

Southern Pacific Transportation Company

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VICE CHAIRMAN

December 28, 1990

Peninsula Corridor Study
Joint Powers Board
c/o David J. Miller, Esq.
HANSON, BRIDGETT, MARCUS,
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333 Market Street, Suite 2300
San Francisco, CA 94105-2173

Gentlemen:

This letter agreement sets forth the terms and conditions pursuant to which the Peninsula Corridor Study Joint Powers Board ("JPB") and Southern Pacific Transportation Company ("SP" or "SPT") will purchase certain SP properties in San Francisco, San Mateo, Alameda and Santa Clara Counties for passenger commute operations. The term "commute" or "commuter" in connection with passenger operations is intended to distinguish such operations from intercity passenger operations. The term is not intended to limit such "commuter" operations to any time of the day or night. The parties intend to enter into a further agreement more definitively covering the matters set forth herein and are committed to finalizing such agreement at the earliest possible date.

1. Properties to be Acquired at Closing

a. Main Line. Subject to Paragraph 12 of this letter, JPB will acquire SP's rights, title and interest in the right-of-way, trackage, and structures (including tracks, rails, ties, switches, crossings, tunnels, bridges, trestles, culverts, buildings, structures, facilities, signals, crossing protection devices, railroad communications systems, and poles) ("Right of Way") that are situated on or adjacent to SP's main line extending from milepost 0.00 at or near 4th and Townsend Streets in San Francisco to milepost 44.0 at Santa Clara Junction all as more particularly described in the definitive agreements and as shown in Appendix A.

Rec'd 1/7/91

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b. Santa Clara Junction - Lick. Subject to Paragraph 12 of this letter, JPB will acquire SP's rights, title and interest in the Right of Way between milepost 44.0 at or near Santa Clara Junction and milepost 51.4 at or near Lick as shown on Appendix B. Such Right of Way shall include fee ownership of the real property, but shall not include (i) the No. 1 Track between Santa Clara Junction and the Southern end of the yard in front of the San Jose passenger station at Cahill Street ("Cahill Yard") at or near milepost 47.1, (ii) the existing single main track between Cahill Yard and Lick and (iii) all trackage magnetic East of the trackage described in (i) and (ii) above.

c. Dumbarton Branch. Subject to Paragraph 12 of this letter, JPB will acquire SP's rights, title and interest in the Right of Way consisting of that portion of the Dumbarton Branch (the Tracy Line) extending from the Main Line (at or near milepost 26.2) (including the south leg of the wye track at Redwood City) to milepost 36.9 (which is the westerly wye track switch at Newark) as shown on Appendix C.

d. Vascona Branch I. Subject to Paragraph 12 of this letter, JPB will acquire SP's rights, title and interest in the Right of Way consisting of that portion of the Vasona Branch extending from the Main Line to Vasona Junction at the crossing of Winchester Blvd. at milepost 53.0 as shown on Appendix D.

2. Option Properties

a. San Bruno Branch. JPB will be granted an option by SP, exercisable within five (5) years of the Closing Date, to acquire (subject to Paragraph 12 of this letter) SP's rights, title and interest in and to the Right of Way consisting of the San Bruno Branch as shown on Appendix E.

b. Moffett Drill Track. JPB will be granted an option by SP, exercisable within five (5) years of the Closing Date, to acquire (subject to Paragraph 12 of this letter) SP's rights, title and interest in and to the Right of Way consisting of the Moffett Drill Track as shown on Appendix F.

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c. Vasona Branch II. JPB will be granted an option by SP, exercisable within five (5) years of the Closing Date, to acquire (subject to Paragraph 12 of this letter) one-half of the Right of Way consisting of that portion of the Vasona Branch extending from Vasona Junction at or near milepost 53.0 to Monte Vista at the Stevens Creek Channel at or near milepost 39.89 as shown on Appendix G, subject to an assessment by JPB of the feasibility of conducting bidirectional transit operations on the one-half of the Right-of-Way to be acquired. At any location where the Right-of-Way is less than 80 feet (i.e., where less than 40 feet is to be conveyed pursuant to the option to JPB) SP will provide JPB with any necessary additional property or other rights sufficient to insure that JPB can conduct bidirectional transit operations, along with SP's transportation operations, over the applicable portion of the line. Notwithstanding the above, the option will not include sale of the existing trackage on the branch.

d. Lick - Gilroy. JPB will be granted an option by SP, which is exercisable within five (5) years of the Closing Date, but which must be exercised if the operational levels described in Paragraph 5.d of this letter are exceeded, to acquire (subject to Paragraph 12 of this letter) one-half of the Right of Way (exclusive of station properties and the properties not used for commute passenger operations) between milepost 51.4 at Lick and Gilroy at or near milepost 80.7 as shown in Appendix H.

3. Additional Properties, Rights and Reservations

a. Parking Lot Property. The properties to be acquired in connection with JPB's acquisition of the Main Line shall include additional footage more fully described in Appendix I hereto to be used to expand commute parking facilities and the Paul Avenue station platform. SP will, however, retain control over the right to use or lease the properties (and to retain the income stream therefrom) until such properties are actually used as parking facilities or the tenth anniversary after such properties are acquired by JPB, whichever occurs first. During the period that SP is in control of the properties, unless otherwise approved by JPB, all leases with new tenants shall be terminable upon thirty (30) days' notice and any lease with an existing tenant may be renewed only upon terms providing for termination upon thirty (30) days' notice, only for a term of a length not in excess of the currently existing lease term. In addition, SP shall prohibit, in all leases

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with new tenants and to the extent allowed in all existing leases, the construction of new permanent buildings on the properties, unless otherwise approved by JPB and SP.

b. Grade Separation Properties. The properties to be acquired in connection with JPB's acquisition of the Main Line shall include additional footage reasonably necessary for grade separations at locations identified in Appendix J. It is understood that the precise amount of property needed for the grade separations cannot be determined until design and engineering studies are completed for each grade separation project. As a result, SP's interest to those properties identified and agreed upon as available for grade separation projects shall be transferred to JPB on the Closing Date, subject to: (i) SP's reservation of control over the use and tenancy of the properties, other than those properties listed in (ii) below, (and the income stream therefrom) until such properties are actually used in a grade separation project or until the tenth anniversary after such properties are acquired by JPB, whichever occurs first; (ii) SP's reservation of control over the use and tenancy of the properties identified for grade separation projects at Center Street in Millbrae, Harbor Blvd. in Belmont, Holly Street in San Carlos, 5th and 9th Avenues in San Mateo, and 25th Avenue in San Mateo (and the income stream therefrom) until such properties are actually used in a grade separation project; and (iii) the return to SP of all properties listed in (ii) above which are not used in grade separation projects on (x) the date that JPB reasonably determines that any such properties are unnecessary for grade separation projects, (y) the date of completion of an applicable grade separation project in which the properties to be returned were not used, or (z) December 31, 2015, whichever first occurs. During the period that SP is in control of the properties, unless otherwise approved by JPB, all leases with new tenants shall be terminable upon thirty (30) days' notice and any lease with an existing tenant may be renewed only upon terms providing for termination upon thirty (30) days' notice, only for a term of a length not in excess of the currently existing lease term. In addition, SP shall prohibit, in all leases with new tenants and to the extent allowed in all existing leases, the construction of new permanent buildings on the properties, unless otherwise approved by JPB and SP.

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Property necessary for construction of each grade separation but not needed permanently for the grade separation itself, shall be retained by SP, but used temporarily by JPB (which use shall be without any cost or liability to SP and shall include, at JPB's sole expense, all necessary relocation or other arrangements necessary to meet the requirements of the current tenants) for construction and thereafter vacated by JPB and returned to SP unencumbered upon completion of the project. Prior to the Closing Date SP and JPB shall determine whether (or what portion of) the property between and including Olive Street and Cordilleras Creek in San Carlos is necessary for grade separation projects or for only temporary use in connection with construction of grade separations. Grade separations at this location are currently in the design stage. SP, JPB and the design engineers will review plans and resolve real estate and engineering issues to the satisfaction of all parties in advance of the Closing Date. To the extent any of such property is necessary for grade separations, it shall be incorporated in the list of properties in (i) or (ii) above.

c. Assignment of Easements, Leases and Licenses. SP will convey to JPB all properties to be acquired subject to existing easements and to assign existing leases and licenses to JPB. SP will retain for itself the benefits and burdens of non-exclusive perpetual easements for all present fiber optics systems in existence as of the date of this letter of intent and for future fiber optics systems of SP or any affiliates of SP.

d. SP Easements and Trackage Rights. SP will also retain a perpetual and exclusive easement in and trackage rights over all properties acquired by JPB (where rail operations have not previously been abandoned by SP) for SP's present and future rail freight operations and intercity passenger operations. SP's easement rights for any portion of the properties to be conveyed shall automatically terminate upon the abandonment of the applicable portion of the properties. SP may assign its easement and trackage rights without the consent of JPB to any successor or affiliate of SP, to any other Class I railroad or, in connection with its easement and rights from Santa Clara Junction to Gilroy, to any operator who is financially responsible and has a management team with a demonstrated record of reliable and safe railroad maintenance and operating experience. SP may also assign its easement and trackage rights, with the consent of JPB (which shall not be unreasonably withheld), to any other person and, in

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connection with all properties other than the line from Santa Clara Junction to Gilroy, to any operator who is financially responsible and has a management team with a demonstrated record of reliable and safe railroad maintenance and operating experience.

