

STAFF REPORT FOR CALENDAR ITEM NO.: 8.5
FOR THE MEETING OF: September 11, 2025

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Authorize the Executive Director to execute a first amendment to the lease agreement with Jasmine Chin and Goldie Chang (dba Happy Lemon) for commercial/retail space on the first floor of the Transit Center (Suite 105).

EXPLANATION:

Original Lease

On December 3, 2019, consistent with the TJPA Board retail/commercial leasing policy, adopted October 12, 2017, the Executive Director negotiated and executed a lease agreement with Jasmine Chin and Goldie Chang dba Happy Lemon (“Tenant”) for about 836 square feet of commercial/retail space on the first floor of the new transit center (Suite 105) for a 10-year term. The initial year stated base rent of the Suite 105 Lease is \$83,600, expressed as a gross lease with a percentage rent above the breakpoint of 6% owed beyond base rent. Base rent increases 3% annually. The TJPA’s tenant improvement allowance was \$33,440 (\$40 per square foot). Tenant invested roughly \$424,000 into their tenant improvements. The business terms under the lease were within or more favorable than the proforma for the premises at the time of Board approval.

Tenant opened for business in October 2021 and has been operating since.

Tenant Current Request for Relief

Tenant recently approached TJPA staff seeking economic relief.

Staff have been monitoring tenant’s sales reports and operating costs (non-audited), transit ridership, the downtown San Francisco leasing market, and business activity in the neighborhood and throughout the City. While key indicators are generally improving, office space vacancies remain high (35%), and office attendance remains low (43%), compared to pre-COVID numbers. Additionally, gross revenue reports provided to TJPA by Tenant reflect gross revenues of less than half of originally projected revenue, making full contract rent at this time economically infeasible.

As a result of that due diligence review and negotiations, a proposed First Amendment to the Lease has been executed by Tenant, enclosed herewith. Under the negotiated First Amendment to Lease:

- The Alternative Rent will be \$3,000 per month from July 1, 2025 to June 30, 2026;
- The Percentage Rent will be 5% of gross revenues.

The fiscal impact of approving the First Amendment is estimated at \$44,877 for the period July 1, 2025, through June 30, 2026, when comparing the projected First Amendment revenue versus the projected original lease revenue. The fiscal impact of approving the First Amendment was factored into the FY2025-26 Budget. The form of relief proposed under this First Amendment is similar to the relief the TJPA has granted other tenants materially affected by current economic conditions in downtown San Francisco.

RECOMMENDATION:

Authorize the Executive Director to execute the First Amendment to the Lease with Jasmine Chin and Goldie Chang (dba Happy Lemon) as presented herein, adjusting terms and conditions of the Lease.

ENCLOSURES:

1. Resolution
2. First Amendment to Lease

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, On December 3, 2019, consistent with the TJPA Board retail/commercial leasing policy, adopted October 12, 2017, the Executive Director negotiated and executed a lease agreement with Jasmine Chin and Goldie Chang dba Happy Lemon (“Tenant”) for about 836 square feet of commercial/retail space on the first floor of the new transit center (Suite 105) for a 10-year term (“Lease”); and

WHEREAS, Tenant occupied the leased premises and opened for business in October 2021; and

WHEREAS, While the COVID-19 emergency and associated Health Orders have been lifted, as a result of COVID-19, including associated delayed re-occupancy of downtown office buildings and temporary but substantive reduction in transit passenger use of the Transit Center, Tenant has requested additional relief from its obligations under the Lease, after which negotiations with Tenant ensued; and

WHEREAS, Tenant and the TJPA have negotiated a First Amendment to the Lease that provides certain short term economic relief to Tenant, consistent with the relief offered to other similarly situated tenants; and

WHEREAS, Every effort has been made to mitigate the fiscal impact of any rent relief afforded to affected tenancies through operating expense reductions and securing of unanticipated revenues; and

WHEREAS, The fiscal impact of executing the First Amendment to the Lease is accounted for in the overall adopted budget for Fiscal Year 2025-2026; now, therefore, be it

RESOLVED, That the TJPA Board of Directors finds the terms and conditions of the First Amendment to the Lease in the best interest of the public; and, be it

FURTHER RESOLVED, That the TJPA Board of Directors authorizes the Executive Director to execute a First Amendment to the Lease with Jasmine Chin and Goldie Chang dba Happy Lemon for Suite 105, in the form presented herewith.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of September 11, 2025.

