

**THIS STAFF REPORT COVERS CALENDAR ITEM NO.: 9
FOR THE MEETING OF: July 15, 2010**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Approve Greyhound Lease for Temporary Terminal.

SUMMARY:

The Staff has negotiated a seven-year Lease with Greyhound for use of the Temporary Terminal while the new Transit Center is under construction. Greyhound currently leases space from Caltrans in the Transbay Terminal. It would move to the Temporary Terminal when the Transbay Terminal is closed in August 2010. Under the Lease, Greyhound would occupy portions of the paved area and building on the south end of the Temporary Terminal; AC Transit would have exclusive occupancy of the northern two-thirds of the Temporary Terminal. Greyhound would use only the westernmost two-thirds of the interior space in the building built for Greyhound on Folsom Street; the TJPA has the option to place another carrier in the eastern part of the building or allow Greyhound to use the space. Greyhound would have exclusive use of four bus bays adjacent to the building and share two other bays with AC Transit. It would also have exclusive use of six parking spaces. The remainder of the paved area of Greyhound's premises north of the building would be shared with AC Transit. Greyhound would have exclusive use of the paved area south of the building along Folsom Street. Greyhound would pay \$24,000 per month in rent; property taxes; waste collection; and all utilities, janitorial, security, insurance, and maintenance for the interior of the building.

REPORT:

Greyhound bus lines provide affordable transit service to passengers from San Francisco to other cities throughout the United States. Accordingly, Greyhound is a vital component of San Francisco's public transportation network. The TJPA's mission is, in part, to promote diversity among public transportation carriers and to provide safe and convenient connectivity among transit operators under one roof. Accordingly, the TJPA set as one of its objectives for the Program to accommodate Greyhound bus lines. Greyhound currently leases space in the Transbay Terminal from Caltrans for its passenger and package express services. Greyhound leases 20,000 square feet of covered space and several bus bays for approximately \$20,000 per month. To avoid interrupting Greyhound's services during construction of the new Transit Center, the TJPA agreed to set aside the southern third of the Temporary Terminal for Greyhound. AC Transit will occupy the majority of space in the Temporary Terminal.

To provide Greyhound with ticketing, waiting areas, offices, and package storage, the TJPA built an 8,760 square foot building to Greyhound's specifications on the south side of its Temporary Terminal space along Folsom Street. The Greyhound premises has eight partially covered bus bays adjacent to the building and twelve parking spaces. Exhibit A to the attached Lease shows the layout of the Greyhound premises. The building has ticket counters and offices for Greyhound on the west side of the building, a central waiting area, and restrooms and additional ticket counters and office space on the east side of the building. The bus bays are located on the north side of the building.

The TJPA staff and Greyhound have negotiated a comprehensive Lease that will control Greyhound's passenger and package bus operations in the Temporary Terminal through the year

2017. The attached Lease sets forth all the rights and obligations of the parties with respect to the Temporary Terminal. The significant provisions of the Lease are as follows:

Term

The term of the Lease would be seven years, which is the time required to build the new Transit Center. The term would commence on August 1, 2010. Greyhound, however, would be permitted to operate in the Transbay Terminal up to midnight on August 6, 2010.

Rent and Exclusive Use/Shared Space

The base rent to Greyhound would be \$24,000 per month. The rent would be adjusted each year in proportion to changes in the CPI. The TJPA obtained an appraisal of the Greyhound premises in November 2008 from Carneghi-Blum & Partners for \$71,802 per month. The appraisal was based on the cost of comparable land used for parking in the South of Market area of San Francisco and the cost of the build-to-suit building the TJPA developed for Greyhound. The Carneghi appraisal, however, assumed that Greyhound had exclusive use of the entire southern one-third of the Temporary Terminal, including the building. The recommended terms (see below) reduce significantly Greyhound's exclusive space and require sharing of other space.

Following receipt of the Carneghi appraisal, Greyhound indicated that that the TJPA's appraised rent – even assuming an accurate appraisal of market value – was far higher than Greyhound could pay given the economics of its San Francisco bus operations. Greyhound provided data to the TJPA indicating that in U.S. cities where Greyhound's gross income was comparable to San Francisco, \$4,271,240 per year, such as Syracuse, Albuquerque, Indianapolis, Saint Louis, and Minneapolis, its rent was no more than 4.5% of its gross income, averaging about 4.0%. Greyhound also pointed out that it is currently paying Caltrans only \$20,000 per month rent for significantly more covered space (20,000 sq. ft. in Transbay Terminal vs. 8,760 in Temporary Terminal). Greyhound insisted that it could not continue to operate in San Francisco if it were required to pay more than \$24,000 per month in rent, or 6.7% of its gross income.

Based on data Greyhound provided to staff showing that it could not operate profitably in San Francisco paying more than \$24,000 per month rent, the staff agreed to recommend \$24,000 per month in rent, but on condition that Greyhound's exclusive use of the premises would be cut back to (a) four of the eight bus bays created for Greyhound, (b) six of twelve parking spaces, and (c) 7,538 square feet of the building. See Exhibits A and B to the attached Lease. Greyhound will have use of two of the other bays at times other than 3-7 pm on weekdays, when AC Transit will have exclusive use of the bays, and Greyhound will have no access to the remaining two bays without the TJPA's permission. The TJPA may dedicate the two bays to AC Transit or another carrier as the need arises. If such need does not arise, then the TJPA may permit Greyhound to use the bays with or without payment of additional rent at the TJPA's discretion. The TJPA will also control the remaining six parking spaces and may allocate them to Greyhound (with or without the requirement that Greyhound pay additional rent, at the TJPA's discretion), AC Transit, an alternative carrier, or security officers at its discretion. Greyhound will share the paved area of the Greyhound premises north of the building with other carriers. Greyhound will have exclusive use of the paved area south of the building along Folsom Street.