In addition to SP's retention of an easement for exclusive perpetual freight and intercity passenger rights over the property conveyed as described above, SP will also retain the exclusive right to construct and/or rehabilitate on the property conveyed (i) two (2) storage tracks and turnouts between Bayshore at milepost 4.9 and Brisbane at milepost 7.1, on the westerly side of and no less than 20 feet from JPB's eastward main track and trackage necessary to reconstruct the wye and tail tracks at Brisbane and Bayshore (the 20 foot space will not be used for motor vehicles); (ii) a gauntlet track from the north end of tunnel #3 (at milepost 3.1) to the south end of tunnel #4 (at milepost 5.3) along with an interlocking signal protection system; (iii) four (4) new power operated crossovers between JPB's main tracks in connection with the construction of (i) and (ii) above; and, (iv) upon the approval of JPB (which shall not be unreasonably withheld), such additional support trackage and other facilities to meet SP's freight operation needs. .SP will further retain the exclusive right to use the present yard tracks at South San Francisco. Such construction or use shall not interfere with JPB commuter passenger operations and the completion of the projects described in (i), (ii) and (iii) above shall not result in any degradation of the track and signal system conveyed by SP to JPB. All costs related to the projects described in (i), (ii) and (iii) above will not be the responsibility of JPB. (JPB recognizes that Amtrak also operates over a portion of the subject rail lines and that SP may enter into new agreements or amend its present agreements with Amtrak relating to operations over SP's main lines without the consent of JPB, but subject to the requirements of Paragraph 5.d when JPB dispatches and controls the operations.) It is further understood that JPB will not use the acquired Rights-of-Way for freight or intercity passenger operations.

e. JPB Trackage Rights. SP will grant JPB the following trackage rights subject to finalization of mutually satisfactory trackage rights agreements containing customary terms, including without limitation, terms providing for mutually agreeable indemnification for JPB's operation on SP tracks, payment by JPB for any improvements necessary to accommodate commuter passenger operations, and sharing of maintenance costs and expenses:

(i) Lick Branch. SP will grant JPB trackage rights, for passenger commuter operations only, over the Lick Branch from milepost 51.4 to the end of the Branch. JPB and SP will also cooperate in the preparation of a tri-party track agreement among the existing industry located on the Lick Branch, JPB and SP which will permit JPB to operate over and improve the track at JPB's expense.

(ii) Dumbarton Branch. SP will grant JPB trackage rights, for passenger commuter operations only from the westerly wye tracks switch at Newark to the southerly wye track switch at Newark (milepost 37.2) which is the junction with SP's Mulford Line.

(iii) Cahill Yard-Gilroy. SP will grant JPB trackage rights for passenger commuter operations only from the South end of Cahill Yard at or near milepost 47.1 to Gilroy at or near milepost 80.7, subject to the provisions of Paragraph 5.c and d of this letter of intent. Such trackage rights shall be only for commuter passenger trains which originate or terminate in Gilroy and shall be bridge trackage rights only between Cahill Yard and the ~~proposed~~ Capitol Expressway passenger station at or near milepost 55.78. The trackage rights will allow stops for passengers at agreed upon stations between and including Capitol Expressway and Gilroy.

4. Purchase Price

a. Closing Date Price. The total Purchase Price payable on or before the Closing Date shall be \$268 million.

The Purchase Price for all Properties to be Acquired at Closing (i.e., the Main Line, Santa Clara Junction-Lick, Dumbarton Branch, and Vasona I) is \$260 million payable to SP upon acquisition of the properties on or before the Closing Date. Said Purchase Price shall be allocated as follows:

Main Line and Santa Clara Junction - Lick Line	\$ 242.3 million
Dumbarton Branch	\$ 12.7 million
Vasona I	\$ 5.0 million

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The above allocations shall be subject to further apportionment as mutually agreed by the parties. It is understood that the agreed upon purchase price for the Right of Way may be less than the appraised value of the Right of Way and of the rights being transferred. In recognition of the fact that this transaction may constitute a sale below value to a public agency for the benefit of the public, the JPB and SP will establish the value of the donation and JPB will execute such documents as may be reasonably requested by SP to support its filings with appropriate taxing authorities to permit a deduction from income for such difference in values as a contribution.

The trackage rights in paragraph 3.e(i) and (ii) shall be included in the Purchase Price set forth above. The Purchase Price of the trackage rights from Lick to Gilroy (paragraph 3.e(iii)) shall be \$8 million payable on or before the Closing Date.

b. Option Price. The Purchase Price for the Option Properties is as follows:

(i)	San Bruno Branch	\$15 million
(ii)	Moffett Drill Track	\$ 5 million
(iii)	Vasona II	\$30 million
(iv)	Lick-Gilroy	\$20 million

If JPB exercises its option to acquire the property described in (iii) above prior to the third anniversary of the Closing Date, the Option Price for such property will be reduced by the amount equal to \$250,000 times the difference between the number of months after the Closing Date that the acquisition of such property is closed (with month number one commencing on the day after the Closing Date) and thirty six (36).

The Option Prices for (i), (iii) and (iv) above will be increased on the date of purchase, if the option is exercised after the third anniversary of the Closing Date, by a factor equal to the average cost of capital for the JPB member agency (i.e., the San Mateo County Transit District or the Santa Clara County Transit District) in whose jurisdiction the applicable option property is situated plus one percent (1%) applied from the Closing Date to the date of purchase. The Option Price for (ii) above will be increased on the

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date of purchase, if the option is exercised after the third anniversary of the Closing Date, by the average cost of capital for the Santa Clara County Transit District plus one percent (1%) applied from the commencement of the fourth year from the Closing Date to the date of purchase. The Option Prices will be payable upon acquisition of the applicable properties and if such properties are not acquired during the option period, the options not exercised will lapse.

Subject to agreement between the parties upon apportionment of the value of the Right of Way, JPB may exercise its option to acquire the San Bruno Branch in two parcels at different times, provided that the first parcel to be exercised upon is the furthest from the Main Line.

The \$8 million paid by JPB on or before the Closing Date for trackage rights between Lick and Gilroy will be credited toward the \$20 million Option Price for the one-half of the Lick-Gilroy Right of Way.

If JPB does not exercise the option on the Vasona II properties within the option period and the option lapses, JPB shall have, subject to mutually agreeable terms and conditions, a right of first refusal on the Vasona II properties subject to the option if SP offers the real estate for sale. (This right of first refusal shall be subject to any regulatory, administrative or other legal requirements which may require SP to offer the property to another party prior to giving JPB a right of first refusal). Except as provided below, the right of first refusal shall extend until December 31, 2010 and shall require SP to give JPB thirty days within which to exercise its right of first refusal and to acquire the property subject to the notice for the same price and upon the same terms and conditions as SP sets forth in its notice. Upon any changes in a proposed transaction, where JPB has not exercised its right of first refusal, involving a reduction in the purchase price in excess of 10%, JPB will again be given notice and the opportunity to exercise its right of first refusal. To the extent that any proposed sale involves the entire length of the corridor along the Vasona II Branch, JPB's right of first refusal shall extend beyond December 31, 2010 and shall apply to the entire right-of-way owned by SP at the time of the proposed sale.

5. Rail Operations

a. Control and Use of Properties. The Rights of Way acquired by JPB shall be used by JPB for any purpose other than freight or intercity passenger operations. SP, through the reservation of an exclusive perpetual easement, as described in Paragraph 3.d, and the retention of trackage rights over all of the properties acquired by JPB, shall continue to use all of the conveyed Rights of Way for rail freight and intercity passenger operations only. Nothing contained in this paragraph 5.a is intended to or shall be construed to limit the rights reserved by SP pursuant to paragraph 3.a through d of this letter of intent. Control over operations and dispatching on the Rights of Way (or the portions thereof) conveyed to JPB shall be solely by JPB except for: (i) the No. 1 track on the easterly side of JPB's double main tracks between Santa Clara Junction and the south end of the Cahill passenger train yard, and (ii) the existing single main track between Cahill Yard and Lick all of which trackage will be owned and controlled by SP. The Lick-Gilroy properties will also be controlled and dispatched by SP. All of the Vasona Branch II properties will be dispatched and controlled by SP until JPB exercises its option to acquire said properties. Thereafter, JPB will dispatch and control its trackage on its half of the right of way and SP will continue to dispatch and control its trackage on its retained half of the right of way. The Vasona Branch I and Dumbarton Branch will be controlled by SP until commuter passenger operations are commenced on the line. All properties over which JPB has trackage rights and are listed in paragraph 3.e will be dispatched and controlled by SP.

b. JPB Dispatch and Control Operations. JPB's dispatching on the Main Line shall provide SP with the right to operate freight trains whenever there exists a period of at least thirty (30) minutes headway between passenger operations. During the hours between 10 a.m. and 3 p.m., at least one thirty (30) minute headway "window" on each of the northbound and southbound tracks will be provided in JPB's scheduling for freight trains capable of operating at passenger train speed and will operate at such speeds when directed by JPB. Between midnight and 5 a.m., at least one main track will always be in service for freight and intercity passenger operations on the Main Line, and JPB will provide SP, during that time, with an adequate number of 30 minute headway windows for SP to serve its freight customers. JPB and SP recognize that intercity passenger operations may also be conducted

