



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Joseph P. Bort MetroCenter  
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*Adrienne J. Tissier, Chair*  
San Mateo County

*Amy Rein Worth, Vice Chair*  
Cities of Contra Costa County

*Tom Asenbrado*  
U.S. Department of Housing  
and Urban Development

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Cities of Alameda County

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*Dorene M. Giacopini*  
U.S. Department of Transportation

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and Housing Agency

*James P. Spering*  
Solano County and Cities

*Scott Wiener*  
San Francisco Mayor's Appointee

*Steve Heminger*  
Executive Director

*Ann Flemer*  
Deputy Executive Director, Policy

*Andrew B. Fremier*  
Deputy Executive Director, Operations



**JOINT MTC/BATA MEETING**

9:30 a.m.

Wednesday, September 28, 2011  
Joseph P. Bort MetroCenter  
Lawrence D. Dahms Auditorium  
101 8<sup>th</sup> Street, 1<sup>st</sup> Floor  
Oakland, CA 94607

This meeting is scheduled to be audiocast live on MTC's Web site: [www.mtc.ca.gov](http://www.mtc.ca.gov)

**AGENDA**

1. Roll Call
2. Pledge of Allegiance
3. Findings and Recommendations of the Ad Hoc Committee on Regional Headquarters.\*
4. Closed Session

*The Commission and the Authority will receive a Committee report regarding the findings and recommendations of the Ad Hoc Committee studying the legal and other issues raised concerning the potential acquisition of 390 Main Street, San Francisco as the location for a regional agency headquarters.*

ACTION  
RECOMMENDED\*\*  
Confirm Quorum

Approval

**CONFERENCE WITH REAL PROPERTY  
NEGOTIATORS**

*MTC and BATA will meet in Closed Session pursuant to Government Code Section 54956.8: to confer with real property negotiators to discuss the acquisition of real property and proposed co-tenancy arrangements with the Air District and, potentially, ABAG as follows:*

*Property: 390 Main Street, San Francisco*

*Agency Negotiators:*

*For MTC/BATA: Metropolitan Transportation Commission/Bay Area Toll Authority, CB Richard Ellis and Orrick, Herrington & Sutcliffe LLP:*

- *MTC/BATA Negotiators: Steve Heminger, Executive Director, Brian Mayhew, Chief Financial Officer, Darin R. Bosch, CBRE Senior Vice President and Michael H. Liever, Esq., Partner, Orrick Herrington & Sutcliffe LLP.*

*Under Negotiation: Both Price and Terms.*

- |  |             |
|--|-------------|
| 5. <u>Open Session</u>                   | Approval    |
| 6. <u>Public Comment</u>                 | Information |
| 7. <u>Adjournment/Next Meeting (TBD)</u> | Information |

\* Attachment sent to Commission/Authority members, key staff and other as appropriate. Copies will be available at the meeting.

\*\* All items on the agenda are subject to action and/or change by the Commission/Authority.

\*\*\* A quorum of the Commission/Authority shall be a majority of its voting members nine (9).

**Public Comment:** The public is encouraged to comment on agenda items at meetings by completing a request-to-speak card (available from staff) and passing it to the secretary or chairperson. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

**Record of Meeting:** Authority and Commission meetings are tape-recorded. Copies of recordings are available at nominal charge, or recordings may be listened to at MTC offices by appointment. Audio casts are maintained on MTC's Web site for public review for at least one month.

**Sign Language Interpreter or Reader:** If requested three (3) working days in advance, sign language interpreter or reader will be provided; for information on getting written materials in alternate formats call 510/817-5757.

**Transit Access to the MetroCenter:** BART to Lake Merritt Station. AC Transit buses: #11 from Piedmont and Montclair; #26 from MacArthur BART; #62 from East or West Oakland; #88 from Berkeley. For transit information from other Bay Area destinations, call 511 or use the TakeTransit(SM) Trip Planner at [www.511.org](http://www.511.org) to plan your trip.

**Parking at the MetroCenter:** Metered parking is available on the street. No public parking is provided at the MetroCenter. Spaces reserved for Commissioners are for the use of their stickered vehicles only; all other vehicles will be towed away.



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**MEMORANDUM**

TO: Commission/Authority

DATE: September 22, 2001

FR: Ad Hoc Committee on Regional Headquarters

RE: Committee Report

After careful review and discussion of due diligence material previously provided as well as additional documentation developed at our request, the committee reports the following Findings and Recommendations for Commission/Authority consideration. As a reminder, the committee was composed of Commissioners Dodd, Haggerty, Kinsey, Spering, Rein Worth, and Tissier (chair). The Findings section of this report was adopted by a 5-1 vote, with Commissioner Rein Worth dissenting. The Recommendations were adopted by a 4-2 vote, with Commissioners Haggerty and Rein Worth dissenting.

**Findings**

1. Co-location of the Bay Area's regional government agencies in a single headquarters is a desirable objective because of its potential to reduce costs through interagency sharing of resources and to promote more integrated regional planning and policy development.
2. The real estate search process conducted jointly by the Association of Bay Area Governments, Bay Area Air Quality Management District, and Metropolitan Transportation Commission/Bay Area Toll Authority (MTC/BATA) was thorough, fair, and transparent to all bidders, and resulted properly in the MTC/BATA staff recommendation to purchase the property located at 390 Main Street in San Francisco.
3. According to BATA's general counsel, outside bond counsel, and chief financial officer, the use of bridge toll reserve funds for the initial property purchase and improvement is a legal and appropriate use of those funds (see Attachment A).