The TJPA will attempt to rent the eastern 1,222 square feet of the Greyhound building to an alternate carrier. If the TJPA is unable to rent the eastern of the building, the TJPA may allow Greyhound to use the space with or without payment of additional rent, at the TJPA's discretion. Greyhound would

share the central lobby space and restrooms in the building with the alternate carrier. As further consideration for a below-market rent, Greyhound will be responsible for all utilities, janitorial, security, insurance, and maintenance for the entirety of the interior of the building until the TJPA places another carrier in the eastern side of the building, and for all possessory interest (property) taxes for its entire premises. At \$24,000 per month, Greyhound's rent would nonetheless be the highest percentage of gross income of any of its operations in the United States. For all of these considerations, staff recommends a rent of \$24,000 per month for this Lease.

Property Taxes

Greyhound would be responsible for all possessory interest taxes assessed by the City in lieu of property taxes.

Utilities

Greyhound will be responsible for all utilities for the interior of the building. The TJPA will be responsible for all other utilities. If the TJPA rents the eastern side of the building to another carrier, Greyhound and the new carrier would split the utilities based on the proportion of their respective spaces to the total area of the building.

Janitorial, Maintenance, Security, and Insurance

Greyhound will be responsible for all janitorial, maintenance, security, and insurance for the interior of the building. The TJPA will be responsible for all utilities for the exterior areas of the premises.

Waste Collection

Greyhound will be responsible for its pro-rata share of waste collection from its premises.

Operating Costs for the Temporary Terminal

AC Transit will be the TJPA's primary tenant in the Temporary Terminal for the seven-year expected life of the Temporary Terminal. Under the Lease & Use Agreement between AC Transit and the TJPA, AC Transit will pay the operating costs of the Temporary Terminal that exceed the TJPA's revenues for the Temporary Terminal. The costs to AC Transit should be zero, however, because revenues from RM2 tolls, the Greyhound Lease, and advertising revenues are expected to exceed the operating costs.

RECOMMENDATION:

The Staff recommends that the Board authorize the Executive Director to execute the Greyhound Lease for the Temporary Terminal attached to this report.

ENCLOSURES:

1. Greyhound Lease, including Exhibits A & B showing layout
2. Resolution

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, The TJPA has developed a Temporary Terminal at Main, Howard, Beale, and Folsom Streets; and

WHEREAS, Greyhound bus lines provides affordable transit service to passengers from San Francisco to other cities throughout the United States; and

WHEREAS, Greyhound is an vital component of San Francisco's public transportation network; and

WHEREAS, The TJPA's mission is, in part, to promote diversity among public transportation carriers and to provide safe and convenient connectivity among transit operators; and

WHEREAS, Greyhound currently operates bus and package express services in the Transbay Terminal, where it pays approximately \$20,000 per month rent for more than 20,000 square feet of covered space and bus bays; and

WHEREAS, The TJPA has scheduled the start of demolition of the Transbay Terminal for early August 2010, and desires to avoid an interruption in Greyhound service; and

WHEREAS, The TJPA has set aside a portion of the Temporary Terminal for Greyhound and has constructed a building on the site following Greyhound's specifications; and

WHEREAS, The Greyhound space in the Temporary Terminal is ready for occupancy; and

WHEREAS, Greyhound has agreed to relocate to the Temporary Terminal to accommodate the TJPA's schedule for demolition of the Transbay Terminal and construction of the new Transit Center; and

WHEREAS, Staff and Greyhound have been in lease negotiations for Greyhound's space in the Temporary Terminal for more than one year; and

WHEREAS, Staff has reached an agreement with Greyhound on all terms of a Lease for the Temporary Terminal while the new Transit Center is under construction; now, therefore, be it

RESOLVED, That the TJPA Board authorizes the Executive Director to execute the Temporary Terminal Lease with Greyhound providing that: (1) the Lease term is seven years; (2) Greyhound will move to the Temporary Terminal when the Transbay Terminal is closed in August 2010; (3) Greyhound will pay \$24,000 per month base rent plus an annual increase based on changes in the CPI; (4) Greyhound's premises will be located at the southern end of the Temporary Terminal; (5) Greyhound will use only the westernmost 7,388 square feet of the interior space in the building on Folsom Street; (6) the TJPA will have the option to place another carrier in the eastern 1,222 square feet of the building; (7) Greyhound will have exclusive use of four bus bays adjacent to the building, will share two other bays with AC Transit at peak periods on weekdays, and may use the remaining two bus bays only with the TJPA's permission; (8) Greyhound will have exclusive use of six parking spaces and may use the remaining six spaces only with the TJPA's permission; (9) Greyhound will pay property taxes; waste collection; and all utilities, janitorial, security, insurance, and maintenance for the interior of the building.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of July 15, 2010.

Secretary, Transbay Joint Powers Authority

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

Temporary Terminal Lease

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**Greyhound Lines, Inc.
Temporary Terminal Lease**

THIS Lease (“Lease”) is made and entered into this _____ day of _____, 2010 (“Effective Date”) by and Between the TRANSBAY JOINT POWERS AUTHORITY, a joint powers authority created under California Government Code Sections 6500 *et seq.* (“TJPA” or “Lessor”), and GREYHOUND LINES, INC. (“Greyhound” or “Lessee”).