Secretary, Transbay Joint Powers Authority

FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE (this “**Amendment**”) is made and entered into as of the ____ day of _____, 2025, by and among TRANSBAY JOINT POWERS AUTHORITY, a joint exercise of powers agency duly created and existing under the Joint Exercise of Powers Act of the State of California, California Government Code Sections 6500 et seq. (“**Landlord**”), and JASMINE CHIN and GOLDIE CHANG, jointly and severally, dba Happy Lemon (“**Tenant**”), with reference to the following facts and understandings:

RECITALS

A. Landlord and Tenant entered into that certain “Salesforce Transit Center Lease” dated as of December 3, 2019 (together with all exhibits and addenda attached thereto, the “**Existing Lease**”), whereby Tenant leased from Landlord approximately 836 usable square feet of retail space (the “**Premises**”) known as Space Number 105, located in the retail usage area on the ground floor of the Salesforce Transit Center in San Francisco, California (the “**Center**”). Capitalized terms used but not specifically defined herein shall be deemed to have the meanings ascribed to such terms in the Existing Lease.

B. Pursuant to the Existing Lease, Tenant has the option to obtain a right to use storage space at the Center in accordance with that certain Addendum to Salesforce Transit Center Lease – Option Regarding Storage Space attached to and made a part of the Existing Lease (the “**Storage Space Option**”). As of the date of this Amendment, Tenant has not exercised its Storage Space Option.

C. Due to the continuation of the COVID-19 pandemic, Tenant has requested adjustments to the Rent payable by Tenant under the Lease from Landlord.

D. Landlord has agreed to make certain additional adjustments to the Rent payable by Tenant under the Lease, and to otherwise amend the Existing Lease, all on and subject to the terms and conditions set forth in this Amendment.

E. The parties acknowledge that this Amendment has been entered into at the request of Tenant as a result of the continuation of the unprecedented circumstances surrounding the COVID-19 pandemic and that, in entering into this Amendment, Landlord is suffering an acknowledged financial loss on account of the adjustments to the Rent otherwise payable to Landlord under the Lease provided for hereunder.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. References. All references to the “Lease” or “lease” appearing in this Amendment or in the Existing Lease shall mean, collectively, this Amendment and the Existing Lease, as amended by this Amendment.

2. Alternative Rent Period.

(a) Payment of Alternative Rent in lieu of Base Rent for Premises.

(i) Alternative Rent Period. Notwithstanding anything to the contrary contained in the Existing Lease, during the period (the “**Alternative Rent Period**”) commencing on July 1, 2025 and ending on the earlier of (A) the last day of the month immediately preceding the Threshold Rent Reversion Month (as defined in Section 2(b) below), and (B) June 30, 2026 (the “**Alternative Rent Period Outside Expiration Date**”), Tenant shall pay Alternative Rent (as defined in Section 2(a)(ii)(C) below) in lieu of paying the Base Rent for the Premises specified in the Basic Lease Information for such Alternative Rent Period. Tenant acknowledges and agrees that, notwithstanding anything to the contrary contained herein, from and after the expiration of the Alternative Rent Period, Tenant shall be obligated to pay the Base Rent for the Premises specified in the Basic Lease Information. For avoidance of doubt, the Alternative Rent provided for hereunder is payable in lieu of the Base Rent for the Premises specified in the Basic Lease Information for such Alternative Rent Period and shall not apply to the Base Rent for the Storage Space specified in the Basic Lease Information for such Alternative Rent Period should Tenant exercise its Storage Space Option during the Alternative Rent Period, it being understood that, should Tenant exercise its Storage Space Option during the Alternative Rent Period, Tenant shall pay, in addition to the Alternative Rent provided hereunder, the Base Rent for the Storage Space specified in the Basic Lease Information during such Alternative Rent Period.

(ii) Alternative Rent.

(A) Expense Contribution. Notwithstanding anything to the contrary contained in the Existing Lease, during the Alternative Rent Period, Tenant shall pay to Landlord Tenant’s Monthly Expense Contribution (as hereinafter defined) as Tenant’s contribution towards costs relating to the operation, maintenance, repair and replacement of the Center. As used herein, “**Tenant’s Monthly Expense Contribution**” shall mean an amount equal Three Thousand and No/100 Dollars (\$3,000.00) per month. Tenant’s Monthly Expense Contribution for each month during the Alternative Rent Period shall be paid to Landlord, without notice, demand, setoff, deduction, or counterclaim, on or before the first (1st) day of the applicable month and otherwise in accordance with Section 2(a) of the Existing Lease.

