

ADRIENNE J. TISSIER, CHAIR
Chair of MTC and BATA

BAY AREA HEADQUARTERS AUTHORITY (BAHA)

AMY REIN WORTH, VICE CHAIR
Vice Chair of MTC and BATA

January 23, 2013

MINUTES

TOM BATES
*Vice Chair,
BATA Oversight Committee*

Attendance

DAVE CORTESE
*Chair,
MTC Administration Committee*

Chair Adrienne Tissier convened the meeting at 11:05 a.m. In addition to Chair Tissier, the following Authority members were in attendance: Bill Dodd, Tom Bates, Dave Cortese, Scott Wiener, and Vice Chair Amy Rein Worth.

BILL DODD
*Chair,
BATA Oversight Committee*

Additional MTC Commissioners in attendance: David Campos, Anne Halsted, Steve Kinsey, Mark Luce, Jake Mackenzie, Joe Pirzynski, and Jean Quan.

SCOTT WIENER
*Vice Chair,
MTC Administration Committee*

Quorum was confirmed

Minutes

STEVE HEMINGER
Executive Director

Upon the motion of Commissioner Dodd and the second from Commissioner Cortese, the Authority unanimously approved the minutes of November 28, 2012.

ANN FLEMER
Deputy Executive Director, Policy

390 Main Street Status Report

The January 2013 report on the status of the 390 Main Street Project was included in the materials. No presentation was given. Ms. Joyce Roy questioned the status of the building permits with the City and County of San Francisco. BAHA staff Stephen Wolf responded that BAHA will self-certify the project, the State Fire Marshall will complete the Life Safety, and the State Architect will complete the accessibility review. Mr. Wolf noted the certification process would be consistent with that for MTC's projects at the MetroCenter and the San Francisco-Oakland Bay Bridge Toll Administration Building in Oakland. Ms. Roy also commented that the Fastrak and Clipper Customer Service Centers, if relocated to 390 Main Street, would be too far away from their customers.

ANDREW B. FREMIER
Deputy Executive Director, Operations

390 Main Street Revised Cost and Funding Plan

Steve Heminger, BAHA Executive Director, presented the 390 Main Street Revised Cost and Funding Plan. Mr. Heminger provided background information on the increase in project cost: the initial \$1.0 million seismic estimate was unrealistic; there is added cost to expand the atrium to all 8 floors; monies were added to work around the existing tenant; and the budget for furniture is now included in the total project budget, rather than in the operating budget. Mr. Heminger also reviewed the proforma attachment "Net Return Excluding Residual Building Value" which followed the Bureau of State Audits model.

Chair Tissier inquired about the building's current appraised value. Mr. Heminger responded that as of last summer, 390 Main Street was appraised at \$136 million. Chief Financial Officer Brian Mayhew pointed out that the cash flow assumes 0% occupancy (first year), 25% (Year 2), 50% (Year 3) and 80% thereafter. Mr. Heminger also explained that with the most conservative estimates, excluding the residual value of the building, the project deficit of \$56 million is still less than the value of the asset, and the mid-point scenarios yield a return in the range of 84-90%.

MTC Commissioner Jean Quan inquired about the proposed seismic standard for 390 Main Street, which Mr. Heminger responded is Life Safety, the same as the MetroCenter building. Ms. Quan recommended that 390 Main Street be built to the highest earthquake standard. BAHA staff Teri Green informed BAHA that neither buildings (MetroCenter nor 390 Main Street) have earthquake insurance, due to the cost being prohibitive. Ms. Quan requested information on the opportunity cost of not building a new building.

Staff recommended 1) approval of the revised Project Cost and Funding Plan and 2) referral to the Bay Area Toll Authority (BATA), for approval, of a request to increase the contribution from BATA (from \$167 to \$215 million) and Net Toll Contribution (from \$109 to \$141 million) for the purchase and renovation of 390 Main Street. Upon the motion of Commissioner Wiener and the second from Commissioner Dodd, the Authority unanimously authorized the approval of staff's recommendation.

BAHA Resolution No. 10, Memorandum of Understanding and a Purchase and Sale Agreement with the Association of Bay Area Governments for Office Space at 390 Main Street (\$7.0 million)

Steve Heminger, BAHA Executive Director, presented BAHA Resolution No. 10, Memorandum of Understanding and a form of Purchase and Sale Agreement with the Association of Bay Area Governments (ABAG) for office space at 390 Main Street. Mr. Heminger reviewed various provisions of the agreement including the exchange of ownership at the MetroCenter for space at 390 Main Street. He stated that ABAG's Board should make a final decision on the agreement in February. Chair Tissier commented on the principle that included the word "subsidized" cafeteria. BAHA General Counsel Adrienne Weil clarified that the principle is covered in paragraph #8 of the MOU, which does not refer to being subsidized, but that the process to provide food service would include an exploration of ways to create an amenity for the building and make on-site food affordable to building occupants.