4. The overall funding framework for the purchase and use of the property apportions an equitable share of financial responsibility among both agency and non-agency tenants, with BATA's net share of 30-year capital and operating costs for the facility projected to be less than 25% of total costs (see Attachment B).
5. A purchase price in the range of \$100 million for 390 Main Street appears reasonable based on the weight of the evidence from comparable recent property sales in the South of Market area, two independent broker opinions of value from Eastdil Secured and Cushman & Wakefield, and two independent property appraisals from Carneghi-Blum & Partners and Hamilton, Ricci & Associates (see Attachment C).
6. The appreciation in the proposed purchase price for 390 Main Street from the 2010 closing price paid to the U.S. Postal Service is comparable to the appreciation in purchase price of the nearby property located at 370 Third Street, which was sold and is about to be re-sold over a similar period of time (see Attachment D).
7. The site inspections and document reviews completed as part of the due diligence process for 390 Main Street have not identified the need for any improvements to the property – including seismic retrofit and ADA compliance upgrades – that are beyond the budget originally proposed for rehabilitation of the facility.
8. The facility at 390 Main Street is well-served by numerous modes of public transit and is four level blocks from the Embarcadero BART station, from which a shuttle or similar service for those with disabilities could be inexpensively provided if necessary (see Attachment E).
9. Creation of a joint powers authority between MTC and BATA to acquire and develop the building will help protect each agency from undue risk in association with operating the regional headquarters facility.
10. A review by the Bureau of State Audits of the proposed property acquisition is not expected to be completed for several months.
11. The owners of 390 Main Street are currently seeking bids from a selected group of prospective buyers and are willing to consider a bid from MTC/BATA.

**Recommendations**

1. The Commission/Authority should authorize staff to bid on the purchase of 390 Main Street in San Francisco as a new regional agency headquarters facility, up to a maximum amount to be established in closed session with our real estate negotiators at a joint meeting on September 28<sup>th</sup>.
2. The Commission and the Authority should authorize formation of a joint powers authority to be known as the Bay Area Headquarters Authority (BAHA) at their regularly scheduled meetings on September 28<sup>th</sup>.
3. If staff submits the winning bid, the Authority and the newly formed BAHA would need to hold a special meeting in early October to disclose the purchase price and take other budgetary and administrative actions to close the transaction.



**Attachment A**

ORRICK, HERRINGTON & SUTCLIFFE LLP  
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SACRAMENTO, CALIFORNIA 95814-4497  
tel +1-916-447-9200  
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WWW.ORRICK.COM

July 20, 2011

**ATTORNEY WORK PRODUCT – PRIVILEGED AND CONFIDENTIAL**

Metropolitan Transportation Commission  
Oakland, California

Bay Area Toll Authority  
Oakland, California

Re: Building Acquisition by Joint Powers Authority

Ladies and Gentlemen:

You have advised us that the Bay Area Toll Authority (“BATA”) and the Metropolitan Transportation Commission (“MTC”) propose to enter into a joint exercise of powers agreement (the “Agreement”) pursuant to the Joint Exercise of Powers Act (California Government Code sections 6500 et seq.) pursuant to which a joint powers authority (the “Authority”) would be authorized to plan, acquire, and develop office space and facilities and exercise certain of the additional powers conferred by the Joint Exercise of Powers Act. You also advised us that the Agreement will provide that the Authority may exercise its powers in the same manner as BATA exercises its powers. You have further advised us that the office space and facilities would be sufficient for the present needs of BATA and MTC and allow for expected future growth of BATA and MTC (with public and perhaps private entities expected to occupy space not needed at any given time by BATA and MTC). You also advised us that the Agreement will provide that BATA may contribute funds to the Authority from time to time as contributions to the Authority to fund the Authority’s planning, acquisition, and development of office space and facilities; that any funds held by the Authority that are determined by the Authority to be in excess of the Authority’s then current capital and operating needs would be paid to BATA; and that after termination of the Agreement any money and other assets in possession of the Authority would be paid to BATA.

You asked whether the BATA contributions to the Authority and payments by the Authority to BATA in accordance with the Agreement are permitted under applicable law.

BATA is responsible under California Streets and Highways Code section 30950 *et seq.* for the administration of all toll revenues from state-owned toll bridges within the geographic jurisdiction of MTC and for other activities that require office space and facilities for its commission and staff, now and in the future. BATA is authorized by California Streets and Highways Code section 30951(c) to do all acts necessary or convenient for the exercise of its powers, which may be



Metropolitan Transportation Commission  
Bay Area Toll Authority

ATTORNEY WORK PRODUCT – PRIVILEGED AND CONFIDENTIAL

July 20, 2011

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construed to include the acquisition of such office space and facilities. BATA is further authorized by Streets and Highways Code section 30951 to acquire, construct, manage, maintain, lease, or operate any public facility or improvements.

MTC is responsible under the Metropolitan Transportation Commission Act (California Government Code section 66500 et seq.) for providing comprehensive regional transportation planning and for other activities that require office space and facilities for its commission and staff, now and in the future, and MTC is authorized by California Government Code section 66506 to do any and all things necessary to carry out the purposes of the Metropolitan Transportation Commission Act, which may be construed to include the acquisition of such office space and facilities.

