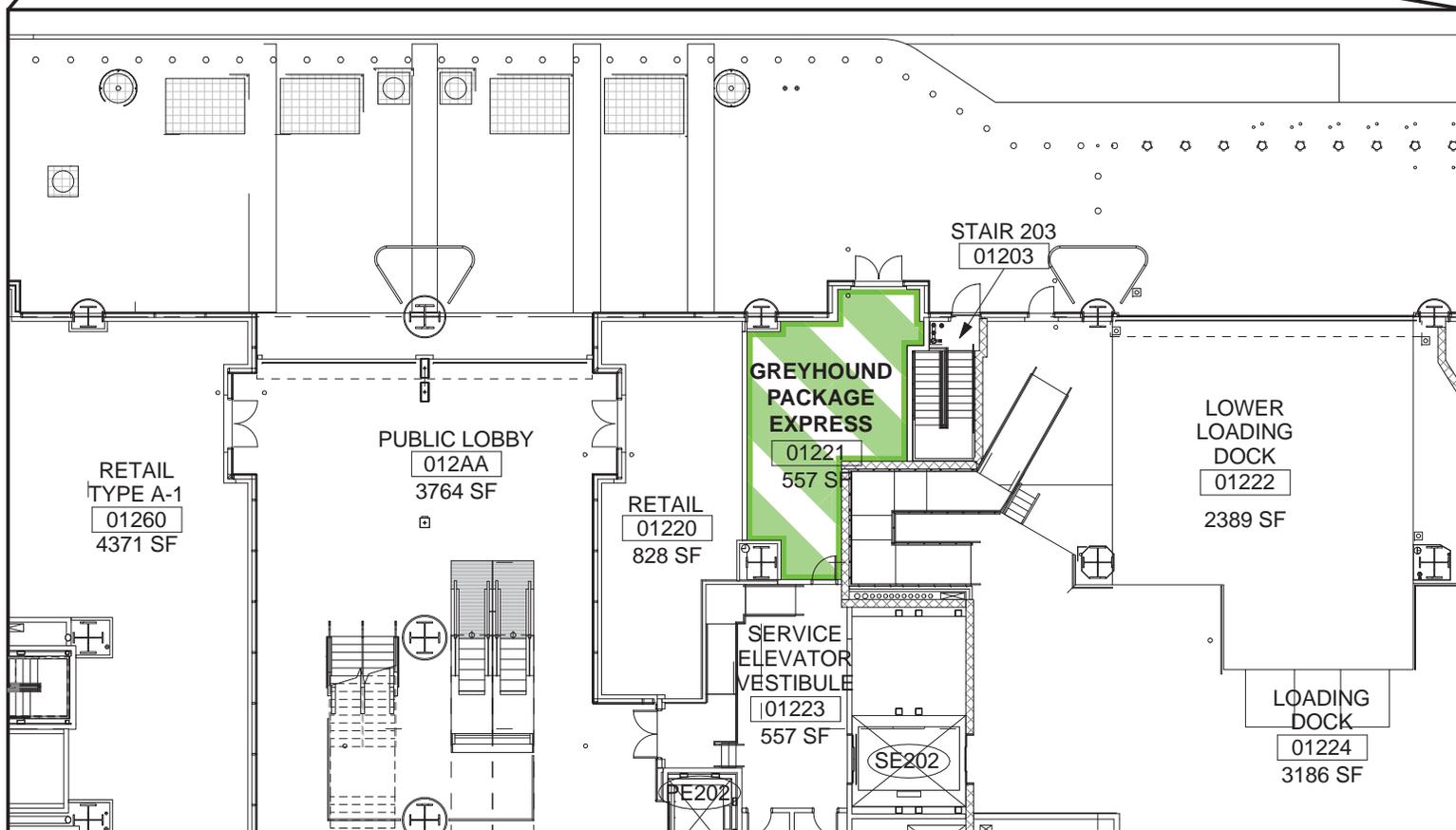
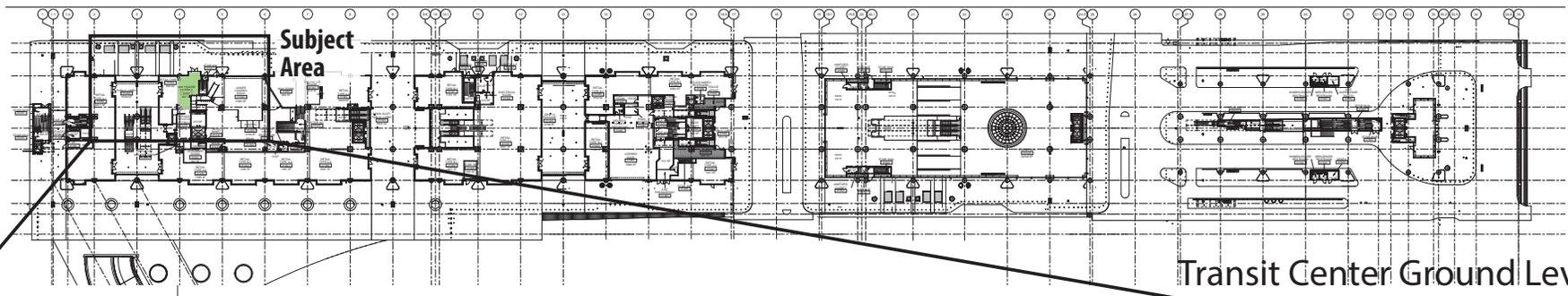


EXHIBIT A2
GROUND LEVEL GREYHOUND LEASE AREA

EXHIBIT B

LANDLORD IMPROVEMENTS

Greyhound Exclusive Office Area and Shared Passenger Area (depicted on Exhibit A1): The areas are currently under design but the Landlord Improvements will include all wall/ceiling/floor finishes, signage, HVAC, lighting, telecom/electrical, fire alarm/sprinklers, CCTV, and access control. Program elements within the area will include:

- Ticket Office: casework and baggage scale for ticket agent counter
- Break Room: kitchen area with sink and casework
- Baggage Area: open office area for checked baggage storage
- Clerical Office: work station for two staff members
- Office Manager: dedicated office with work station for one staff member
- Waiting Area: shared use area with seating, as well as electrical/data outlets for three vending machines, two ticketing machines, ATM, and wall mounted television monitors
- Tenant Electrical Closet: electrical subpanel location located within Share Passenger Area (approximately 50 sq ft)

Greyhound Exclusive Package Area (depicted on Exhibit A2) : The area is currently under design but the Landlord Improvements will include all wall/ceiling/floor finishes, signage, HVAC, lighting, telecom/electrical, fire alarm/sprinklers, CCTV, and access control. Program elements will include:

- Lobby Area: Open lobby area with storefront entrance opening onto Minna St.
- Transaction Counter: casework and baggage scale for single agent position
- Secured Baggage Storage: chain link secured storage area
- Package Screening Equipment: baggage screening equipment as approved by Greyhound, but which approval shall not be unreasonably withheld, to comply with TJPA concept of operations requirements
- Tenant Electrical Closet: electrical subpanel location

EXHIBIT C

ADDITIONAL INSUREDS

Transbay Joint Powers Authority

City and County of San Francisco

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 D

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 based 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 E

SUBORDINATION

The Lease and all rights of Greyhound 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.