

**BAY AREA HEADQUARTERS AUTHORITY**

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**Memorandum****Agenda Item 4d**

TO: Bay Area Headquarters Authority

DATE: April 20, 2016

FR: Executive Director

W. I. 9130

RE: Lease Amendment: Bay Area Toll Authority – Suites 210 and 330

BAHA executed a commercial lease with the Bay Area Toll Authority (BATA) for Suites 210 and 330 at 375 Beale Street effective October 1, 2015. The lease agreement authorized BATA to sublease or license the space to Xerox State and Local Solutions, Inc. (Xerox), as BATA's FasTrak® Customer Service Center contractor, without further BAHA approval. Since then, BATA has proceeded with tenant improvements in the leased premises at its own cost, and BATA has been in negotiations with Xerox regarding the square footage Xerox would license and the license fee payable.

The result of those negotiations is that Xerox's space requirements are approximately 3,700 rentable square feet less than the premises BAHA originally leased to BATA. Further, Xerox will be paying a license fee to BATA commencing with Xerox's commencement of operations in the license area and in an initial amount of approximately \$46.00 per rentable square foot, approximately \$2.00 per rentable square foot higher than the initial base rent under the BAHA-BATA lease. In addition, there will be a limitation on Xerox's responsibility for increases in operating costs. (Increased operating costs are passed through from BAHA to BATA as additional rent under the BAHA-BATA lease starting in 2017.)

Staff requests authorization to amend the lease to conform to these business terms negotiated between BATA and Xerox, as shown on Attachment A hereto. These changes are largely advantageous to BAHA because they will free up a stand-alone suite for rent to a commercial tenant and increase the base rent per rentable square foot of the remaining leased premises.

**Recommendation**

Staff recommends that the Authority authorize the Executive Director, or his designee, to negotiate and enter into an amendment to the lease agreement with BATA under terms and conditions consistent with this memorandum and the terms set forth in Attachment A and to approve additional changes to such terms based on adjustments to the actual rentable square footage of the area licensed to Xerox.

  
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Steve Heminger

SH:tg  
Attachment

**ATTACHMENT A**  
**SUMMARY OF AMENDMENTS TO LEASE TERMS**

Landlord: Bay Area Headquarters Authority (“Landlord” or “BAHA”)

Tenant: Bay Area Toll Authority (“Tenant” or “BATA”)

Use: Fastrak® Customer Service Center

Staff is seeking approval of a lease amendment reflecting the following amended terms:

Premises: ~~30,266~~26,600 (approximately) Rentable Square Feet (RSF)  
Suite 300C and Suite 200A

Rent: Base Rent: ~~\$44.00~~\$46.00/RSF (net of electric)  
Increase: 3% annual escalation (*starting November 2016*)

Additional Rent: Payable with respect to ~~100%~~ *approximately 80% (or approximately 21,600 RSF)* of the Premises.

Broker Commission: ~~\$133,548~~\$106,400 (approximate) based on “Owner Designated Tenant”.

Rent Commencement Date: ~~April 1, 2016~~ *Upon commencement of Xerox operations in the Premises*