Under California Government Code section 6502, two or more public agencies, by forming a joint powers authority, may jointly exercise any power common to such agencies. The Joint Exercise of Powers Act separately confers additional powers on joint powers authorities that are separate public entities such as the Authority. See, for example, Government Code sections 6508 and 6588. The Agreement is proposed to provide that the Authority will have the powers common to MTC and BATA and the powers separately conferred by law upon the Authority, and will be authorized to do all acts necessary for the exercise of such powers, including, but not limited to, any or all of the following: to enter into contracts, including contracts providing for public or private sector entities to plan, acquire and develop the Authority's office space and facilities; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located, including the lease or rental of property; to incur debts, liabilities or obligations (except as provided in the Agreement); to receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and any governmental entity; to sue and be sued in its own name; and generally to do any and all things necessary or convenient to the Authority's purpose, namely to plan, acquire, and develop office space and facilities and undertake related activities.

California Government Code section 6504 provides in pertinent part that the parties to a joint exercise of powers agreement may provide that (a) contributions from their treasuries may be made for the purpose set forth in the joint exercise of powers agreement, (b) payments of public funds may be made to defray the cost of such purpose, and (c) advances of public funds may be made for the purpose set forth in the joint exercise of powers agreement and repaid as provided in the joint exercise of powers agreement. California law does not require MTC to make contributions to the Authority, nor will the Agreement provide for MTC to do so.



Metropolitan Transportation Commission  
Bay Area Toll Authority  
ATTORNEY WORK PRODUCT – PRIVILEGED AND CONFIDENTIAL  
July 20, 2011  
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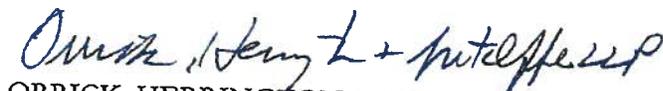
California Government Code Section 6512.1 provides in relevant part that a joint exercise of powers agreement may provide (a) for the repayment or return to the parties of all or any part of any contributions, payments or advances made by the parties pursuant to section 6504 and (b) for payment to the parties of any sum or sums derived from the revenues of facilities acquired or operated by the joint powers authority.

Based upon our examination solely of the proposed Agreement and the statutory provisions cited herein, as well as the further qualification that there is no case directly on point, we are of the opinion that if the matter were properly briefed and presented to a court with applicable jurisdiction, the court would hold that:

1. The proposed BATA contributions to the Authority in accordance with the Agreement are permitted by California law.
2. The proposed Authority payments to BATA in accordance with the Agreement are permitted by California law.

This letter is furnished by us as counsel to MTC and BATA and speaks as of its date. We disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our permission. This letter is not intended to, and may not, be relied upon by any party to whom it is not specifically addressed.

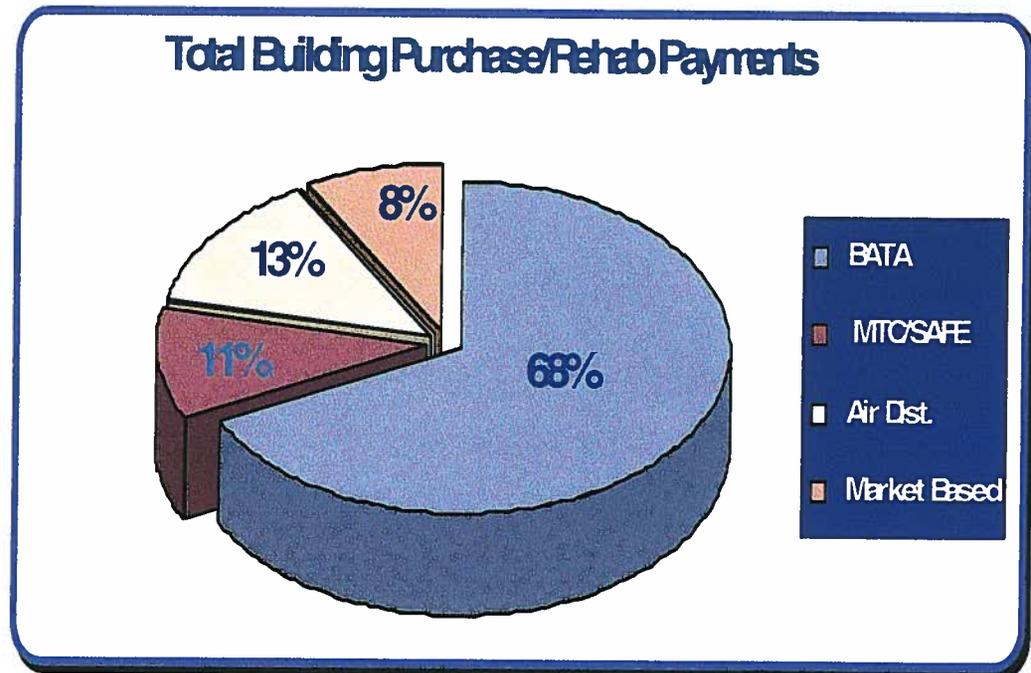
Very truly yours,

  
ORRICK, HERRINGTON & SUTCLIFFE LLP

# Building Project Payments

- BATA takes the bulk of the initial project risk covering 68% (\$122mm) of the total potential purchase and rehabilitation budget of \$180mm
- The Air District will make a direct payment of \$24mm, MTC/SAFE will contribute \$19mm present value from the assignment of future rental income from MetroCenter and \$15mm in tenant improvements will be recouped from commercial leases

| Sources               | Building Contributions      |            |
|-----------------------|-----------------------------|------------|
|                       |                             | %          |
| <b>BATA</b>           | <b>\$ 121,525,856</b>       | <b>68%</b> |
| <i>MTC/SAFE</i>       | <i>19,164,067</i>           | <i>11%</i> |
| <i>Air Dist.</i>      | <i>24,000,000</i>           | <i>13%</i> |
| BCDC                  | -                           |            |
| ETC/Clipper           | -                           |            |
| Market Based          | <u>15,086,592</u>           | <b>8%</b>  |
| <b>Total Sources</b>  | <b>\$ 179,776,515</b>       |            |
| <i>Uses (costs)</i>   | <u><i>(179,776,515)</i></u> |            |
| <b>Ending Balance</b> | <b>-</b>                    |            |
| <b>Bldg Pmt (net)</b> | <b>\$ 121,525,856</b>       |            |