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during other than times between midnight and 5 a.m. and that such intercity passenger trains may operate within less than a thirty (30) minute headway. Such headways will be established by mutual agreement between the parties and with Amtrak, where applicable. JPB's dispatching operations on lines other than the Main Line shall provide SP with reasonable windows for operations to serve customers during non peak hours based upon a schedule subject to mutual agreement.

c. Santa Clara Junction - Lick Operations. Between Santa Clara Junction and Lick, SP shall retain the exclusive use and control of Track No. 1 and the existing single main track as described in Paragraph 5.a(ii) for rail freight and intercity passenger operations. JPB will have the exclusive use and control for commute passenger operations of its double main track from Santa Clara Junction to Cahill Yard, the passenger yard tracks at Cahill Yard, the westerly main track from Cahill Yard to Auzerais St. (at milepost 47.5) and all new trackage which JPB will construct between Auzerais St. and Lick (milepost 51.4). JPB and SP will cooperate with each other to conduct paired track operations where such operations are mutually beneficial. Implementation of paired track operations will depend on a mutual agreement regarding dispatching and scheduling priorities.

d. Lick-Gilroy Operations Prior to Option Exercise. Pending JPB's exercise of its option to acquire the Lick-Gilroy line, SP and JPB will enter into an access agreement providing for commute passenger service on the line not to exceed eight one-way trains per day. This access would be perpetual and would allow commute operations over the line not in excess of eight one-way trips per day. Such access would be subject to agreement upon the time and frequency of commute operations and necessary capital improvements. (The price and time of payment for such rights is set forth in paragraph 4 and the provisions for maintenance are set forth in paragraph 7.) The terms of the agreements would, however, contemplate that there would be two phases for operation of passenger trains on SP's tracks between Lick and Gilroy:

(i) Phase I would be the start-up of commuter passenger service during the construction of track facilities necessary for Phase II. The construction period is estimated to be one (1) year following the Closing Date. During this period JPB may operate one (1) dead-head non-

scheduled passenger train (two push-pull trains combined) from San Jose to Gilroy and two (2) scheduled passenger trains from Gilroy to San Jose in the morning (a.m.) hours. Also, JPB may operate two (2) scheduled passenger trains from San Jose to Gilroy and one (1) non-scheduled, dead-head passenger train (two push-pull trains combined) in the evening hours (p.m.). During this period JPB crews must "hand-throw" switches. SP will dispatch all trains on a "first-come, first-served" basis, provided, however, that if SP and JPB can reach agreement on a mutually satisfactory schedule for commute operations (and the parties expect to reach such agreement), SP will dispatch giving priority to those scheduled commuter trains. Delays can be expected during construction. During the construction period SP will do the following at the sole expense of JPB:

- (1) Convert the spring switches at Lick, Coyote and Gilroy to power-operated switches, controlled by SP's dispatcher;

- (2) Construct a 10,000-foot-high speed (40 mph) siding at San Martin, which is between end of double track at Coyote and the beginning of the double track at Gilroy, which will be hand-operated; and

- (3) Lease a 1,500-foot house track at the Gilroy Passenger Station to JPB for the purpose of loading and unloading passengers or storing passenger equipment during regularly scheduled hours only. Any required improvements to the house track will be paid for by JPB.

- (ii) Upon completion of construction work in Phase I, JPB may operate a total of eight (8) scheduled passenger trains between San Jose and Gilroy (four (4) in each direction) which will be dispatched by SP on a "first-come, first-served" basis, provided, however, that if SP and JPB can reach agreement on a mutually satisfactory schedule for commute operations (and the parties expect to reach such agreement), SP will dispatch giving priority to those scheduled commuter trains. Physical changes in track, accommodations for passengers, and parking at Gilroy will be negotiated separately by SP and JPB.

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Subject to mutual agreement upon the time and frequency of operations, compensation, labor requirements, necessary improvements, and indemnification, SP will allow JPB to commence operations at a level described in (i) above prior to the Closing Date. The parties will commence negotiations relating to such agreement promptly upon execution of this letter of intent.

e. Lick-Gilroy Operations After Exercise of Option. JPB must exercise its option (as described in paragraph 2.d) to purchase one-half of the Right-of-Way in order to provide commute passenger service on the line in excess of eight trains per day. Upon the exercise of its option, the parties will enter into another agreement related to the time and frequency of service and necessary capital improvements. The terms of the agreement would however contemplate that upon exercise of JPB's option to purchase the property described in Paragraph 2.d above, the number of passenger trains may be increased to sixteen (16) (eight (8) in each direction) if the following improvements are made and paid for by JPB prior to such operations:

(i) Completion of the Centralized Traffic Control System between Lick and Gilroy by:

(a) Powering the switches at the 10,000-foot siding at San Martin and the siding at Perry.

(b) Placing electric locks on all non-powered switches.

(c) Signaling the entire territory for Centralized Traffic Control.

(ii) Improvement of the existing cross-over at Oak Grove in the present double track between Lick and Coyote by creating double, power-operated crossovers thus providing bidirectional, flexible centralized traffic control for eight (8) miles.

SP will continue to dispatch trains on a "first-come, first-served" basis, provided, however, that if SP and JPB can reach agreement on a mutually satisfactory schedule for commute operations (and the parties expect to reach such agreement), SP will dispatch giving priority to those scheduled commuter trains.

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Based upon the completion of the above improvements, JPB may operate in excess of sixteen (16) passenger trains (eight in each direction) to the extent that JPB and SP agree that the mix of passenger and freight traffic will permit such operations, and that the parties reach an agreement on a schedule consistent with the then current mix of freight and passenger traffic. If, at any time, operation by JPB in excess of 16 passenger trains per day are not possible (as a result of the parties being unable to agree that the mix and freight and passenger train operations permit such operations) and JPB wishes to institute or continue operation in excess of 16 trains per day, JPB shall make additional improvements to allow for the additional trains such as connecting up San Martin and Perry sidings with Gilroy and Coyote thus forming a bidirectional centralized traffic control double track between Lick and Gilroy which shall be controlled by SP. The type of improvements necessary, the number of trains and the schedule will be subject to subsequent mutual agreement of the parties.

f. Vasona II Operations. At JPB's request, SP and JPB will enter into an interim access agreement providing for commuter passenger service on the line pending JPB's exercise of its option to purchase one-half of the Right of Way. Such interim access would be subject to agreement upon the time and frequency of commute operations (in order to insure that there is no unreasonable interference with freight operations), necessary capital improvements, the charges for such access, usage and improvements, and indemnification. The agreement would be for a maximum period of five years from the Closing Date and operations would be subject to SP's dispatching and control. Upon the exercise of JPB's option, SP and JPB will cooperate with each other to conduct paired track operations where such operations are mutually beneficial with such operations.

6. Capital and Capacity Improvements

a. JPB Responsibility. JPB will provide, at its sole cost and expense, or reimburse SP for, the following:

- (i) upgrading the present No. 1 Track to Main Line standards and installation of a bidirectional centralized traffic control system between Santa Clara Junction and the South end of Cahill Yard, in

accordance with a reasonable schedule to be agreed upon by the parties;

- (ii) upgrading and improvements on the Lick-Gilroy line to the level described in Paragraph 5.d and e of the letter prior to commencement of the applicable level of operations;
- (iii) upgrading and improvements on the Vasona II line to the level mutually agreeable to the parties prior to any interim access and mutually agreeable to the parties as may be necessary for continued freight operations prior to any exercise by JPB of its option to acquire one-half of the Right-of-Way, respectively; and
- (iv) all capital and capacity improvements on the Rights of Way (including, but not limited to, grade separations on the Main Line) other than capital improvements subject to Paragraph 6.b.

b. SP Responsibility. SP will provide, at its sole cost and expense, or reimburse JPB for, capital improvements which SP has requested to be effected and which are not used in connection with commuter passenger operations.

c. Shared Responsibility. The cost of capital improvements which SP has requested and, based thereon, which JPB has agreed to undertake and has actually undertaken and which are used for both SP and JPB operations shall be shared on a basis to be agreed by the parties.

d. Capitalized Maintenance. For purposes of this paragraph 6, capital improvements shall not include capitalized maintenance costs provided for in paragraph 7.

e. Caltrans Improvements. JPB will arrange for Caltrans to waive any and all rights to receive payment for unamortized capital improvements on any of the subject lines which JPB has funded and JPB shall agree to continue the State of California's current participation in capital improvement programs without SP's participation.