Commissioner Weiner wanted clarification on the ramifications of the equal voting change in the CCRs. Mr. Heminger stated this is a similar arrangement as exists in the MetroCenter, where each owner has an equal vote. One difference is that the 390 Main Street Condominium Board members would only have a vote on decisions related to the operations budget and policies, not capital budget or projects for which BAHA would retain sole authority.

Commissioner Bates wanted assurances that by allowing ABAG to use planning funds for tenant improvements, there would not be a reduction in planning staff. Mr. Heminger stated that the increase in planning funds is for ABAG's tenant improvement costs.

Upon the motion of Commissioner Dodd and the second from Commissioner Cortese, the Authority unanimously approved BAHA Resolution No. 10, approving the Memorandum of Understanding and the form of the Purchase and Sale Agreement with ABAG and authorized the Executive Director and Treasurer and Auditor to negotiate and enter into the Memorandum of Understanding and Purchase and Sale Agreement in substantially the form on file with the Secretary of BAHA.

Item 7, Contract – Technology Consulting Services was moved up on the agenda at the request of Commissioner Cortese.

Contract – Information Technology Consulting Services: Accenture LLP (\$190,000)

Ms. Valerie Campbell, BAHA staff, presented the Information Technology Consulting Services contract with Accenture LLP for approval. Ms. Campbell stated that Accenture would work with the agencies to identify alignment of technology to support the relocation to 390 Main Street. Work should take 6-8 weeks. Commissioner Bates requested reports on the progress of this project.

Upon the motion of Commissioner Weiner and the second from Commissioner Cortese, the Authority unanimously authorized the Executive Director, or his designee, to negotiate and enter into a contract with Accenture LLP in an amount not to exceed \$190,000 to provide consulting services to assist with the implementation of a shared technology services solution for 390 Main Street.

Contract – Real Estate Brokerage Services: Cushman & Wakefield of California, Inc. (\$2.3 million)

Ms. Teri Green, BAHA Director, presented the Real Estate Brokerage Services contract with Cushman & Wakefield of California (C&W) for approval for the marketing and leasing of 390 Main Street. Ms. Green provided background on the changes to the RFQ to expand the competition and the procurement and evaluation process. She also reviewed the proposed compensation to be paid to C&W over a five- year period.

Vice Chair Worth wanted clarification on whether the fee was included in the scope of work. Ms. Green explained that the RFQ included a very comprehensive scope of work for this contract and the contract to be considered in the next agenda item and that the cost provided by C&W was to cover the entire scope of work for this agenda item.

Based on the procurement results, staff recommended that BAHA authorize the Executive Director or his designee to negotiate and enter into a contract with C&W for real estate brokerage services for the marketing and leasing of space at 390 Main Street for a five-year period, in an amount not to exceed \$2.3 million dollars, with the option to renew for two additional five-year terms subject to the approval by the BAHA Board and future BAHA budgets. The agreement will include terms and conditions for the payment of commissions to C&W, other cooperating brokers, and for other agreed upon expenses related to the marketing of 390 Main Street.

If negotiations are unsuccessful with C&W, staff recommended authorizing the Executive Director, or his designee, to negotiate and enter into a contract with the second-ranked firm, Kidders Mathews, in an amount not to exceed \$2.3 million dollars, and, if also unsuccessful, the third-ranked firm, The CAC Group, in an amount not to exceed \$2.3 million dollars, before issuing a new procurement.

Upon the motion of Commissioner Dodd and the second from Commissioner Bates, staff's recommendations were unanimously approved. Commissioner Cortese abstained.

Contract – Property Management Services: Cushman & Wakefield of California, Inc. (\$1.1 million)

Ms. Teri Green, Director, BAHA presented the Property Management Services contract with Cushman & Wakefield of California, Inc. (C&W) for approval.

Ms. Green provided background information on the revisions to the RFQ and the procurement and evaluation process. Ms. Green indicated that next steps also included a transitioning from the existing property management firm to C&W.

Staff recommended that the Authority authorize the Executive Director or his designee to negotiate and enter into a contract with C&W for property management services at 390 Main Street for a five-year period, in an amount not to exceed \$1.1 million, with the option to renew for two additional five-year terms, subject to the approval of future BAHA operating budgets by the BAHA board.

If negotiations are unsuccessful with C&W, staff recommended authorizing the Executive Director, or his designee, to negotiate and enter into a contract with The CAC Group, the second-ranked firm, in an amount also not to exceed \$1.1 million over a five year period, subject to the approval of future BAHA operating budgets, before issuing a new procurement.

Upon the motion of Commissioner Rein Worth and the second from Commissioner Wiener, staff's recommendations were unanimously approved. Commissioner Cortese abstained.

Public Comment/Other Business/Next Meeting/Adjournment

There being no further public comment or business, Chair Tissier adjourned the meeting at 12:30 p.m. The next BAHA meeting is scheduled for February 27, 2013 in Oakland, California at a time to be noted.