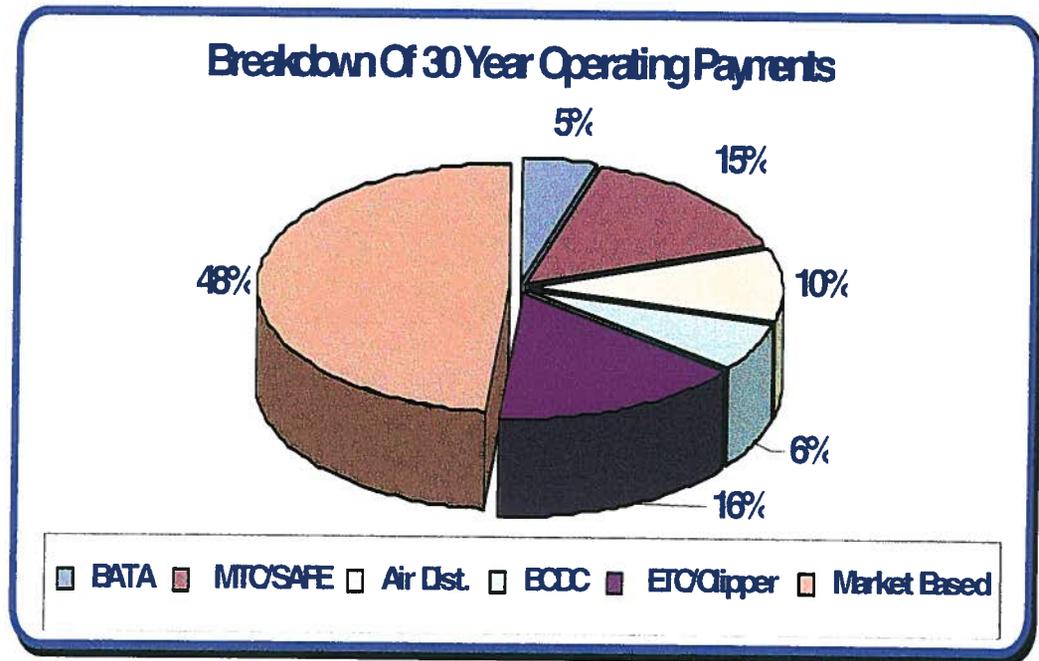


# Source of Operating Payments

- The funding situation changes with operating payments
- BATA has the smallest payment for operating costs (5%) followed by the Air District (10%) and then MTC/SAFE (15%)
- The bulk of the operating payments will come from market based tenants as well from relocating MTC/BATA based customer service operations (48% & 16% respectively)

∞

| Sources                | Operating Payments    | %        |
|------------------------|-----------------------|----------|
| BATA                   | \$ 21,783,593         | 5%       |
| MTC/SAFE               | \$ 65,350,780         | 15%      |
| Air Dist.              | 43,388,779            | 10%      |
| BCDC                   | 28,720,000            | 6%       |
| ETC/Clipper            | 71,357,000            | 16%      |
| Market Based           | 219,591,934           | 48%      |
| <b>Total Sources</b>   | <b>\$ 450,192,087</b> | <b>-</b> |
| <b>Uses (costs)</b>    | <b>(288,583,742)</b>  |          |
| <b>Ending Balance</b>  | <b>161,608,346</b>    |          |
| <b>Bldg Pmt (net)</b>  |                       |          |
| <b>Program Balance</b> | <b>161,608,346</b>    |          |