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7. Maintenance

a. Responsibility for Costs. Costs of maintenance of the lines between Fourth and Townsend Streets in San Francisco and Gilroy over which JPB and SP will operate, either as owner or pursuant to trackage rights, (except for trackage retained by SP consisting of that portion of the Santa Clara Junction-Lick line between the south end of Cahill Yard and Lick and the line between Lick and Gilroy) for the first four years after the acquisition of the applicable line shall be solely the responsibility of the JPB. Thereafter, (and immediately upon acquisition in connection with the above described line from Cahill Yard to Lick and Lick to Gilroy) SP and JPB will share ordinary maintenance costs and capital maintenance costs on the basis of the Speed Factor Gross Ton Formula ("SFGTF") (attached hereto as Exhibit I) as follows:

(i) Between San Francisco and the South End of Cahill Yard. The SFGTF will be applied with JPB as the "dominant user". However, capital expenditures which are unique for passenger service only (e.g., electrification or station platforms) will be paid solely by JPB and not included in the formula. Similarly, capital expenditures which are unique for freight service (e.g., a gauntlet track in tunnels for oversized intermodal traffic) will be paid solely by SP and not included in the formula.

(ii) Between the South End of Cahill Yard, and Gilroy Where JPB Uses SP Existing Main Tracks. The SFGTF will be applied with SP as the "dominant user" until the total number of JPB passenger trains exceeds the number of freight trains, in which case JPB will become the "dominant user" as defined in the formula. The same conditions prevail for applying capital expenditures which are unique to passenger and freight service to the SFGTF as stated in Section 7.a.(i).

(iii) Between the South End of Cahill Yard, and Lick on JPB's Existing Main Track From Cahill Yard to Auzerai St. and New Main Track to be Constructed From Auzerai St. to Lick. JPB will be the "dominant user" in the SFGTF and the same conditions will prevail for applying capital expenditures which are unique to passenger and freight to the SFGTF as stated in 7.a.(i).

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Costs of maintenance for yard or team trackage used solely by SP shall be paid by SP and costs of maintenance for yard or other side trackage used solely by JPB shall be paid by JPB. Responsibility for costs of maintenance on the branches conveyed to JPB or subject to JPB's option to purchase shall be subject to agreement of the parties.

b. Maintenance Levels. The lines shall be maintained at the levels necessary to accommodate SP freight and intercity passenger operations, to allow SP to maintain competitive service levels.

c. Responsibility for Maintenance Activities. JPB will physically perform the maintenance on all trackage acquired by JPB with the costs of such maintenance apportioned as described in Paragraph 7.a.

8. Other Costs

a. Operations and Administration. Costs of operations and administration will be borne by the party incurring such costs and any costs which cannot be identified as a cost solely applicable to one party will be apportioned between the parties on the SFGTF formula described above.

b. Other Events, Derailments, Accidents. In the event of accidents, derailments, or other events causing property damage or injury, the party having responsibility for maintenance of the track or property involved will undertake the necessary remedial action. Responsibility for costs for such remedial action and any property damage or injury caused by the event will be in accordance with customary terms as agreed by the parties in the definitive trackage rights agreements.

9. Indemnification

a. Title. Except for portions of the San Bruno Branch, SP shall deliver title satisfactory to assure perpetual operation of a railroad passenger commuter transportation system evidenced by a

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combination of title insurance policies and direct indemnities mutually agreeable to the parties. JPB will, in return, covenant the continued use of the property for railroad passenger commuter transportation operations. In the event that JPB's perpetual operation of the railroad commuter passenger transportation system is adversely affected as a result of a title deficiency, SP will take appropriate measures to cure any such deficiency or a portion of the purchase price shall be rebated to the JPB sufficient in amount to cure any such deficiency. (It is recognized that SP shall continue its freight operations to ensure continued and uninterrupted use of the line.)

b. Labor Protection. SP shall assume labor protection responsibility arising under federal or state law or pursuant to contracts to which SP is bound, and shall provide appropriate indemnity protection to the JPB and the State of California in connection therewith, provided that SP shall not be responsible for incremental labor protection arising solely and exclusively out of any passenger service increases that may be authorized subsequent to July 1, 1990 and provided further that JPB will cooperate generally to minimize labor protection costs and specifically to require that its operator give first consideration for available employment first to those persons currently employed by SP in any functions related to Peninsula corridor commute operations and its maintenance and administration pursuant to terms and conditions of employment established by the operator of the service.

c. Environmental Issues. SP shall defend, indemnify and hold harmless JPB and its member agencies in connection with environmental liabilities arising out of or in connection with SP's ownership and operation of the property or condition of the Right of Way prior to the Closing Date. SP's responsibility shall be for a base line condition of the property as of the close of escrow established pursuant to a comprehensive environmental assessment, mutually acceptable to the parties, the cost of which shall be shared equally by the parties. Exceptions, if any, from the scope of responsibility on the part of SP for the baseline condition shall be established only pursuant to mutual agreement between the parties.

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10. Closing Date

The Closing Date shall be ~~June 30~~, 1991.

Sept 30

11. Assignment

The rights and obligations of JPB under this Letter of Intent may be assigned by JPB only to its successor agency or to any one of JPB's member agencies or counties.

12. Conditions for Closing:

a. JPB Financing. Closing is expressly contingent upon the availability of sufficient funds and their allocation by various governmental bodies with jurisdiction over said funds on a timely basis. JPB agrees to use best efforts to seek and obtain the requisite funding to enable the transaction to close on schedule and, to the extent necessary or desirable, SP agrees to cooperate and assist in such efforts.

b. Protection of SP's Interests. Closing will be conditioned upon the execution and delivery of documents mutually satisfactory to SP and JPB which establishes SP's exclusive and perpetual easement for freight and intercity passenger operations as both a contract right and a real property interest and which provides SP with adequate remedies that include, but are not limited to, both damages and equitable rights of specific enforcement.

c. Due Diligence. Except as provided above, JPB will acquire the properties "as is". JPB must, therefore, complete to its satisfaction, all necessary due diligence (involving a review of all outstanding matters affecting the properties including, without limitation, litigation, title, license, leases and other agreements affecting the properties) and a physical inspection of the properties.

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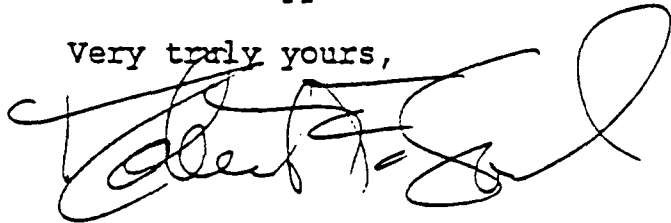
d. Agreements. Closing of any acquisition will be further conditioned upon the execution and delivery of operating, maintenance, cost sharing, indemnification and other agreements contemplated by this letter in form and substance satisfactory to the parties including, without limitation, trackage rights, operating, and joint facilities agreements which, among other matters, limit operations over the line exclusively to passenger commute operations performed by JPB and freight and intercity passenger operations performed by SP.

e. Documentation. The parties shall enter into a definitive agreement containing provisions and terms consistent with this letter and other provisions mutually satisfactory to JPB and SP with respect to matters customarily included in such agreements.

d. Termination. The obligations of the parties hereunder shall terminate on the Closing Date unless a definitive agreement between the parties is executed by that date.

If the terms of this letter accurately reflect our agreement, please countersign the enclosed copy of this letter in the space provided below and return the executed copy to us.

Very truly yours,

A large, stylized handwritten signature in black ink, likely belonging to a representative of the Peninsula Corridor Study Joint Powers Board.

APPROVED AND AGREED:

PENINSULA CORRIDOR STUDY
JOINT POWERS BOARD

By: _____

Title: _____

FORMULA FOR DETERMINING ALLOCATION OF
ROADWAY MAINTENANCE EXPENSES AND CAPITAL IMPROVEMENTS

$$SFQT = Y(.670 + .910N) + N \left[1.340 + .870 \sqrt{GT} + .058 GTF + .029 GTP + .043 J \right. \\ \left. \left[GTF \left(1 + \frac{VF}{600} + \frac{(VF)^2}{6000} \right) + GTP \left(1 + \frac{VP}{750} + \frac{(VP)^2}{9375} \right) \right] \right]$$

or in cases where freight speeds are equal to or greater than 80 percent of passenger speeds, the freight and passengers terms may be combined as shown below.

$$SFQT = Y(.670 + .910 N) + N \left[1.340 + .870 \sqrt{GT} + .058 GTF + .029 GTP + .043 J \right. \\ \left. \left[GT \left(1 + \frac{V}{600} + \frac{V^2}{6000} \right) \right] \right]$$

where:

SFQT = Speed factor_{gross ton factor}

GT = Total gross tons of traffic (in millions) per track mile per year

GTF = Freight traffic gross tons (in millions) per track mile per year

GTP = Passenger traffic gross tons (in millions) per track mile per year

N = Number of tracks per route mile

V = Speed factor (the larger of freight speed or 0.8 times passenger speed)

VF = Freight speed

VP = Passenger speed

J = 1 for welded rail
1.5 for bolted rail

Y = As shown below

FRA Class of Trucks and Type of Operation	Value of Y		
	Main Line	Branch Line	Yard & Switch
Class 1, 2, 3; freight only up to 10 MGT per mile per year	1.00	0.56	0.14
Class 1, 2; passenger, or Class 1, 2, 3; freight more than 10 MGT per mile per year	1.12	0.66	-
Class 3; passenger, or Class 4, 5, 6; all traffic	1.15	0.69	-

The speed factors used shall be governed by the highest authorized speed in the designated area for the respective types of service.

Special studies may be conducted from time to time to update the constants used in the formula.

