

AMY REIN WORTH, CHAIR
Chair of MTC and BATA

DAVE CORTESE, VICE CHAIR
Vice Chair of MTC and BATA

TOM BATES
Vice Chair,
BATA Oversight Committee

BILL DODD
Chair,
BATA Oversight Committee

SCOTT WIENER
Vice Chair,
MTC Administration Committee

ADRIENNE TISSIER
Chair,
MTC Administration Committee

STEVE HEMINGER
Executive Director

ANN FLEMER
Deputy Executive Director, Policy

ANDREW B. PREMIER
Deputy Executive Director, Operations

Agenda Item 2a

BAY AREA HEADQUARTERS AUTHORITY (BAHA)

February 26, 2014

MINUTES

Attendance

Chair Amy Rein Worth convened the meeting at 11:00 a.m. In addition to Chair Rein Worth, the following Authority members were in attendance: Vice Chair Dave Cortese, Tom Bates, Adrienne Tissier and Scott Wiener.

Additional MTC Commissioners in attendance: David Campos, Ann Halsted, Steve Kinsey, Mark Luce, Jake Mackenzie, Tom Azumbrado, Bijan Sartipi and James Sperring.

Quorum was confirmed

Consent Calendar

Upon the motion of Commissioner Tissier and the second from Commissioner Cortese, the Authority unanimously approved the following consent items:

- Minutes of the December 18, 2013 meeting.
- Purchase Order Amendment – Maintain Generator Operation: Technology, Engineering & Construction, Inc. DBA Accutite (\$106,000)

375 Beale Street Status Report – February 2014

Stephen Wolf, BAHA Staff and Teri Green, BAHA Director, presented the February 2014 status report for the 375 Beale Street Project.

Commissioner Halsted asked if BAHA was making provisions for having the San Francisco Bay Conservation and Development Commission (BCDC) as a future tenant. Teri Green stated the building would have multi-tenant floors that could accommodate BCDC in the future. Commissioner Halsted asked if staff had any recent conversations with BCDC. Steve Heminger, Executive Director, stated that staff was in communication with BCDC and will remain flexible.

Commissioner Tissier inquired about the target move-in date for BAHA. Stephen Wolf explained that the BAHA project schedule reflects a move-in date of Summer 2015, which is tied to the relocation of the existing tenant, Western Laboratory. Staff had originally projected Western Laboratory would relocate by Summer 2014; however, Western Laboratory is projecting a move-out date in Winter 2014. Staff continues to seek ways to accelerate Western Laboratory's relocation timeline.

Commissioner Spering requested a design configuration of the Board Room be presented at a future BAHA meeting. Steve Heminger stated the board room design could be presented at the March Commissioner Workshop.

Commissioner Bates inquired about when the private tenants will be able to move into the building. Teri Green responded that most of the potential tenants are seeking a July 2015 move-in date. BAHA staff is working with McCarthy, the contractor, to see if BAHA can sequence tenant move-ins around that time. Commissioner Bates asked if the tenants will be able to move in before BAHA. Teri Green answered in the affirmative. Steve Heminger stated that the presence of Western Laboratory in the building continues to delay the construction of the upper floors; however, construction continues on the lower floors, and the Bay Area Air Quality Management District (BAAQMD) and some tenants may be able to move-in prior to the other agencies.

Commissioner Kinsey inquired about what will happen to the MetroCenter after the move to 375 Beale. He also requested a full appraisal of 375 Beale Street upon completion of the project. Steve Heminger answered that such an appraisal of 375 Beale Street would be made. Mr. Heminger also stated that the MetroCenter is currently a Condominium Association of three agencies: the Metropolitan Transportation Commission (MTC), the Association of Bay Area Governors (ABAG) and the Bay Area Rapid Transit (BART). The terms of BAHA's agreement with ABAG for moving into 375 Beale include that ABAG will transfer ownership of its current space at the MetroCenter to MTC in exchange for its new space at 375 Beale Street. BART has the first right of refusal to the MetroCenter and staff has had conversations with BART regarding its interest in the building. If BART decides not to exercise its option, the second option would be to find a buyer or to lease out the vacated space.

Commissioner Mackenzie inquired about when BAHA will begin holding meetings at 375 Beale Street. Steve Heminger stated that it may be possible to have meetings in the Board Room before staff moves in. Teri Green stated that meetings may be held there upon completion of the Board Room and upon the receipt of a Certificate of Occupancy.

Commissioner Luce inquired about the status of retail space at 375 Beale Street. Teri Green stated staff is working with Cushman & Wakefield to market the larger 4600 square feet of retail space as well as the smaller space on the first floor. There are a lot of retailers interested in the space; staff will continue to evaluate requirements for BAHA and the retailers.

Contract Amendment – Construction Services: McCarthy Building Companies, Inc. (\$33,240,000 plus \$830,000 additional contingency)

Mr. Wolf presented the recommendation to enter into a contract amendment with McCarthy Building Companies, Inc. (McCarthy) to add Construction Services for Core and Shell and Finishes Work.

Chair Rein Worth asked if this amendment is within the framework of the previously approved budget. Mr. Wolf answered in the affirmative.

Commissioner Campos asked why the \$3,000,000 is needed to accelerate non-agency tenant work and why this cost was not included in the original plans. Mr. Wolf stated this work would bring tenants into the building faster and would allow for a consistent finish across the non-agency floors. Mr. Heminger stated that having more work on tenant floors completed and having a consistent finish across floors will bring in higher rents.

Chair Rein Worth asked if the accelerated costs will be recovered in the calculations for rents, along with the other annual operating costs and capital investments. Mr. Heminger stated that all costs will be recovered in rents from the tenants.

Commissioner Bates expressed his concern about the overall budget and how the amendment changes the budget. Mr. Heminger stated that there are no changes in the overall budget.

Upon the motion of Commissioner Tissier and the second from Commissioner Cortese, the Authority unanimously authorized the Executive Director, or his designee, to negotiate and enter into a contract amendment with McCarthy Building Companies, Inc. for construction services related to core, shell and finishes in an amount not to exceed \$33,240,000 and authorized an additional Owner's contingency of \$830,000 to be used at BAHA's discretion. The Treasurer and Auditor was directed to set aside funds in the amounts of \$33,240,000 for the contract amendment and \$830,000 for the additional Owner's Contingency.

Public Comment/Other Business/Next Meeting/Adjournment

There being no further public comment or business, Chair Rein Worth adjourned the meeting at 11:26 a.m. The next BAHA meeting is scheduled for April 23, 2014 in Oakland, California at a time to be duly noted.