## Source Of Operating Payments

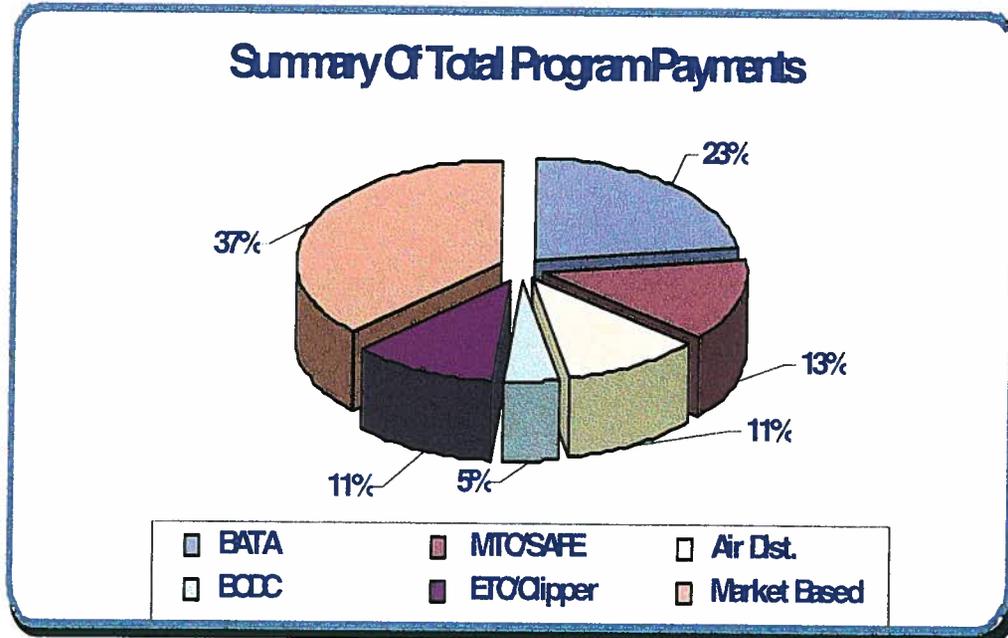


# Total 30 Year Program Contribution

- Including unreimbursed construction cost of \$122 mm the BATA 30 year contribution is second at 23% (\$143 mm)
- Market based and MTC/BATA customer service tenants make up nearly half of total "all in" program contributions (48%)

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| Sources                | 30 Year Total           | %   |
|------------------------|-------------------------|-----|
| BATA                   | \$ 143,309,450          | 23% |
| MTC/SAFE               | \$ 84,514,847           | 13% |
| Air Dist.              | 67,388,779              | 11% |
| BODC                   | 28,720,000              | 5%  |
| ETC/Clipper            | 71,367,000              | 11% |
| Market Based           | \$ 234,678,526          | 37% |
| <b>Total Sources</b>   | <b>\$ 629,968,602</b>   |     |
| <b>Uses (costs)</b>    | <b>(468,360,257)</b>    |     |
| <b>Ending Balance</b>  | <b>161,608,346</b>      |     |
| <b>Blgd Pmt (net)</b>  | <b>\$ (121,525,856)</b> |     |
| <b>Program Balance</b> | <b>40,082,489</b>       | -   |



# Project Proforma

- Utilizing an average occupancy rate of 70% the potential "net" Operating Income (NOI) paid to BATA over 30 years is \$162 million
- Net after building investment is approximately \$40 million

| Rate *                            | \$ 32.40 |               | Years                   | Years                  | Years                  | Years                  | Years                | Years                | 30 Year               |
|-----------------------------------|----------|---------------|-------------------------|------------------------|------------------------|------------------------|----------------------|----------------------|-----------------------|
| Occupancy                         | 70%      |               | 0-5                     | 6-10                   | 11-15                  | 16-20                  | 21-25                | 26-30                | Total                 |
| SF                                | 497,204  |               |                         |                        |                        |                        |                      |                      |                       |
| Operating Revenue                 | \$/sf    |               |                         |                        |                        |                        |                      |                      |                       |
| MTC/BATA                          | \$ 15.00 | 122,100       | \$ 9,723,682            | \$ 11,272,413          | \$ 13,067,816          | \$ 15,149,180          | \$ 17,562,052        | \$ 20,359,231        | -                     |
| Air Dist                          | \$ 15.00 | 60,800        | 4,841,932               | 5,613,126              | 6,507,152              | 7,543,572              | 8,745,068            | 10,137,930           | -                     |
| BCDC                              | \$ 32.40 | 20,000        | 3,520,000               | 4,040,000              | 4,540,000              | 5,040,000              | 5,540,000            | 6,040,000            | -                     |
| ETC/Clipper/511                   | \$ 32.40 | 55,000        | 2,057,000               | 11,110,000             | 12,485,000             | 13,860,000             | 15,235,000           | 16,610,000           | -                     |
| Commercial Rent                   | \$ 32.40 | 239,304       | 29,315,805              | 30,504,586             | 34,279,906             | 38,055,225             | 41,830,546           | 45,605,866           | -                     |
| <b>Operating Revenue</b>          |          |               | <b>\$ 49,458,420</b>    | <b>\$ 62,540,124</b>   | <b>\$ 70,879,873</b>   | <b>\$ 79,647,978</b>   | <b>\$ 88,912,665</b> | <b>\$ 98,753,027</b> | <b>\$ 450,192,087</b> |
| Operating Costs                   | \$/sf    |               |                         |                        |                        |                        |                      |                      |                       |
| MTC/BATA                          | \$ 15.00 |               | \$ 9,723,682            | \$ 11,272,413          | \$ 13,067,816          | \$ 15,149,180          | \$ 17,562,052        | \$ 20,359,231        | -                     |
| Air Dist                          | \$ 15.00 |               | 4,841,932               | 5,613,126              | 6,507,152              | 7,543,572              | 8,745,068            | 10,137,930           | -                     |
| BCDC                              | \$ 15.00 |               | 1,592,741               | 1,846,423              | 2,140,510              | 2,481,438              | 2,876,667            | 3,334,845            | -                     |
| Property Mgt                      | \$ 2.25  |               | 2,072,971               | 1,884,519              | 1,884,519              | 1,884,519              | 1,884,519            | 1,884,519            | -                     |
| TI                                | \$ 48.00 | \$ 15,086,592 | 19,680,459              | 12,746,199             | 14,776,338             | 17,129,825             | 19,858,162           | 23,021,053           | -                     |
| Capital/Other                     | \$ 1.68  |               | -                       | 5,016,072              | 5,016,072              | 5,016,072              | 5,016,072            | 5,016,072            | -                     |
| <b>Operating Costs</b>            |          |               | <b>\$ 37,911,785</b>    | <b>\$ 38,378,752</b>   | <b>\$ 43,392,407</b>   | <b>\$ 49,204,607</b>   | <b>\$ 55,942,540</b> | <b>\$ 63,753,651</b> | <b>\$ 288,583,742</b> |
| <b>Net Operating Income (NOI)</b> |          |               | <b>\$ 11,546,635</b>    | <b>\$ 24,161,372</b>   | <b>\$ 27,487,466</b>   | <b>\$ 30,443,371</b>   | <b>\$ 32,970,125</b> | <b>\$ 34,999,376</b> | <b>\$ 161,608,345</b> |
| Project Cost (net)                |          |               | \$ (121,525,856)        | \$ (109,979,221)       | \$ (85,817,948)        | \$ (58,330,382)        | \$ (27,887,011)      | \$ 5,083,113         | \$ (121,525,856)      |
| <b>Ending Balance</b>             |          |               | <b>\$ (109,979,221)</b> | <b>\$ (85,817,848)</b> | <b>\$ (58,330,382)</b> | <b>\$ (27,887,011)</b> | <b>\$ 5,083,113</b>  | <b>\$ 40,082,489</b> | <b>\$ 40,082,489</b>  |