APPENDIX AMain Line, San Francisco to Santa Clara Junction

<u>Sheet Number¹</u>	<u>Location</u>	<u>Description of Property To Be Acquired²</u>
1	San Francisco, 4th to 5th Streets	JPB Commute Corridor southwest of 4th Street and northeast of 5th Street and bounded by King and Townsend Streets (yellow outline).
2	San Francisco, 5th to 7th Streets	JPB Commute Corridor southwest of 5th Street and northeast of 7th Street and bounded by King and Townsend Streets; also extending south of King Street northeast of 7th Street (yellow outline).
3	San Francisco, 7th and King Streets to 19th Street	JPB Commute Corridor extending southeast from 7th and King Streets, then southward between Pennsylvania and Iowa Streets, and including a portion of Tunnel No.1 extending to 19th Street (yellow outline).
4	San Francisco, 19th Street to Army Street	a) JPB Commute Corridor, including a portion of Tunnel No. 1 and all of Tunnel No. 2 extending from 19th Street to Army Street (yellow outline).

¹SPT Drawing No. C.E. 43820 dated December 23, 1988 entitled "Proposed Conveyance of San Francisco Peninsula Corridor", unless otherwise indicated ("Valuation Maps").

²Color and shading references in parentheses relate to colors and shadings shown on marked copy of Valuation Maps. The "Proposed Commute Corridor" shown in yellow on the Valuation Maps shall be referred to in this Appendix as the "JPB Commute Corridor." Directional references are magnetic except that for ease of description, the references to "easterly" and "westerly" sides of the JPB Commute Corridor pertain as if the JPB Commute Corridor were in a north/south orientation between San Francisco and Santa Clara Junction. The Parking Lot Properties and Grade Separation Properties shown in Appendicies I and J are also shown in this Appendix A.

APPENDIX AMain Line, San Francisco to Santa Clara Junction

Sheet Number	Location	Description of Property To Be Acquired
4 (cont'd)		<p>b) Parcel No. 8 north of 22nd Street.</p> <p>c) Portions of Parcels Nos. 11, 13, 14 and 15 along Pennsylvania Street south of 22nd Street for Parking Lot Property (portion of orange).</p> <p>d) The 180-foot portion of Parcel No. 15 adjoining Pennsylvania Street and extending from the boundary of Parcel No. 15 to include portions of Parcels Nos. 16,17, and 18 to 23rd Street (partly orange).</p> <p>e) Two portions of Parcels Nos. 18,5,22,21, and 23 on either side of the JPB Commute Corridor extending south of 23rd Street and east of Pennsylvania Street (orange).</p> <p>f) Portions of Parcels Nos. 27 and 28 located north of 25th Street and west of Pennsylvania Street easterly of the dashed line, subject to an access easement to permit SPT access to its adjacent property (not colored).</p> <p>g) Two portions of Parcels Nos. 30,31,32, and 38 on either side of the JPB Commute Corridor located south of 25th Street and west of Pennsylvania Street (orange).</p>
5	San Francisco, Army Street to Oakdale Avenue	<p>a) JPB Commute Corridor 80 feet wide (yellow outline).</p> <p>b) All SPT-owned parcels along west side of JPB Commute Corridor between Army Street and Evans Avenue (orange).</p>

APPENDIX AMain Line, San Francisco to Santa Clara Junction

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
6	San Francisco, Oakdale Avenue to Milepost 4	<p>a) JPB Commute Corridor, including all of SPT's interest in Tunnel No. 3 (yellow outline).</p> <p>b) All SPT-owned parcels bounded by Oakdale and Palou Avenues and Phelps and Dunshee Streets, excluding the cross-hatched portions of Parcels Nos. 9, 10, and 59 (orange).</p> <p>c) All SPT-owned parcels bounded by Palou and Quesada Avenues and Phelps and Quint Streets (orange).</p> <p>d) All SPT-owned parcels bounded by Thornton and Williams Avenues and Reddy and Diana Streets, excluding Parcel No. 57 (orange).</p>
7	San Francisco, Milepost 4 to Blanken Avenue	<p>a) JPB Commute Corridor, including Tunnel No. 4 but deleting references to "Tunnel Easement" on SPT-owned parcels bounded by Jamestown, Salinas, and Key Avenues and Keith Street which shall be conveyed in fee (yellow outline).</p> <p>b) Portions of Parcel No. 1 located on both sides of the JPB Commute Corridor extending northerly 500 feet from the existing Paul Avenue Station, for station platform expansion (portion of orange).</p> <p>c) SPT-owned parcels bounded by Meade and Nelson Avenues and 3rd and Keith Streets (orange).</p>

APPENDIX A

Main Line, San Francisco to Santa Clara Junction

Sheet Number	Location	Description of Property To Be Acquired
8	San Francisco, Blanken Avenue to Milepost 5.05	<p>a) JPB Commute Corridor, including Tunnel No. 4, extending southward to Milepost 5.05 (yellow outline).</p> <p>b) A 36,000 square foot parcel located just north of Milepost 5.05 and adjacent to the JPB Commute Corridor for Parking Lot Property, subject to mutual agreement of the parties (portion of orange).</p>
2 ³	San Francisco and Brisbane, Milepost 5.05 to "Match Mark For Sheet 3"	Main Line Corridor reversionary easement 100 feet wide extending southward from Milepost 5.05 ("Limit of Sale") to "Match Mark For Sheet 3."
3 ¹	Brisbane, "Match Mark For Sheet 2" to "Match Mark for Sheet 4"	Main Line Corridor reversionary right-of-way easement 100 feet wide extending from "Match Mark For Sheet 2" southward through former Bayshore Yard property past sale boundary marked "Limit of Sale" to "Match Mark For Sheet 4".
4 ¹	Brisbane, "Match Mark For Sheet 3" to just north of U.S. 101 overpass	Main Line Corridor reversionary easement 100 feet wide extending between two lines marked "Match Mark For Sheet 3" and "Limit of Sale", a point just north of U.S. 101 overpass, subject to 12-foot access easement shown on original Sheet 10.

³Drawing No. C.E. 44478, Sheet No. 2, entitled "Bayshore: Railroad Easements Reserved in Sale of Bayshore Yard", revised to June 4, 1990 to conform with the sale of Bayshore Yard south of Milepost 5.05.

APPENDIX AMain Line, San Francisco to Santa Clara Junction

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
10	Brisbane, just north of U.S. 101 overpass to "Match Mark for Sheet 11"	JPB Commute Corridor approximately 130 feet wide extending southward from "End Easement" near M Street to "Match Mark for Sheet 11", a point just south of U.S. 101 overpass (yellow outline).
11	South San Francisco, just south of U.S. 101 overpass to Oyster Point Blvd. (Butler Road)	JPB Commute Corridor, 100 to 150 feet wide, extending generally southwestward from vicinity of U.S. 101 overpass (yellow outline), excluding those premises used for mini-warehousing on portion of Parcel No. 2.
12	South San Francisco, north end of South San Francisco Yard to U.S 101 overpass	a) JPB Commute Corridor, generally 150 feet wide (yellow outline). b) A 51,000 square foot portion of Parcels Nos. 1 and 7 located adjacent to the existing South San Francisco station property and adjacent to the JPB Commute Corridor for Parking Lot Property, subject to mutual agreement of the parties (portion of orange).
13	South San Francisco, U.S. 101 overpass to Linden Avenue grade crossing	JPB Commute Corridor, generally 80 feet wide, but increasing to 100 feet width on south end (yellow outline).

APPENDIX AMain Line, San Francisco to Santa Clara Junction

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
14	San Bruno, Linden Avenue grade crossing to San Bruno Avenue	a) JPB Commute Corridor, 100 feet wide except for 300 feet length of 80-foot width on south end (yellow outline). b) Small triangular Parcel No. 6 on easterly side of JPB Commute Corridor between San Bruno and San Mateo Avenues (orange).
15	San Bruno, San Bruno Avenue, to Milepost 13, Santa Cruz Avenue, Millbrae	a) JPB Commute Corridor varying in width from 50 to 130 feet, but generally 130 feet (yellow outline). b) Portions of various parcels along easterly side of JPB Commute Corridor between Bay and Pine Streets for Center Street Grade Separation Properties (orange).
16	Millbrae, Milepost 13, to Milepost 15 (Lincoln Avenue), Burlingame	JPB Commute Corridor varying in width from 100 feet to 130 feet (yellow outline).