RECITALS

A. The TJPA is developing the Transbay Transit Center Program (“Transbay Program”). As part of the Transbay Program, the TJPA is the designer of, and will build, own, and operate a Temporary Terminal on the block bounded by Main, Howard, Beale, and Folsom Streets (“Temporary Terminal”), a new Transbay Transit Center 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.

B. Greyhound provides regional bus service and wishes to make the Temporary Terminal a point of destination/departure for its bus services in San Francisco while construction of the new Transit Center is underway.

C. The TJPA has the right to lease portions of and to grant the right to use the Temporary Terminal and has full power and authority to enter into this Lease.

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

E. In consideration of the covenants, conditions, and agreements to be performed by the parties, TJPA leases to Greyhound, and Greyhound leases from TJPA, the Premises described below.

Section 1. Leased Premises and Permitted Uses

A. Greyhound is permitted to use the following areas of the Temporary Terminal under this Lease:

1. Exclusive use of four bus bays, as labeled and identified in the attached Exhibit A (“Greyhound Exclusive Bus Bays”).
2. Shared use with other carriers of two bus bays, as labeled and identified in the attached Exhibit A, except on weekdays from 3:00-7:00 pm when such bays are for the exclusive use of other carriers (“Shared Bus Bays”).
3. Exclusive use of six parking spaces on the south side of the Greyhound building, as labeled and identified on the attached Exhibit A (“Greyhound Exclusive Parking”).
4. Shared use with other carriers of all other exterior areas of the Premises in the attached Exhibit A.
5. Exclusive use of the west section of the interior of the Greyhound building, as labeled and identified on the attached Exhibit B (“Greyhound Exclusive Interior Area”).

6. Shared use with other carriers of the center section of the interior of the Greyhound building, as labeled and identified on the attached Exhibit B (“Shared Interior Area”).

7. Exclusive use of the east section of the interior of the Greyhound Building as labeled and identified on the attached Exhibit B (“Alternate Carrier Area”) if the TJPA has not rented the Alternate Carrier Area to others and Greyhound elects to use the Area. The TJPA may rent the Alternate Carrier Area in its sole discretion. If Greyhound elects to use the Alternate Carrier Area, it shall provide written notice to the TJPA 30 days before commencement of use of the Area. If the TJPA rents the Area to others, it shall provide Greyhound 30 days written notice to vacate the Area.

B. Greyhound shall not be permitted to use the bus bays designated for “Alternate Carrier” on Exhibit A without the TJPA’s written approval.

C. The term “Premises” shall mean A.1 through 7 above, collectively, unless otherwise expressly limited. The Parties may modify the areas that Greyhound is permitted to use in the Temporary Terminal by written agreement at any time.

Section 2. Commencement Date

The Lease shall commence on the date on which the TJPA completes construction of the initial Temporary Terminal elements, including ingress and egress, and completes installation of Greyhound’s tenant improvements as discussed in Section 10 below, and the Premises 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 (“Commencement Date”). Greyhound shall cease operations at the Transbay Terminal and transfer operations to the Temporary Terminal

within six days after the Commencement Date, but no later than midnight on August 6, 2010, so that the TJPA may demolish the Transbay Terminal. The TJPA shall give Greyhound at least 15 days' prior written notice of the Commencement Date.

While it is the objective of the parties that the TJPA open the Temporary Terminal for Greyhound's occupancy in or about August 1, 2010, the TJPA shall have no liability to Greyhound if the Premises are not ready for occupancy by that date. Subject to any action of Caltrans under its lease with Greyhound for space in the Transbay Terminal, Greyhound shall not be obligated to vacate any portion of and shall be permitted to continue to operate transit service in the existing Transbay Terminal until midnight on August 6, 2010.

Section 3. Termination Date

The Lease shall terminate on (a) the seventh anniversary of the Commencement Date, or (b) the date on which the new Transit Center 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, or (c) the date on which title to the Premises is transferred to the State of California under the State Power of Termination, Section III.G of the 2003 Cooperative Agreement among the State of California, the TJPA, and the City and County of San Francisco, whichever is earlier ("Termination Date"). Greyhound shall cease operations at the Temporary Terminal and vacate the Temporary Terminal on the Termination Date, unless the parties agree to an extension of the term of the Lease.

While it is the objective of the parties that the TJPA open the new Transit Center for Greyhound's occupancy within seven years after the Commencement Date of the

Lease, the TJPA shall have no liability to Greyhound if the new Transit Center is not ready for Greyhound's occupancy by that date. Subject to the provisions of the Lease, Greyhound shall not be obligated to vacate and shall be permitted to continue to operate transit service in the Temporary Terminal until the Termination Date. The TJPA shall give Greyhound at least 60 days' prior written notice of the Termination Date.

Section 4. Greyhound Obligation Upon Termination

Upon the Termination Date, this Lease shall expire and 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 on the Termination Date, 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). Greyhound acknowledges that the TJPA intends to close the Temporary Terminal on the Termination Date.

Section 5. Surrender of Possession

Greyhound shall yield and deliver to the TJPA possession 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 which the TJPA may have thereon for unpaid rentals or fees. Such removal shall not damage the Premises.

Section 6. Relocation Costs

The TJPA will provide Greyhound relocation assistance under the California Relocation Assistance Act (Cal. Gov. Code sections 7260 *et seq.*), the Uniform Relocation Assistance Act of 1970 (42 U.S.C. sections 4601 *et seq.*), and the TJPA's Relocation Assistance Program related to Greyhound's move from the Transbay Terminal to the Temporary Terminal. The TJPA also will provide Greyhound relocation assistance related to Greyhound's move from the Temporary Terminal to the new Transbay Center on the Termination Date.