\* SF annual Class "B" office space March, 2011



# Fairness of Purchase Price

## ➤ **Broker Opinions of Value**

- Looks at property valuation based on an understanding of the market conditions, building characteristics, and investor assumptions. This is not an appraisal.

## II ➤ **Property Comparisons**

- Looks at comparable transactions in the existing market.

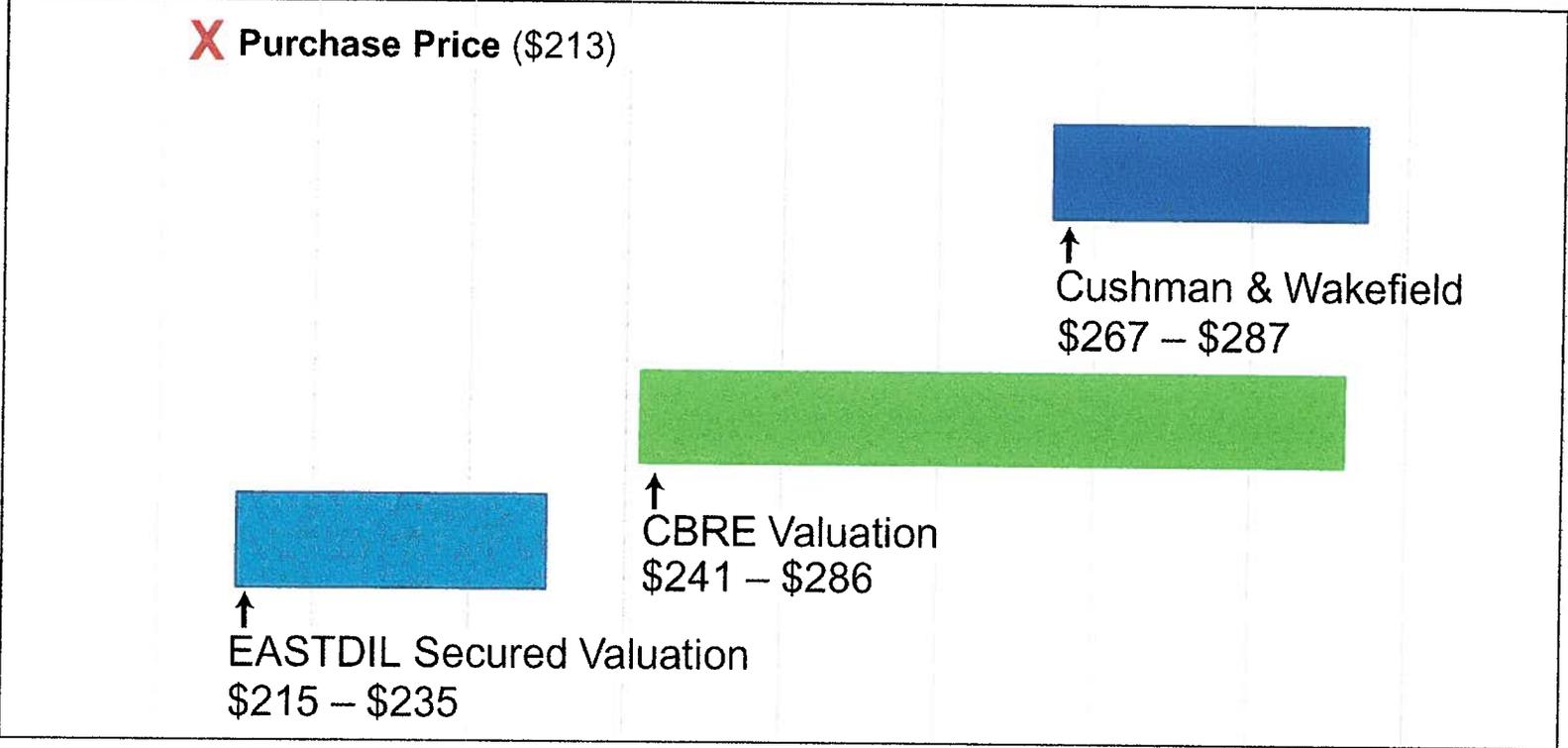
## ➤ **Appraisals**

- Looks at property value based on replacement costs, income and comparable transactions.