APPENDIX AMain Line, San Francisco to Santa Clara Junction

Sheet Number	Location	Description of Property To Be Acquired
17	Burlingame, Milepost 15 (Lincoln Avenue), to Milepost 17 (Grand Blvd.), San Mateo	<p>a) JPB Commute Corridor varying in width from 75 feet to 125 feet (yellow outline).</p> <p>b) A portion of Parcel No. 2 on easterly side of JPB Commute Corridor and north side of Broadway for Grade Separation Property (orange).</p> <p>c) A portion of Parcel No. 2 on easterly side of JPB Commute Corridor and south side of Broadway for Grade Separation Property (orange).</p> <p>d) Triangular Parcel No. 13 on easterly side of JPB Commute Corridor between Howard and Bayswater Avenues and Myrtle Road for Grade Separation Property (orange).</p> <p>e) Parcel No. 23 along easterly side of JPB Commute Corridor between Peninsular Avenue and Villa Terrace for Grade Separation Property (orange).</p>
18	San Mateo, Milepost 17 (Grand Blvd.) to Milepost 19, Hayward Park	<p>a) JPB Commute Corridor varying in width from 60 feet to 100 feet (yellow outline).</p> <p>b) Portions of parcels on easterly side of JPB Commute Corridor between Fifth and Ninth Avenues sufficient to provide, where available, Right of Way width of 197 feet for Grade Separation Property (portion of orange).</p> <p>c) Parcel No. 25 on easterly side of JPB Commute Corridor between 10th Avenue and Hayward Park Station for Fifth-Ninth Avenues Grade Separation Property (orange).</p>

APPENDIX AMain Line, San Francisco to Santa Clara Junction

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
19	Hayward Park, Milepost 19 to Milepost 21 (Laurie Meadows underpass), San Mateo	<p>a) JPB Commute Corridor approximately 60-80 feet wide with a minimum clearance of 20 feet from the centerline of the eastbound main track (yellow outline).</p> <p>b) Portion on westerly side of JPB Commute Corridor on both north and south ends of the existing Hillsdale Station property sufficient to provide an additional 75,000 square feet for Parking Lot Property, subject to mutual agreement of the parties (portion of orange).</p> <p>c) Long, rectangular strip (Parcel No. 24) on westerly side of JPB Commute Corridor between Rose Street (20th Avenue) and the northerly limit of b) above for 25th Avenue Grade Separation Property (portion of orange).</p> <p>d) Long, narrow Parcel No. 32 adjacent to easterly side of JPB Commute Corridor between East 25th Avenue and Hillsdale Station (orange).</p>
20	San Mateo, Milepost 21 (Laurie Meadows underpass), to Milepost 23, San Carlos	<p>a) JPB Commute Corridor varying from 60 to 75 feet with a minimum clearance of 20 feet from the centerline of the eastbound main track (yellow outline).</p> <p>b) A strip 20 feet wide located on the westerly side of JPB Commute Corridor between Milepost 21.25 and 560 feet north of the existing Caltrain parking lot at the Belmont passenger station (a portion of orange).</p>

APPENDIX AMain Line, San Francisco to Santa Clara Junction

Sheet Number	Location	Description of Property To Be Acquired
20 (cont'd)		<p>c) Portions of Parcels Nos. 7, 8, and 23 on westerly side of JPB Commute Corridor extending northward 560 feet from the existing Caltrain parking lot at the Belmont passenger station for Parking Lot Property (portion of orange).</p> <p>d) Portion of Parcel No. 5 on westerly side of JPB Commute Corridor south of existing Caltrain property at Belmont passenger station and bounded by El Camino Real and Ralston Avenue for Grade Separation Property (orange).</p> <p>e) Portion of Parcel No. 22 on westerly side of JPB Commute Corridor between Ralston Avenue and A Street for Grade Separation Property (orange).</p> <p>f) Portion of Parcel No. 24 on westerly side of JPB Commute Corridor between A Street and Harbor Boulevard for Grade Separation Property (orange).</p> <p>g) An additional strip extending 1000 feet south from Harbor Boulevard on the westerly side of the JPB Commute Corridor sufficient to provide total Right of Way width of 117 feet for Grade Separation Property (portion of orange).</p> <p>h) A 15-foot wide strip along the westerly side of the JPB Commute Corridor extending southward from 1000 feet south of Harbor Boulevard to the south side of F Street (a portion of orange).</p>

APPENDIX AMain Line, San Francisco to Santa Clara Junction

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
20 (cont'd)		<p>i) Portions of Parcels Nos. 29, 32, and 28 extending southward from F Street along the westerly side of the JPB Commute Corridor (orange).</p> <p>j) An additional strip of Parcel No. 19 on the westerly side of the JPB Commute Corridor for a distance of 350 feet extending north from Milepost 23 sufficient to provide total Right of Way width of 117 feet for Holly Street Grade Separation Property (a portion of orange).</p>
21	San Carlos, Milepost 23, to Milepost 25 (Hopkins Avenue), Redwood City	<p>a) JPB Commute Corridor varying from 50 to 70 feet (yellow outline).</p> <p>b) An additional strip of Parcels Nos. 2,9,3 and 10 on the westerly side of the JPB Commute Corridor north of Holly Street sufficient to provide total Right of Way width of 117 feet for Grade Separation Property (a portion of orange).</p> <p>c) All those parcels south of Caltrans' existing parking lots opposite Cherry Street extending to Olive Street for Parking Lot Properties.(all of orange to Olive Street).</p>

APPENDIX AMain Line, San Francisco to Santa Clara Junction

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
21 (cont'd)		<p>d) Such property as the parties mutually agree to before Closing in accordance with the Letter of Intent, on the westerly side of the 60-foot wide JPB Commute Corridor extending from Olive Street to Cordilleras Creek for Howard and Brittan Avenues' Grade Separation Property (within the orange).</p> <p>e) An additional strip on the westerly side of the 50-foot wide JPB Commute Corridor between Cordilleras Creek and Hopkins Avenues sufficient to provide, where available, total Right of Way width of 117 feet for Grade Separation Property (a portion of orange).</p>
22	Redwood City, Milepost 25 (Hopkins Avenue) to north of Berkshire Avenue	<p>a) JPB Commute Corridor varying from 40 to 80 feet in width (yellow outline).</p> <p>b) Parcels along westerly side of JPB Commute Corridor between Hopkins and Brewster Avenues for Grade Separation Property (orange).</p> <p>c) Parcels Nos. '18 and 19 on westerly side of JPB Commute Corridor between Monroe and Maple Streets for Grade Separation Property (orange).</p> <p>d) Any SPT interest in the long, narrow strip approximately 15-20 feet in width on westerly side of 50-foot wide JPB Commute Corridor between Pine and Willow Streets for Grade Separation Property (not colored orange on Valuation Map).</p>

APPENDIX AMain Line, San Francisco to Santa Clara Junction

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
23	Redwood City, north of Berkshire, to north of Ravenswood Avenue, Menlo Park	JPB Commute Corridor varying from 60 to 85 feet in width (yellow outline).
24	Menlo Park, Ravenswood Avenue (Mile- post 29), to Churchill Avenue (Milepost 31), Palo Alto	a) JPB Commute Corridor varying in width from 80 to 160 feet (yellow outline). b) A strip consisting of an additional 20 feet in width along westerly side of JPB Commute Corridor extending from a point opposite Middle Avenue to San Francisquito Creek (not colored). c) Parcel on easterly side of JPB Commute Corridor near Forest Avenue and adjacent to existing Caltrain station parking area for Parking Lot Property (orange).
25	Palo Alto, Churchill Avenue to East Meadow Drive (Mileposts 31 to 33)	a) JPB Commute Corridor varying in width from 60 to 110 feet (yellow outline). b) Air Rights parcel on westerly side of JPB Commute Corridor between Grant and Sheridan Avenues and adjacent to existing Caltrain station parking area (cross-hatched).

APPENDIX A

Main Line, San Francisco to Santa Clara Junction

Sheet Number	Location	Description of Property To Be Acquired
26	Palo Alto, East Meadow Drive (Milepost 33), to Calderon Avenue, Mountain View	a) JPB Commute Corridor varying in width from 80 to 100 feet (yellow outline). b) Parcel on westerly side of 80-foot wide JPB Commute Corridor north of San Antonio Avenue (orange).
27	Mountain View, Calderon Avenue to Dean Avenue	a) JPB Commute Corridor varying in width from 90 to 100 feet (yellow outline). b) A 1,250-foot long parcel on westerly side of JPB Commute Corridor between existing Caltrain station parking area and near Calderon Street for Parking Lot Property, subject to mutual agreement prior to Closing as to the relocation of SPT's existing operations. (portion of orange).
28	Mountain View, Dean Avenue, to Mary Avenue, Sunnyvale	JPB Commute Corridor varying in width from 50 to 75 feet (yellow outline).
29	Sunnyvale, Mary Avenue to Milepost 40	a) JPB Commute Corridor varying in width from 75 to 110 feet (yellow outline). b) A portion of Parcel No. 1 on westerly side of JPB Commute Corridor between Frances Street and Sunnyvale Avenue and adjacent to existing Caltrain station parking area for Parking Lot Property (orange).

APPENDIX AMain Line, San Francisco to Santa Clara Junction

Sheet Number	Location	Description of Property To Be Acquired
30	Sunnyvale, Milepost 40, to Saratoga Creek, Santa Clara	a) JPB Commute Corridor varying in width from 80 to 140 feet (yellow outline). b) A 10,000 square foot parcel for Parking Lot Property, the location of which is to be selected by mutual agreement prior to Closing (portion of orange).
31	Santa Clara, Saratoga Creek to Alviso Road	a) JPB Commute Corridor varying in width from 80 to 125 feet (yellow outline). b) Parcel No. 9 on westerly side of the JPB Commute Corridor and south of San Tomas Aquino Creek (portion of orange).
32	Santa Clara, Alviso Road to Milepost 44 (Santa Clara Junction)	JPB Commute Corridor about 110 feet in width including all of Parcel No. 55 (yellow outline).