(B) Percentage Rent. Notwithstanding anything to the contrary contained in the Existing Lease, including but not limited to Section 2(c) of the Existing Lease, in addition to the payment of Tenant’s Monthly Expense Contribution and in lieu of the Percentage Rent payments otherwise provided for in Section 2(c) of the Existing Lease, commencing on July 1, 2025 and for each month thereafter during the Alternative Rent Period, Tenant shall pay to Landlord “**Alternative Percentage Rent**” in the manner provided under this Section 2(a)(ii)(B). Alternative Percentage Rent for each month during the Alternative Rent Period that the same is payable hereunder shall be calculated by multiplying Tenant’s Gross Sales for such month by five percent (5%) and shall be due and paid to Landlord, without notice,

demand, setoff, deduction, or counterclaim, within ten (10) days after the end of each month for which the same is due. For avoidance of doubt, the Alternative Percentage Rent payable by Tenant under this Section 2(a)(ii)(B) shall be calculated without regard to any breakpoint (including, but not limited to, the Breakpoint set forth in Section 2(c) of the Existing Lease). All references to “Percentage Rent” in Sections 2(a), 2(c)(vi), 2(d), 19(a)(i), 24(f) and 26(k) shall be deemed to include, without limitation, Alternative Percentage Rent. Tenant acknowledges and agrees that it will provide the monthly and annual statements required under Section 2(c)(v) of the Existing Lease during the Alternative Rent Period.

(C) Alternative Rent. As used herein, “**Alternative Rent**” shall mean Tenant’s Monthly Expense Contribution and Alternative Percentage Rent.

(b) Reversion to Base Rent. Notwithstanding anything to the contrary contained in Section 2(a) above, if the Alternative Rent provided for under this Amendment for any month from and after June 2025 through and including the month in which the Alternative Rent Period Outside Expiration Date occurs equals or exceeds the amount of Base Rent for the Premises specified in the Basic Lease Information that would otherwise be payable by Tenant for such month, then commencing with such month (such month being herein referred to as the “**Threshold Rent Reversion Month**”), Tenant shall resume paying the Base Rent for the Premises specified in the Basic Lease Information (and, to the extent applicable, Percentage Rent as provided in Section 2(c) of the Existing Lease) and Tenant shall not be obligated to pay Tenant’s Monthly Expense Contribution or Alternative Percentage Rent for the Threshold Rent Reversion Month or for any month thereafter. If Tenant has already paid Tenant’s Monthly Expense Contribution for the Threshold Rent Reversion Month, Tenant shall pay the difference between the Base Rent for the Premises specified in the Basic Lease Information for the Threshold Rent Reversion Month and Tenant’s Monthly Expense Contribution within ten (10) days following the last day of the Threshold Rent Reversion Month. For avoidance of doubt, Tenant acknowledges and agrees that commencing on the first day immediately following the Alternative Rent Period Outside Expiration Date, Tenant shall be obligated to return to paying the Base Rent for the Premises specified in the Basic Lease Information (and, to the extent applicable, Percentage Rent as provided in Section 2(c) of the Existing Lease) regardless of whether the sum of Three Thousand and No/100 Dollars (\$3,000.00) plus five percent (5%) of Tenant’s Gross Sales for a particular month equals or exceeds the Base Rent for the Premises due for such month and that Tenant shall no longer be obligated to pay Tenant’s Monthly Expense Contribution or Alternative Percentage Rent from and after such date.

3. Expiration Date. All references to the “Expiration Date” in the Existing Lease are hereby amended to be February 29, 2032, which date is approximately one hundred thirty-two and one half (132.5) months following the Commencement Date.

4. Base Rent. The schedules for Base Rent for the Premises and Base Rent for the Storage Space set forth in the Basic Lease Information included in the Existing Lease are hereby amended and restated in their entirety as follows:

Base Rent for the
Premises:

<u>Months</u>	<u>Annual Rate per Useable Square Foot</u>	<u>Monthly Installment of Base Rent</u>	<u>Annual Base Rent</u>
1 - 12	\$100.00	\$6,966.77	\$83,600.00
13-24	\$103.00	\$7,175.67	\$86,108.00
25-36	\$106.09	\$7,390.94	\$88,691.24
37-48	\$109.27	\$7,612.66	\$91,351.98
49-60	\$112.55	\$7,841.04	\$94,092.54
61-72	\$115.93	\$8,076.28	\$96,915.31
73-84	\$119.41	\$8,318.56	\$99,822.77
85-96	\$122.99	\$8,568.12	\$102,817.46
97-108	\$126.68	\$8,825.16	\$105,901.98
109-120	\$130.48	\$9,089.92	\$109,079.04
121-132	\$134.40	\$9,363.20	\$112,358.40
133-Expiration Date	\$138.44	\$9,644.6633.22	\$115,735.84