# Broker Opinions of Value

Cost per Square Foot



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➤ **Three separate broker opinions confirm fair purchase price**



# Property Comparisons

| Address | 390 Main Street | 370 3 <sup>rd</sup> Street | Hawthorne Plaza |
|---------|-----------------|----------------------------|-----------------|
|---------|-----------------|----------------------------|-----------------|



Rincon/South Beach

Yerba Buena

South Financial/SoMa

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|                      |                                       |   |   |
|----------------------|---------------------------------------|---|---|
| Location             | 1 Block from South Financial District | Adjacent to both Rincon and South Financial | Approximately 1 Block from Moscone Center |
| Date Closed          |                                       | In contract                                 | July 2011                                 |
| Rentable Sq Ft       | 497,204 SF                            | 409,783 SF                                  | 441,442 SF                                |
| Leased Sq Ft         | 33,006 SF                             | 37,000 SF                                   | 326,667 SF                                |
| Stories              | 8 Floors                              | 7 Floors                                    | 20 story tower + 5 story building         |
| Purchase Price/Sq Ft | \$213 / SF                            | \$255 / SF (1)                              | \$254 / SF                                |

**(1) "Adjusted Purchase Price" of \$255 is the actual purchase price estimated at \$230 / SF, plus an additional \$70/SF to acquire separate ground lease, less \$45/SF to account for prior owner's tenant improvements.**



# Property Appraisals

|  | Hamilton, Ricci & Associates     | Carneghi-Blum & Partners         | MTC Adjustment*                 |
|--|----------------------------------|----------------------------------|---------------------------------|
| <b>Square Footage</b>                      | <b>454,964 rsf</b>               | <b>424,270 rsf</b>               | <b>454,964 rsf</b>              |
| <b>Stabilized Market Value</b>             | <b>\$166,000,000</b><br>\$365 sf | <b>\$139,170,000</b><br>\$328 sf |                                 |
| <b>Cost to Stabilize</b>                   | <b>(\$55,000,000)</b>            | <b>(\$62,160,000)</b>            |                                 |
| <b>Income Approach As-is Market Value</b>  | <b>\$111,000,000</b><br>\$244 sf | <b>\$77,010,000</b><br>\$182 sf  |                                 |
| <b>Sales Comparison As-is Market Value</b> | <b>\$112,000,000</b><br>\$246 sf | <b>\$80,610,000</b><br>\$190 sf  | <b>\$86,443,160</b><br>\$190 sf |

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|  |                     |
|--|---------------------|
| <b>Sales Comparison Average Value (Original)</b> | <b>\$96,305,000</b> |
| <b>Sales Comparison Average Value (Adjusted)</b> | <b>\$99,221,580</b> |