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 Temporary Terminal, 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. Monthly Rent. Greyhound shall pay the TJPA as rent for the Premises, without deduction, setoff, prior notice, or demand, the sum of \$24,000.00 per month in advance on the first day of each month ("Base Rent"), commencing on the Commencement Date and continuing for the duration of this Lease. All rent shall be paid to TJPA at the following address: Transbay Joint Powers Authority, Attention Maria

Ayerdi-Kaplan, 201 Mission Street, Suite 2100, San Francisco, CA 94105. The Base Rent, as annually adjusted under this Section, is referred to as the "Rent." Greyhound's use of the Alternate Carrier Interior Area shall not require a change in the Base Rent.

B. Rental Adjustments. On each anniversary of the Commencement Date (an "Adjustment Date"), the Base Rent payable under this Lease shall be adjusted as follows:

1. The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("Index") published most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date ("Beginning Index").

2. If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index. In no event shall the monthly Base Rent on or after the Adjustment Date be less than the monthly Base Rent in effect immediately prior to the Adjustment Date.

3. If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced

shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

C. Waste Fee. In addition to the Rent, Greyhound shall also pay a monthly fee to the TJPA equal to 33% of the cost to the TJPA reasonably and actually incurred for collection of trash and recycling (“Waste Fee”) in the exterior areas of the Premises, as identified in the attached Exhibit A. TJPA agrees to provide Greyhound each month reasonable documentation substantiating the Waste Fee incurred, and Greyhound shall pay the Waste Fee in the same manner as it pays the Rent.

D. Security Deposit. On the Commencement Date, Greyhound shall pay to the TJPA a security deposit in the sum of \$24,000.00 (“Security Deposit”), to be held by the TJPA to guarantee Greyhound’s performance of all the terms, covenants, and conditions of this Lease. 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 and the Waste Fee, 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 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.

E. Late Charge and Interest. If any installment of the Rent, the Waste Fee, 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 business days after such amount shall be due, then, without requirement for notice to Greyhound, Greyhound shall pay to the TJPA a late charge equal to six 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 when due shall bear interest at a rate of one percent above the discount rate of the Federal Reserve Bank of San Francisco from the due date.

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 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 Improvements and Services

A. TJPA's Responsibility.

1. On or before the Commencement Date, the TJPA, at its sole expense, shall construct the following improvements to the Premises: an approximately 8,500 square-foot modular terminal building (the "Greyhound Building"), including fixtures and finishes; eight bus bays and associated circulation area; canopy structure; Greyhound Package Express parking lot; luggage cart storage building; and trash recycling building (collectively, the "Improvements"). The TJPA shall cause the 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, shall relocate Greyhound's metal waiting room bench seating, ticket counter, and interior Greyhound sign from the existing Transbay Terminal and install them in the Greyhound building. Greyhound will provide two exterior signs and the TJPA shall install such signs on the Premises (fronting Fremont Street and First Street) at the TJPA's expense.

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

4. The TJPA, at its sole expense, shall prudently and efficiently maintain and repair the Improvements, including foundations, structures, outside walls, roof and utility systems, in good condition and repair, consistent with business and management practices at similar facilities in the United States.

5. The TJPA, at its sole expense, shall maintain insurance, and provide maintenance services, repair services, and security services for the exterior area of the Premises, as shown in Exhibit A.

6. If the TJPA has rented the Alternative Carrier Area identified in Exhibit B to others, the TJPA or its assignee, at their sole expense, shall keep, operate, and maintain the Alternate Carrier Area. If the TJPA has not rented the Alternative Carrier Area to others, then Greyhound shall, at its sole expense, maintain insurance, and provide maintenance services, repair services, and security services for the Alternative Carrier Area, whether Greyhound is using the Alternate Carrier Area or not.

7. The TJPA reserves the right, with at least 30 days advance notice to Greyhound, to construct, reconstruct, install, repair, remove, 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 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.

8. Notwithstanding the above, Greyhound acknowledges that Phase II of the Temporary Terminal Project involves demolition of the Transbay Terminal elevated bus ramp at the corner of Howard and Beale streets and that such demolition 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 TJPA's Phase II activities, including, but not limited to, the demolition of the elevated bus ramp.

9. The eastern most bus bay designated for the Alternative Carrier in Exhibit A shall be the sole bus bay used by any alternate carrier renting any portion of the Alternate Carrier Area. In the event that an alternate carrier renting any portion of the Alternate Carrier Area is permitted to use bus bays on the Premises in addition to the easternmost bus bay designated for Alternate Carrier in Exhibit A, the parties shall meet and negotiate in good faith any necessary and reasonable reallocation of Greyhound's responsibility for maintenance, repairs, insurance, security, and utilities for the Shared Interior Area.

B. Greyhound's Responsibility.

1. Greyhound, at its sole expense, shall keep, operate, and maintain the Greyhound Exclusive Interior Area, Shared Interior Area, and Alternative Carrier Interior Area of the Premises, as identified in Exhibit B, including open spaces,

passageways, public restrooms, 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 be required; provided, however, that Greyhound shall have no obligation to keep, operate, or maintain the Alternate Carrier Interior Area during any period where the TJPA has rented the Alternative Carrier Interior Area to others.