APPENDIX B

Santa Clara Junction to Lick

Sheet Number ¹	Location	Description of Property To Be Acquired ²
32	Santa Clara, Milepost 44 (Santa Clara Junction) to Milepost 45	JPB Commute Corridor varying in width from 55 to 105 feet (yellow outline).
33	Santa Clara, Milepost 45, to West Taylor Street, San Jose	JPB Commute Corridor mostly 95 feet in width, except for a 147-foot stretch of 100-foot width between Hamline and Hedding Streets and a 425-foot stretch of 55-foot width at the Stockton Avenue underpass (yellow outline).
34	San Jose, West Taylor Street to Lenzen Avenue	a) JPB Commute Corridor of 95-foot width for 590 feet south of West Taylor Street, then 80-foot width for 1290 feet, and 60-foot width for 60 feet at Lenzen Avenue (yellow outline).

¹Sheet Numbers 32 through 37 refer to SPT Drawing No. C.E. 43820 dated December 23, 1988, entitled "Proposed Conveyance of San Francisco Peninsula Corridor" and other sheets are as indicated ("Valuation Maps").

²Color and shading references in parentheses relate to colors and shadings shown on marked copy of Valuation Maps. The "Proposed Commute Corridor" shown in yellow on the Valuation Maps shall be referred to in this Appendix as the "JPB Commute Corridor." For ease of description, the references to "easterly" and "westerly" sides of the JPB Commute Corridor pertain as if the JPB commute Corridor were in a north/south orientation between Santa Clara Junction and Lick.

APPENDIX BSanta Clara Junction to Lick

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
34		b) Lease for up to five years of a portion of the triangular parcel on easterly side of JPB Commute Corridor and north of Lenzen Avenue containing SPT's locomotive, fueling, sanding, servicing, and turntable facilities, subject to the parties reaching mutual agreement for the lease terms with such terms to include JPB compensating SPT for all costs and liabilities associated with JPB's use of the property, but not to include any component for real estate rental (orange).
35	San Jose, Lenzen Avenue to Park Avenue	<p>a) JPB Commute Corridor of 60 to 80-foot width from Lenzen Avenue to The Alameda and 175 to 235-foot width south of The Alameda (yellow outline).</p> <p>b) Parcel No. 63 within White Street on westerly side of JPB Commute Corridor and north of San Fernando Street (orange)³.</p> <p>c) Parcel No. 130 on westerly side of the JPB Commute Corridor and south of San Fernando Street (orange)³.</p>

³The parties have considered but do not agree upon the need of these properties for commute purposes. If JPB satisfactorily demonstrates to SPT, prior to the Closing Date, that there is a reasonable need for all or a portion of such properties to meet JPB's projected commute operations' needs to operate a total of 114 trains per day, SPT and JPB shall enter into an agreement mutually acceptable to the parties to allow access to or ownership of that portion or all of the properties demonstrated to be necessary for such commute operations.

APPENDIX BSanta Clara Junction to Lick

Sheet Number	Location	Description of Property To Be Acquired
36 (colored)	San Jose, Park Avenue to Milepost 47.5, south of Auzerais Street	JPB Commute Corridor of 80-foot width for 850 feet southward from Park Avenue, then 60 to 90-foot width for 850 feet to Auzerais Street, and 100-foot width for 200 feet south of Auzerais Street (yellow outline).
36 (not colored)	San Jose, Milepost 47.5, south of Auzerais Street, to Prevost Street	JPB Commute Corridor of generally 100-foot width, but with stretches of 60 to 160-foot width (within the oval border outline).
37	San Jose, Prevost Street to south of Milepost 49	<p>a) JPB Commute Corridor generally 100 feet wide between Prevost Street and Alma Avenue (outlined as "Proposed Commute Corridor").</p> <p>b) JPB Commute Corridor generally 100 feet wide southward from Alma Avenue to Union Pacific (Western Pacific) Railroad crossing south of Milepost 49 (designated "JPB", as shown with oval border).</p>
V-73/6	San Jose, south of Milepost 49 to Milepost 50.1	JPB Commute Corridor generally 100 feet to 125 feet wide from the Union Pacific Railroad crossing south of Milepost 49 to Milepost 50.1 (designated "JPB", as shown with oval border).

APPENDIX BSanta Clara Junction to Lick

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
V-73/7	San Jose, Milepost 50.1 to Milepost 51.1	JPB Commute Corridor 100 feet wide for a distance of 1670 feet from Milepost 50.1, then varying between 100 and 550 feet for 1700 feet, then 100 feet wide for about 2000 feet to Milepost 51.1, including <u>all</u> available SPT parcels (whether or not designated "JPB", as shown with oval border).
V-73/8	Milepost 51.1, San Jose to Lick (Milepost 51.4)	JPB Commute Corridor generally 100 feet wide, (designated "JPB", as shown with oval border).

APPENDIX C

Dumbarton Branch, Milepost 26.155 to Milepost 36.9

JPB Commute Corridor SPT Drawing No. C.E. 43820, Sheets 40 through 45, dated February 16, 1989 (yellow outline), including the south leg of the wye track at Redwood City shown on Sheets 40 and 41, excepting portions of Parcels Nos. 1,2,16,17 and all of Parcel 18 (not colored) on Sheet 41 and Parcels Nos. 2 and 3 (orange) on Sheet 45. Also, extending to Milepost 36.9 (the westerly wye track switch at Newark near Elm Street, as shown on Valuation Section V-107, Sheets Nos. 3 and 4 (yellow)).

The above-described parcels are on railroad Valuation Maps provided by SPT. Colors indicated are as shown on the Valuation Maps.

APPENDIX D

Vasona Branch I, Milepost 47.212 to Milepost 53.0

All those parcels on SPT Valuation Maps No. V-22, Sheets 2 through 4, extending from the junction with the San Francisco-Gilroy Main Line to Vasona Junction at Milepost 53.0, at the crossing of Winchester Boulevard (yellow color), excluding Parcels Nos. 59, 60 and 61 on Sheet 2 and Parcel No. 8 on Sheet 3.

APPENDIX E

San Bruno Branch

All that SPT-owned property on the San Bruno Branch as shown on SPT Valuation Section 74b, Sheets 5 through 8, extending northward from the junction with the JPB Commuter Corridor at Milepost 13.643 near San Bruno.

In addition, as shown on Sheet Number 15 of SPT Drawing No. C.E. 43820 dated December 23, 1988 entitled "Proposed Conveyance of San Francisco Peninsula Corridor", Parcel No. 6 northwest of San Bruno Station on westerly side of JPB Commute Corridor along Huntington Avenue (orange).

APPENDIX F

Moffett Drill Track

All of those parcels on SPT Valuation Map V-74/14a, from the junction of the San Francisco-San Jose Main Line to Moffett Field as colored yellow, excluding Parcels Nos. 15 and 18.

APPENDIX G

Vasona Branch II, Milepost 53.0 to Milepost 39.89

Within those parcels on SPT Valuation Maps No. V-15, Sheets 5 through 9, extending from Vasona Junction at, or near Milepost 53.0, at the crossing of Winchester Boulevard to Monte Vista at the Stevens Creek Channel, at or near Milepost 39.89. The specific property to be acquired by JPB from SPT shall be mutually agreed to by the parties prior to the Closing Date.

APPENDIX HLick To Gilroy

<u>Sheet Number¹</u>	<u>Location</u>	<u>Description of Property To Be Acquired²</u>
V-73/8	Lick (Milepost 51.4) to Milepost 51.9 (Milepost 55.8)	One-half of the total Right of Way varying between 75 and 150 feet in width between Lick (Milepost 51.4) and Milepost 51.9 (also referred to as Milepost 55.8 because of an equation), excluding the Lick Branch parcels.
V-73/9	Milepost 55.8 to south of Senter Road	One-half of the total 75 to 80-foot wide Right of Way
V-73/10	South of Senter Road to Branham Lane	One-half of the total 60 to 75-foot wide Right of Way.
V-73/11	Branham Lane to Milepost 58.271	One-half of the total, generally 60-foot wide Right of Way, not including Parcel No. 3 on the westerly side of Right of Way south of Edenvale.
V-70/1	Milepost 58.271 to Milepost 62	One-half of the total Right of Way generally 60 to 75 feet in width.

¹SPT Valuation Section 73, Sheets 8 through 11, and Valuation Section 70, Sheets 1 through 6, all entitled "Right-Of-Way and Track Map, Main Line" ("Valuation Maps").

²For ease of description, the references to "easterly" and "westerly" sides of the JPB Commute Corridor pertain as if the JPB Commute Corridor were in a north/south orientation between Lick and Gilroy. The specific property to be acquired by JPB from SPT shall be mutually agreed to by the parties prior to the Closing Date.