\*C-B appraisal adjusted to include rentable Ground Floor space



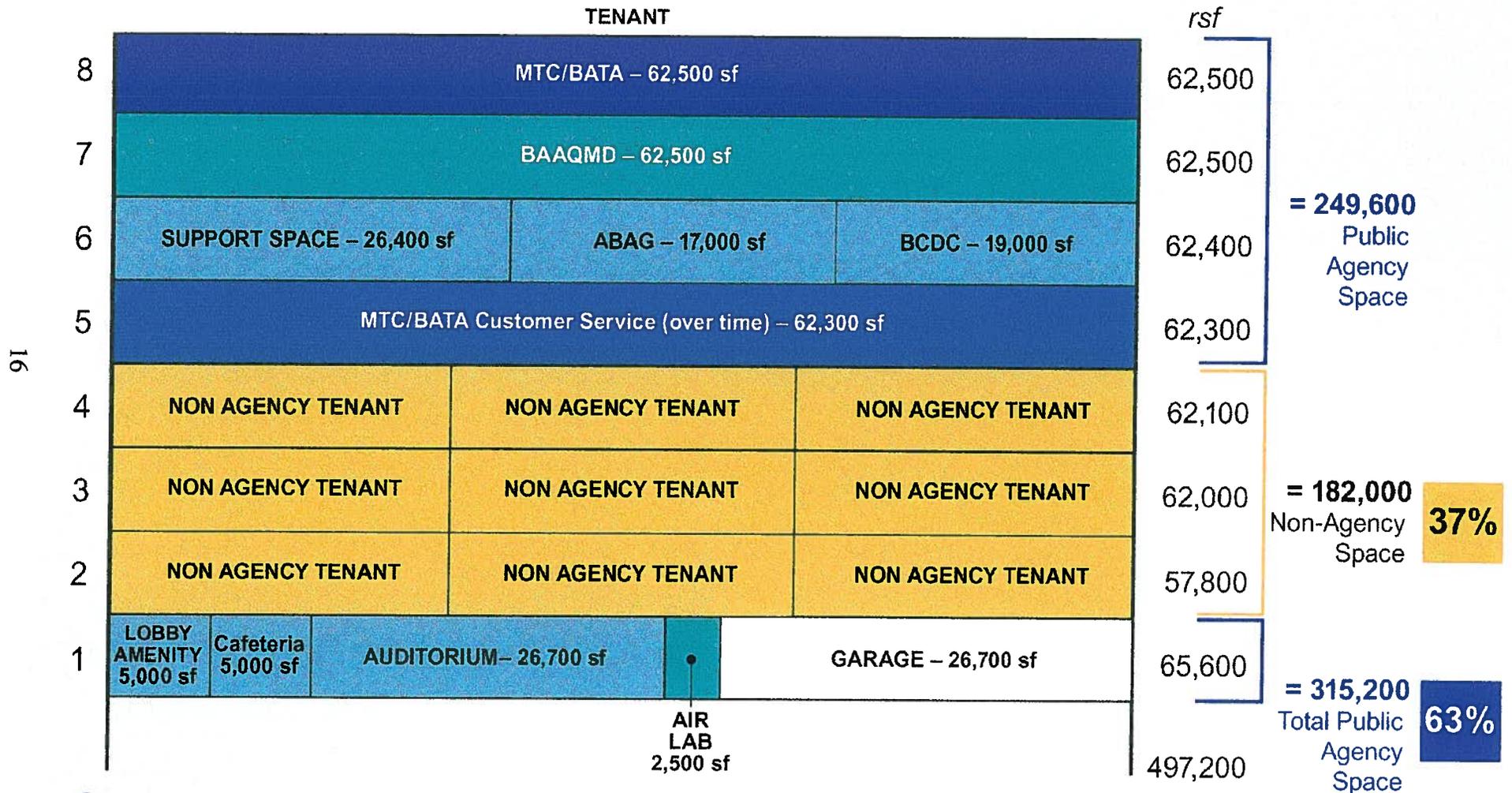
# Property Appraisals / Assumptions

- Hamilton-Ricci ("H-R") appraisal based on 455K SF whereas Carneghi-Blum ("C-B") appraisal based on 424K SF, a 7% reduction in value based on square footage
  - C-B treats ground floor as basement and substantially discounts value of this space.
  - C-B appraisal adjusted to include rentable Ground Floor space
- C-B included several additional and more varied buildings in its comparability analysis than H-R
- C-B underwrote lower rental rates than H-R (10% lower)
- Both appraisals included \$9.0m in expenses for property taxes and profit that are not applicable to BATA

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# 390 Main Street Potential Stacking Plan



# U.S. Postal Service Transaction

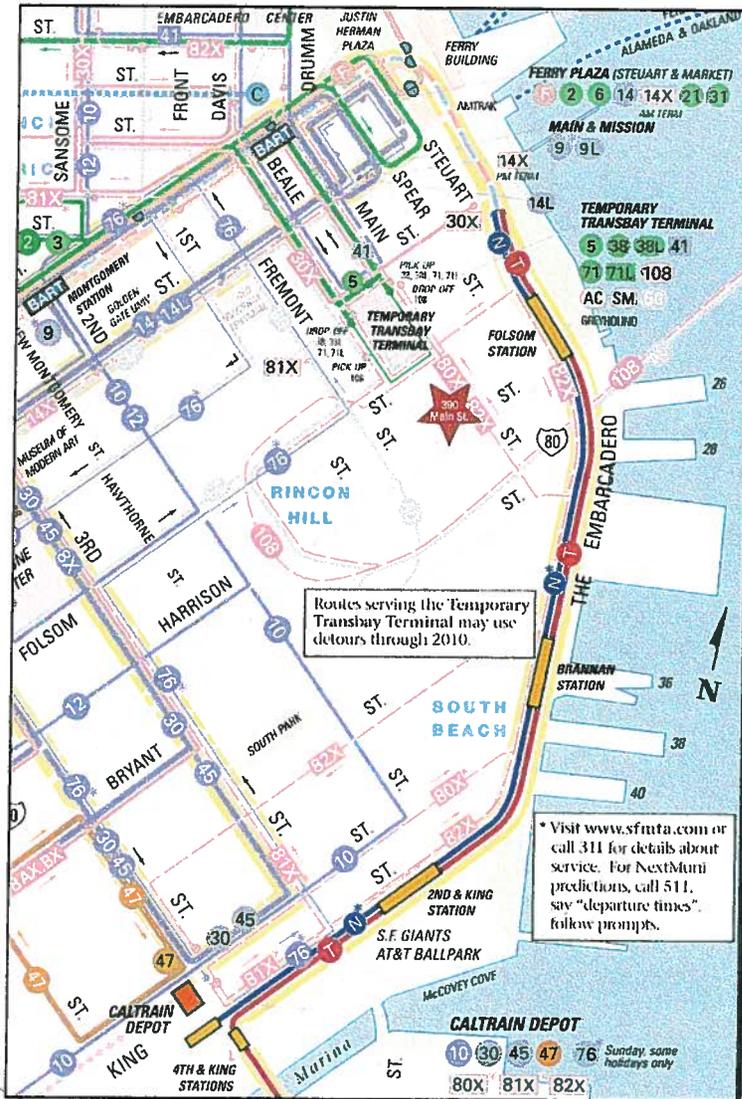


| Address          | 2010<br>(Bought) | 2011<br>(Selling) |
|------------------|------------------|-------------------|
| 390 Main Street  | 1. \$120 sq./ft. | 3. \$213 sq./ft.  |
| 370 Third Street | 2. \$110 sq./ft. | 4. \$230 sq./ft.  |

- Amerimar/Angelo Gordon negotiates Letter of Intent at bottom of the market (August 2009) and acquires 390 Main for \$120 sq.ft. (June 2010)
- Cerberus acquired the debt for 370 Third Street for ~\$110 /sq.ft (mid-2010). In contract to sell 370 Third Street for ~\$230/sq.ft (Sep 2011)



# Transit Accessibility



- Near both temporary and new Transbay Terminal
  - **SF Muni, AC Transit, Golden Gate Transit, Sam Trans, Greyhound, WestCAT**
- 2 BART Stations within 4 blocks or 1/2 mile
  - **Access to 4 BART lines**
- Ferry Service (1/2 mile)
  - **Access to Oakland, Alameda, Vallejo, Sausalito and Larkspur**
- CalTrain is within 3/4 mile

# Transit Accessibility

## Estimated Shuttle Cost (from Embarcadero BART station):

- **\$60-75 per hour**
- **6 public meetings days per month**
- **6 hours per day**
- **Total Cost: \$40,000 annually**