2. Greyhound, at its sole expense, shall provide signage, operating equipment, furniture, security cameras and cabling, and telecommunications cabling for the Greyhound Exclusive Interior Area and the Shared Interior Area, as well as for the Alternative Carrier Interior Area if not rented by the TJPA to others and Greyhound uses the Alternative Carrier Interior Area

3. Greyhound, at its sole expense, shall maintain insurance, and provide janitorial services, maintenance services, repair services, and security services for the Greyhound Exclusive Interior Area, the Shared Interior Area, and the Alternate Carrier Interior Area; provided, however, that Greyhound shall have no obligation to provide janitorial services, maintenance services, repair services, and security services for the Alternate Carrier Interior Area during any period where the TJPA has rented the Alternative Carrier Interior Area to others. Greyhound's security for the interior areas shall coordinate and cooperate with security provided by the TJPA for the alternate carrier use space of the interior of the Premises and the exterior areas of the Premises.

4. Greyhound, at its sole expense, shall pay the cost of all water, electric, and gas utilities provided to the Greyhound Exclusive Interior Area, Shared Interior Area, and Alternate Carrier Interior Area; provided, however that Greyhound

shall have no responsibility for water, electric, or gas utilities for the Alternative Carrier Interior Area during any period where the TJPA has rented the Alternative Carrier Interior Area to others. During any period where the TJPA has rented the Alternative Carrier Interior Area to others, the cost of utilities shall be allocated to Greyhound and the TJPA or the TJPA's assignee in proportion to the area of the Exclusive Interior Area and the Shared Interior Area used by Greyhound (7,538 sq. ft = 86%) and the Alternative Carrier Interior Area used by the TJPA or its assignee (1,222 sq. ft. = 14%).

5. Except for the Improvements, Greyhound shall bear the cost and expense for any improvements, additions, alterations, reconstruction, demolition, repairs, furniture, fixtures, or equipment to the Premises. Greyhound shall not commence work to repair, alter, reconstruct, demolish, or build additions to any improvements to or of the Premises before Greyhound submits complete plans and specifications to the TJPA Executive Director and receives the Executive Director's written approval of the plans and specifications. Greyhound shall obtain the Director's written consent for proposed alterations and variances from the approved plans and specifications, except minor changes.

Prior to commencing work on any Improvements 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 Executive Director'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 Executive Director at least 14 days advance written notice before commencing construction of improvements 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.

6. All Improvements made by the TJPA to or of the Premises and any improvements to or of the Premises made by Greyhound, except movable furniture 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 or trade fixtures.

7. Notwithstanding Subsection 10(B)(6), if the termination of the Lease occurs at the close of the Temporary Terminal, Greyhound and the TJPA may meet and attempt to negotiate an agreement that would provide for Greyhound taking ownership and possession of the Greyhound building and all associated fixtures and improvements and removing the building from the Premises.

8. 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.

Section 11. Use of Premises

Subject to Section 1, 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 transportation, 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 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 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.

E. The use of the space in the Temporary Terminal but outside the Premises that are the subject of this Lease, as depicted north of the broken line as shown in Exhibit A, to perform such operations and functions as are incidental, necessary or proper to the conduct of Greyhound's transportation business, subject to the TJPA's regulation and consent.

F. Greyhound has been a key participant in the design of the Temporary Terminal. Greyhound has observed field operation simulations testing the layout and circulation patterns of the Temporary Terminal, and the TJPA has worked in close consultation with Greyhound in the design of the Temporary Terminal and the

development of the construction documents issued to prospective bidders. During construction, the TJPA kept Greyhound apprised of the status of construction and consulted with Greyhound on any change orders that would affect Greyhound's Premises.

Section 12. Prohibited Uses

Greyhound shall not use the Premises or cause or permit its employees or others to use the Premises for any purpose other than specified under the terms and conditions of this Lease. Without limiting the generality of the foregoing, 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 fire insurance for the Temporary Terminal;
- 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 Temporary Terminal, including the Premises;
- E. place any loads upon the floor, walls, or ceiling which endanger the structure of the Temporary Terminal;
- F. obstruct the sidewalk or other passageways 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 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 days after written notice thereof has been given by the

TJPA to Greyhound, this Lease may be terminated immediately by TJPA and be of no further force or effect. It is the intent of the parties hereto that Greyhound shall be responsible for and bear the entire cost of any cleanup and decontamination on or off the Premises, including removal and disposal of hazardous materials necessitated by introduction of such materials to the Premises by Greyhound during Greyhound's period of use and possession as operator or Greyhound of the Premises necessitated by the introduction of such hazardous materials on the Premises. Greyhound shall not be responsible or bear the cost of removal or disposal 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 City and County of San Francisco, through their agents or representatives, shall have full right and authority to enter in and upon the Premises and any building or improvements situated thereon at any and all reasonable times during the term of this Lease 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 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 promptly after demand plus interest as provided in Section 8(D) from the date of completion of such work to date of payment. 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.

Section 15. Concessionaires

Subject to the TJPA's prior approval, which approval shall not be unreasonably withheld, Greyhound may contract with an entity to provide food and beverage, and/or newsstand services to transit riders in the Exclusive Interior Area and Shared Interior Area of the Premises("Concessionaire"). The activities, functions, or services provided by the Concessionaires shall not interfere with the transit operations of Greyhound or other carriers using the Premises.

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 Improvements, easements, rights, licenses, and privileges during the time this Lease is in effect.

Section 17. Indemnity

A. Greyhound agrees to defend, indemnify, and hold harmless the TJPA and AC Transit and their directors, officers, employees, agents, and representatives from any and all damages, claims, demands, obligations, suits, judgments, penalties, causes of action, losses, or liabilities at any time received, incurred, or accrued by the TJPA or AC Transit as a result of or arising out of the acts, omissions, use, occupancy, or operations of Greyhound or the Concessionaires on, about, or related to the Temporary Terminal for which Greyhound, but not the TJPA or AC Transit, is liable to any person by law.