Base Rent for Storage
Space: 150 usable
square feet on level B1
of the Center

<u>Months</u>	<u>Annual Rate per Useable Square Foot</u>	<u>Monthly Installment of Base Rent</u>	<u>Annual Base Rent</u>
1 - 12	\$24.00	\$300.00	\$3,600.00
13-24	\$24.72	\$309.00	\$3,708.00
25-36	\$25.46	\$318.27	\$3,819.24
37-48	\$26.23	\$327.82	\$3,933.82
49-60	\$27.01	\$337.65	\$4,051.83
61-72	\$27.82	\$347.78	\$4,173.39
73-84	\$28.66	\$358.22	\$4,298.59
85-96	\$29.52	\$368.96	\$4,427.55
97-108	\$30.40	\$380.03	\$4,560.37

109-120	\$31.31	\$391.43	\$4,697.18
121-132	\$32.25	\$403.13	\$4,837.56
133-Expiration Date	\$33.22	\$415.25	\$4,983.00

5. Preservation of Claims and Defenses. Landlord and Tenant acknowledge and agree that if the payments set forth in Section 2, above, are not made by Tenant, this Amendment shall become null and void and Landlord and Tenant may assert any and all claims and/or defenses, as if this Amendment had never been executed.

6. Miscellaneous.

(a) Severability. If any provision of this Amendment or the application of any provision of this Amendment to any person or circumstance is, to any extent, held to be invalid or unenforceable, the remainder of this Amendment or the application of that provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each provision of this Amendment will be valid and be enforced to the fullest extent permitted by law.

(b) Entire Agreement/Modification. This Amendment contains all of the agreements of the parties hereto with respect to the matters contained herein, and no prior agreement, arrangement or understanding pertaining to any such matters shall be effective for any purpose. Except for any subsequent amendments or modifications to the Lease made in accordance with the terms thereof, any agreement made after the date of this Amendment is ineffective to modify or amend the terms of this Amendment, in whole or in part, unless that agreement is in writing, is signed by the parties to this Amendment, and specifically states that that agreement modifies this Amendment.

(c) Counterparts. This Amendment may be executed in any number of counterparts and each counterpart shall be deemed to be an original document. All executed counterparts together shall constitute one and the same document, and any counterpart signature pages may be detached and assembled to form a single original document.

(d) Heirs and Successors. This Amendment shall be binding upon the heirs, legal representatives, successors and permitted assigns of the parties hereto.

(e) Authority. Each individual executing this Amendment on behalf of his or her respective party represents and warrants that he or she is duly authorized to execute and deliver this Amendment on behalf of said entity in accordance with the governing documents of such entity, and that upon full execution and delivery this Amendment is binding upon said entity in accordance with its terms.

(f) Drafting. In the event of a dispute between any of the parties hereto over the meaning of this Amendment, both parties shall be deemed to have been the drafter hereof, and any applicable law that states that contracts are construed against the drafter shall not apply.

(g) Headings. Captions used herein are for convenience and reference only, and shall in no way be deemed to explain, modify, amplify or aid in the interpretation,

construction or meaning of the provisions of this Amendment.

(h) Ratification. Except as modified by this Amendment, the Existing Lease shall continue in full force and effect and Landlord and Tenant do hereby ratify and confirm all of the terms and provisions of the Existing Lease, subject to the modifications contained herein.

(Signature Page to Follow)

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the dates below their respective signatures.

LANDLORD:

TRANSBAY JOINT POWERS AUTHORITY

By: _____

Name: Adam Van de Water

Its: Executive Director

Date: _____, 2025

TENANT:

Jasmine Chin

Goldie Chang

Date: _____, 2025

APPROVED AS TO FORM.

By: _____
Legal counsel, TJPA

Transbay Joint Powers Authority Board of
Directors

Resolution No.: _____

Adopted: _____

Attest: _____
Secretary, TJPA Board

The undersigned Guarantors hereby acknowledge and consent to the terms, conditions and provisions of this Amendment and the transactions contemplated thereby. Guarantors hereby ratify and reaffirm the full force and effectiveness of the Guaranty and hereby confirm the continuing obligations of Guarantors under the Guaranty.

GUARANTORS:

Maurice Chin

Susan Mai

Date _____, 2025