APPENDIX HLick To Gilroy

<u>Sheet Number</u>	<u>Location</u>	<u>Description of Property To Be Acquired</u>
V-70/2	Milepost 62 to north of Palm Avenue	One-half of the total Right of Way, generally 60 feet or more in width, not including Parcels 4,6 and 19 on east side of Right of Way.
V-70/3	North of Palm Avenue to Milepost 70	One-half of the total Right of Way, generally 60-90 feet in width.
V-70/4	Milepost 70 to Milepost 74	One-half of the total Right of Way generally 60 feet in width, excluding parcels (No. 2) on the easterly and westerly sides of the Right of Way between Main and Dunne Avenues and excluding Parcel No. 5 on the westerly side of the Right of Way in the vicinity of Milepost 72.
V-70/5	Milepost 74 to Milepost 78	One-half of the total Right of Way, generally 60-100 feet in width, excluding station property parcels located between North and South Streets.
V-70/6	Milepost 78 to Gilroy (Milepost 80.7)	One-half of the total Right of Way, generally 60 feet in width from Milepost 78 to about 380 feet north of Milepost 80, then approximately 85 feet in width southward to Lewis Street, then about 45 feet in width southward to about Milepost 80.7, Gilroy Station, but excluding station property parcels.

APPENDIX I

Parking Lot Properties:
Main Line San Francisco to Santa Clara Junction

Sheet Number ¹	Station Location	Description of Property To Be Acquired ²
4	22nd Street	Portions of Parcels Nos. 11, 13, 14 and 15 along Pennsylvania Street south of 22nd Street for Parking Lot Property (portion of orange).
8	Bayshore	A 36,000 square foot parcel located just north of Milepost 5.05 and adjacent to the JPB Commute Corridor for Parking Lot Property, subject to mutual agreement of the parties (portion of orange).
12	South San Francisco	A 51,000 square foot portion of Parcels Nos. 1 and 7 located adjacent to the existing South San Francisco station property and adjacent to the JPB Commute Corridor for Parking Lot Property, subject to mutual agreement of the parties (portion of orange).
19	Hillsdale	Portion on westerly side of JPB Commute Corridor on both north and south ends of the existing Hillsdale Station property sufficient to provide an additional 75,000 square feet for Parking Lot Property, subject to mutual agreement of the parties (portion of orange).

¹SPT Drawing No. C.E. 43820 dated December 23, 1988 entitled "Proposed Conveyance of San Francisco Peninsula Corridor", unless otherwise indicated ("Valuation Maps").

²Color and shading references in parentheses relate to colors and shadings shown on marked copy of Valuation Maps. The "Proposed Commute Corridor" shown in yellow on the Valuation Maps shall be referred to in this Appendix as the "JPB Commute Corridor." For ease of description, the references to "easterly" and "westerly" sides of the JPB Commute Corridor pertain as if the JPB Commute Corridor were in a north/south orientation between San Francisco and Santa Clara Junction.

APPENDIX I

Parking Lot Properties:
San Francisco to Santa Clara Station

<u>Sheet Number</u>	<u>Station Location</u>	<u>Description of Property To Be Acquired</u>
20	Belmont	Portions of Parcels Nos. 7, 8, and 23 on westerly side of JPB Commute Corridor extending northward 560 feet from the existing Caltrain parking lot at the Belmont passenger station for Parking Lot Property (portion of orange).
21	San Carlos	All those parcels south of Caltrans' existing parking lots opposite Cherry Street extending to Olive Street for Parking Lot Properties (all of orange to Olive Street).
24	Palo Alto	Parcel on easterly side of JPB Commute Corridor near Forest Avenue and adjacent to existing Caltrain station parking area for Parking Lot Property (orange).
27	Mountain View	A 1,250-foot long parcel on westerly side of JPB Commute Corridor between existing Caltrain station parking area and near Calderon Street for Parking Lot Property, subject to mutual agreement prior to Closing as to the relocation of SPT's existing operations (portion of orange).
29	Sunnyvale	A portion of Parcel No. 1 on westerly side of JPB Commute Corridor between Frances Street and Sunnyvale Avenue and adjacent to existing Caltrain station parking area for Parking Lot Property (orange).
30	Lawrence	A 10,000 square foot parcel for Parking Lot Property, the location of which is to be selected by mutual agreement prior to Closing (portion of orange).

APPENDIX J

Grade Separation Properties:
Main Line, San Francisco to Santa Clara Junction

Sheet Number ¹	Grade Separation Location	Description of Property To Be Acquired ²
15	Center Street, Millbrae	Portions of various parcels along easterly side of JPB Commute Corridor between Bay and Pine Streets for Center Street Grade Separation Properties (orange).
17	Broadway, Howard, Bayswater, and Peninsular Avenues, Burlingame	<p>a) A portion of Parcel No. 2 on easterly side of JPB Commute Corridor and north side of Broadway for Grade Separation Property (orange).</p> <p>b) A portion of Parcel No. 2 on easterly side of JPB Commute Corridor and south side of Broadway for Grade Separation Property (orange).</p> <p>c) Triangular Parcel No. 13 on easterly side of JPB Commute Corridor between Howard and Bayswater Avenues and Myrtle Road for Grade Separation Property (orange).</p>

¹SPT Drawing No. C.E. 43820 dated December 23, 1988 entitled "Proposed Conveyance of San Francisco Peninsula Corridor", unless otherwise indicated ("Valuation Maps").

²Color and shading references in parentheses relate to colors and shadings shown on marked copy of Valuation Maps. The "Proposed Commute Corridor" shown in yellow on the Valuation Maps shall be referred to in this Appendix as the "JPB Commute Corridor." For ease of description, the references to "easterly" and "westerly" sides of the JPB Commute Corridor pertain as if the JPB Commute Corridor were in a north/south orientation between San Francisco and Santa Clara Junction.

APPENDIX J

Grade Separation Properties:
Main Line, San Francisco to Santa Clara Junction

Sheet Number	Grade Separation Location	Description of Property To Be Acquired
17 (cont'd)		d) Parcel No. 23 along easterly side of JPB Commute Corridor between Peninsular Avenue and Villa Terrace for Grade Separation Property (orange).
18	Fifth-Ninth Avenues, San Mateo	<p>a) Portions of parcels on easterly side of JPB Commute Corridor between Fifth and Ninth Avenues sufficient to provide Right of Way width of 197 feet for Grade Separation Property (portion of orange).</p> <p>b) Parcel No. 25 on easterly side of JPB Commute Corridor between 10th Avenue and Hayward Park Station for Fifth-Ninth Avenues Grade Separation Property (orange).</p>
19	25th Avenue, San Mateo	a) Long, rectangular strip (Parcel No. 24) on westerly side of JPB Commute Corridor between Rose Street (20th Avenue) and the northerly limit of an added portion for Parking Lot Property on the north end of the existing Hillsdale Station property, as described in Appendix A, for 25th Avenue Grade Separation Property (portion of orange).
20	Ralston Avenue, Belmont	a) Portion of Parcel No. 5 on westerly side of JPB Commute Corridor south of existing Caltrain property at Belmont passenger station and bounded by El Camino Real and Ralston Avenue for Grade Separation Property (orange).

APPENDIX J

Grade Separation Properties:
Main Line, San Francisco to Santa Clara Junction

Sheet Number	Grade Separation Location	Description of Property To Be Acquired
20 (cont'd)		b) Portion of Parcel No. 22 on westerly side of JPB Commute Corridor between Ralston Avenue and A Street for Grade Separation Property (orange).
	Harbor Blvd., Belmont	c) Portion of Parcel No. 24 on westerly side of JPB Commute Corridor between A Street and Harbor Boulevard for Grade Separation Property (orange). d) An additional strip extending 1000 feet south from Harbor Boulevard on the westerly side of the JPB Commute Corridor sufficient to provide total Right of Way width of 117 feet for Grade Separation Property (portion of orange).
	Holly Street, San Carlos	e) An additional strip of Parcel No. 19 on the westerly side of the JPB Commute Corridor for a distance of 350 feet extending north from Milepost 23 sufficient to provide total Right of Way width of 117 feet for Holly Street Grade Separation Property (a portion of orange).
21	Holly Street, San Carlos	a) An additional strip of Parcels Nos. 2, 9, 3 and 10 on the westerly side of the JPB Commute Corridor north of Holly Street sufficient to provide total Right of Way width of 117 feet for Grade Separation Property (a portion of orange).

APPENDIX J

Grade Separation Properties:
Main Line, San Francisco to Santa Clara Junction

Sheet Number	Grade Separation Location	Description of Property To Be Acquired
21 (cont'd)	Howard and Brittan Avenues, San Carlos	b) Such property as the parties mutually agree to before Closing in accordance with the Letter of Intent, on the westerly side of the 60-foot wide JPB Commute Corridor extending from Olive Street to Cordilleras Creek for Howard and Brittan Avenues' Grade Separation Property (within the orange).
	Whipple Avenue, Redwood City	c) An additional strip on the westerly side of the 50-foot wide JPB Commute Corridor between Cordilleras Creek and Hopkins Avenues sufficient to provide total Right of Way width of 117 feet for Grade Separation Property (a portion of orange).
22	Brewster Avenue, Broadway, Jefferson Avenue, and Chestnut Street, Redwood City	<p>a) Parcels along westerly side of JPB Commute Corridor between Hopkins and Brewster Avenues for Grade Separation Property (orange).</p> <p>b) Parcels Nos. 18 and 19 on westerly side of JPB Commute Corridor between Monroe and Maple Streets for Grade Separation Property (orange).</p> <p>c) Long, narrow strip approximately 15-20 feet in width on westerly side of 50-foot wide JPB Commute Corridor between Pine and Willow Streets for Grade Separation Property (not colored orange on Valuation Map).</p>