B. If Greyhound receives a claim, demand, or suit for which it has agreed to indemnify the TJPA and AC Transit, then Greyhound shall notify the TJPA and AC Transit of such claim, demand, or suit as soon after its receipt as is practicable, but in no event more than 30 days after receipt of the claim, demand, or suit, and the TJPA and AC Transit shall have the right to investigate, settle, compromise, satisfy, or defend the same.

Section 18. Public Liability and Property Damage Insurance

A. Greyhound Insurance Coverage

1. Throughout the term of the Lease, Greyhound, at its own cost and expense, shall maintain an insurance policy or policies issued by an insurance company or companies satisfactory to the Executive Director and in a form approved by the TJPA. Said policy or policies shall afford liability insurance covering the operations of Greyhound on, in, or about the Premises. Said policy or policies shall be expanded to include automobile and contractual liability assumed under this Lease, with respect to bodily injuries, personal injuries and property damage. Said policy or policies shall cover

loss or liability for damages in the amount of \$10,000,000.00 Combined Single Limit for each accident for bodily injury, death or property damage occurring by reason of Greyhound's operations in, on or about the Premises.

2. Greyhound shall increase the aforesaid limits as necessary upon the written demand of the Director, provided that the Director provides a written justification for the increase to Greyhound and such coverage is reasonably available and affordable.

3. As evidence that said policy or policies are in full force and effect, Greyhound shall provide the TJPA with a Certificate of Insurance from the issuing company or companies or their authorized representative.

4. Said policy or policies shall include the TJPA, and all of its officers, agents and employees as additional insureds.

5. Said policy or policies shall provide that written notice of cancellation or of any material change in said policy shall be delivered to the Executive Director by the issuing company or companies or authorized representative at least 30 days in advance of the effective date thereof.

6. On renewal anniversaries of said policy or policies, Greyhound will provide the TJPA with a certificate of insurance from the issuing company or companies or authorized representative within 30 days after replacement or renewal of said policies.

7. Said policy or policies shall provide that the term "the insured" is used severally and not collectively, and the insurance afforded under the liability

coverage applies separately to each insured against whom claim is made or suit is brought, but the inclusion herein of more than one insured shall not operate to increase the limits of the company's liability.

B. Contractors

1. Insurance Coverage. Any Greyhound contractor providing construction, maintenance, janitorial, window washing, or repair services for the Premises, or for any improvements or fixtures in the Premises, shall provide evidence to the TJPA, of insurance (consisting of a certificate or certificates of insurance in form reasonably satisfactory to the TJPA identifying the policy, limits and coverages included, or at the request of the TJPA, a certified copy of the policy or policies) for the following insurance coverages:

2. Commercial General Liability insurance, including coverage for contractual liability, on an occurrence basis, and broad form property damage insurance covering damages to the Temporary Terminal, including coverage for: underground, collapse and explosion hazards; boiler and machinery hazards and damage; independent contractors; and premises and operations coverages included, with a combined single limit of not less than \$3,000,000.00 per occurrence, and naming the TJPA and AC Transit as additional insureds. Umbrella and/or excess liability policies may be used to supplement primary coverage to meet the required limits set forth above. The liability insurance policy shall include an endorsement stating that such coverage shall neither be diminished nor canceled without the carrier having given at last 30 days written notice to the TJPA.

3. Workers' Compensation insurance providing statutory benefits in the State of California either through an insurer licensed to provide such insurance or through a combination of qualified self insurance in combination with excess insurance provided by an insurer licensed to provide such excess insurance and Employer's Liability insurance with minimum limits in accordance with statutory requirements. The foregoing Employer's Liability insurance limits may be met by using an excess or umbrella policy.

4. Use of Premises. Greyhound's contractors shall be subject to the same rights and restrictions regarding the use of the Premises as provided in Sections 12 and 13 of this Lease.

C. TJPA Insurance. The TJPA shall, at its own expense, procure and maintain comprehensive All Risk Property and Boiler & Machinery insurance sufficient to cover the values at risk for the Temporary Terminal. Such insurance shall provide for replacement costs, including increased cost of construction.

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 (posted at <http://www.transbaycenter.org/TransBay/content.aspx?id=311>) with supporting documentation.

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 \$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 C to this Lease.

Section 20. Assignment and Subletting

Except as provided in Section 15, Greyhound shall not sublease the Premises or any part thereof or any of the privileges recited herein. Greyhound shall not assign or transfer this Lease or any part hereof in any manner whatsoever. 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 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

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, operation, or maintenance of the Temporary Terminal. 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 use, maintenance, or operation of the Temporary Terminal, 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, the Waste Fee, or any other monetary sums required to be paid hereunder, where such failure continues for ten 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 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 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 45 days; or the attachment, execution, or other judicial seizure of substantially all of Greyhound's assets, where such seizure is not discharged within 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 ten days written notice from TJPA to Greyhound.

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 Subsection 10(B) of this Lease where such failure continues after ten 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 ten 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 ten 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, TJPA may at any time thereafter, without limiting TJPA in the exercise of any right of remedy at law or in equity which 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 TJPA upon such termination. In such event TJPA shall be entitled to recover from Greyhound all damages incurred by 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 necessary to compensate 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. Upon any such re-entry the TJPA shall have the right to make any reasonable repairs, alterations, or modifications to the premises. 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 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.

D. No waiver by the TJPA of any breach of any of the covenants to be performed by Greyhound shall be construed as a waiver of any other breach of any of the covenants 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 as surface parking, 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, rent shall be abated in proportion to that part of the Premises

on which Greyhound is unable to operate its bus 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.

Section 28. Notices

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

Greyhound Lines, Inc.
600 Vine Street – Suite 1400
Cincinnati, OH 45202
Attn.: Real Estate
Fax No. 513.684.1698

with copy to:

Greyhound Lines, Inc.
600 Vine Street – Suite 1400
Cincinnati, OH 45202
Attn.: General Counsel
Fax No. 513.684.1698

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

Maria Ayerdi-Kaplan
Executive Director, TJPA

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 the date 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 Director, the TJPA, or of Greyhound is required herein, no such approval shall be unreasonably refused, withheld, or delayed.

Section 34. Subordination of Lease

This Lease and all rights of Greyhound and the TJPA hereunder shall be expressly subject to the lien of any pledge, transfer, hypothecation, or assignment made at any time by the TJPA to secure its obligations. Greyhound agrees to subordinate its interest in this Lease to the lien of any future ground lessors or mortgagees encumbering the Premises, provided that TJPA obtains, at its expense, a non-disturbance and attornment agreement that provides to Greyhound all of the rights and obligations under this Lease from any

mortgagee or ground lessor of TJPA whose lien may have priority over this Lease. Such agreement will be in form and substance reasonably acceptable to 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 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 above. The TJPA shall not be liable in damages or otherwise for any failure or interruption of any utility service furnished to the Premises.

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 days after written notice by Greyhound to the TJPA.

Section 38. Corporate Authority

If Greyhound is a corporation, each individual executing this Lease on behalf of the corporation represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the Board of Directors of the corporation or in accordance with the Bylaws of the corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Greyhound is a corporation, Greyhound shall, within thirty (30) days following execution of this Lease, deliver to the TJPA a certified copy of a resolution of the Board of Directors of the corporation authorizing or ratifying the execution of this Lease

Section 39. Recording

Neither 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 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 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 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.

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

Execution Date: _____

TRANSBAY JOINT POWERS AUTHORITY

By: _____

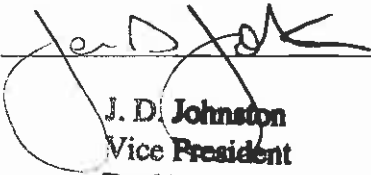
Maria Ayerdi-Kaplan
Executive Director

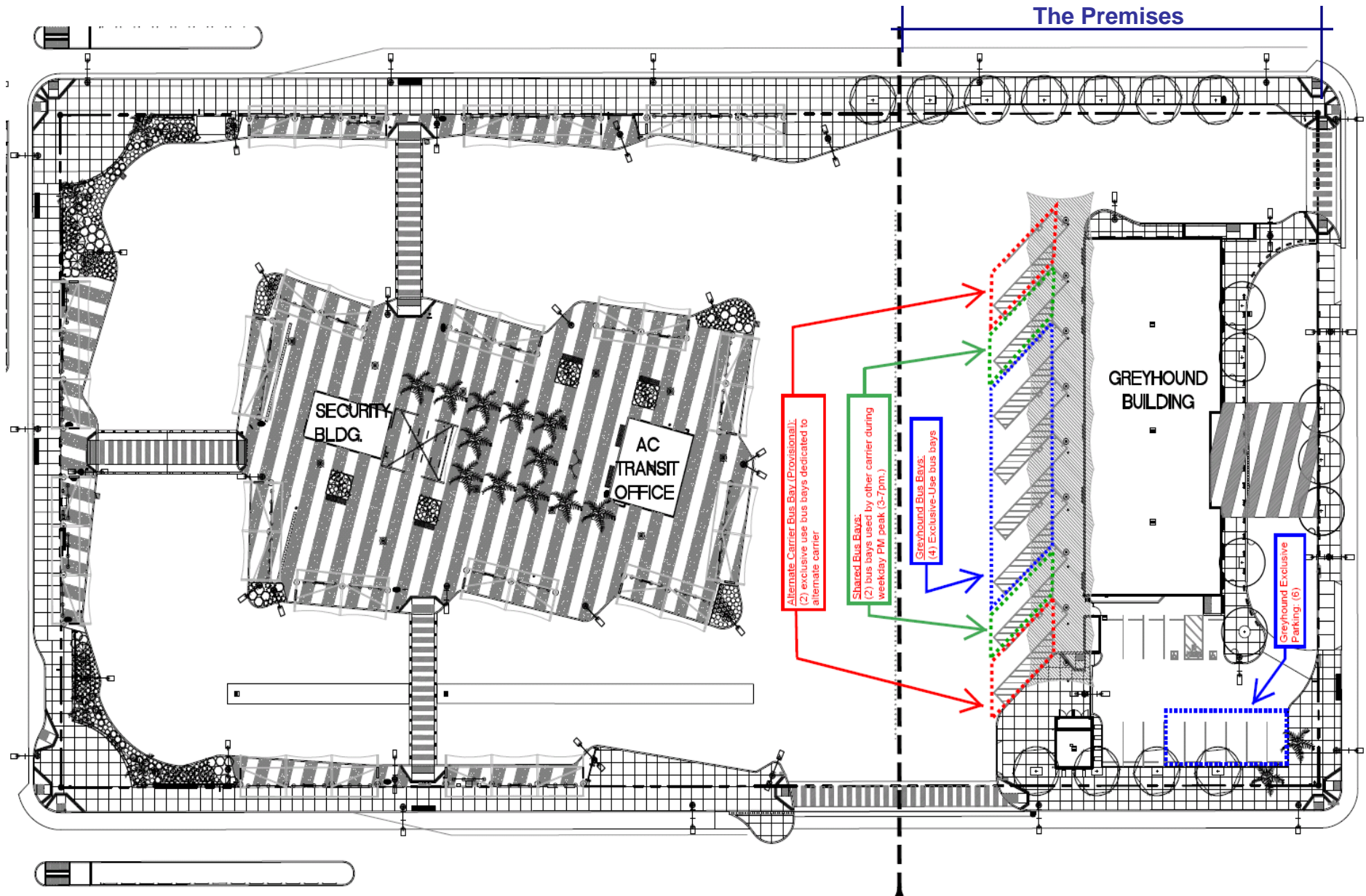
APPROVED AS TO FORM

By _____
TJPA Attorney

Execution Date: 7/7/10

GREYHOUND LINES, INC.

By:  _____
J. D. Johnston
Vice President
Real Estate and Environment



Alternate Carrier Bus Bays (Provisional):
 (2) exclusive use bus bays dedicated to
 alternate carrier

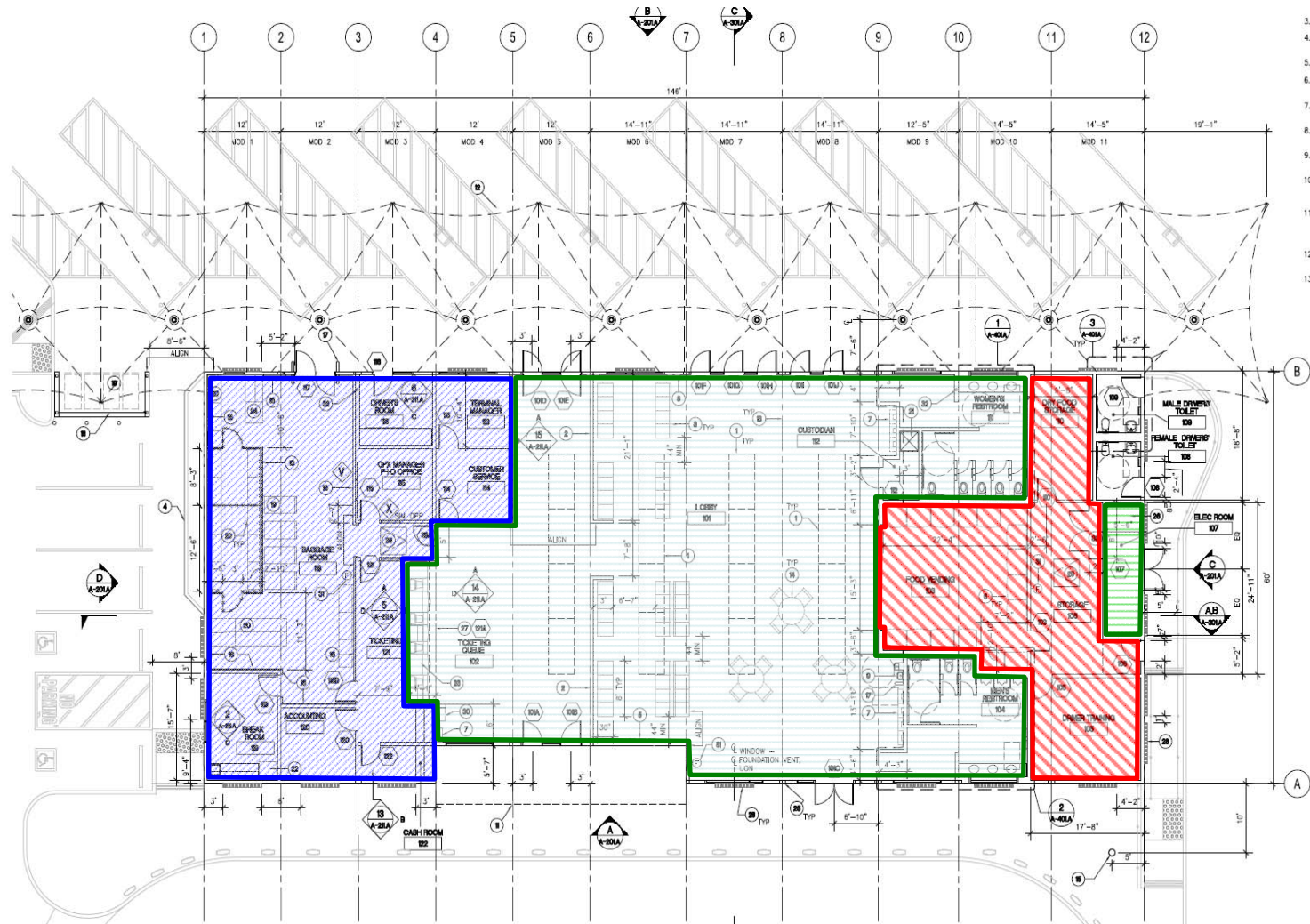
Shared Bus Bays:
 (2) bus bays used by other carrier during
 weekday PM peak (3-7pm.)




Greyhound Bus Bays:
 (4) Exclusive-Use bus bays

Greyhound Exclusive
 Parking (6)

Exhibit A





-  Greyhound Exclusive Interior Area
-  Shared Interior Area
-  Alternate Carrier Exclusive Interior Area

1 GREYHOUND BUILDING: FLOOR PLAN
SCALE: 1/8" = 1'-0"

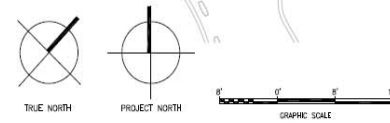


Exhibit B

Exhibit C

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.

\\Smw01\vol1_data\TJPA\Public Agency Agreements\Greyhound\Greyhound - TJPA Temp Terminal Lease 7-7-10.doc