



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

**AGENDA: 4**

# **Ad Hoc Building Oversight Committee Meeting**

## **375 Beale Street Acquisition: Transfer of Funds**

**February 1, 2017**

**Jeff McKay**  
**Deputy Air Pollution Control Officer**



# Outline

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1. Financing
2. Condominium
3. District Reserves



# Financing (1 of 3)

- The Air District portion is approximately 77,000 square feet priced at \$385 per square foot (\$30 M)
- Not less than \$9 M from the sale of 939 Ellis Street will be applied to the approximate \$30 M cost
- The Air District will own and occupy this space under the terms of a Condominium Agreement



## Financing (2 of 3)

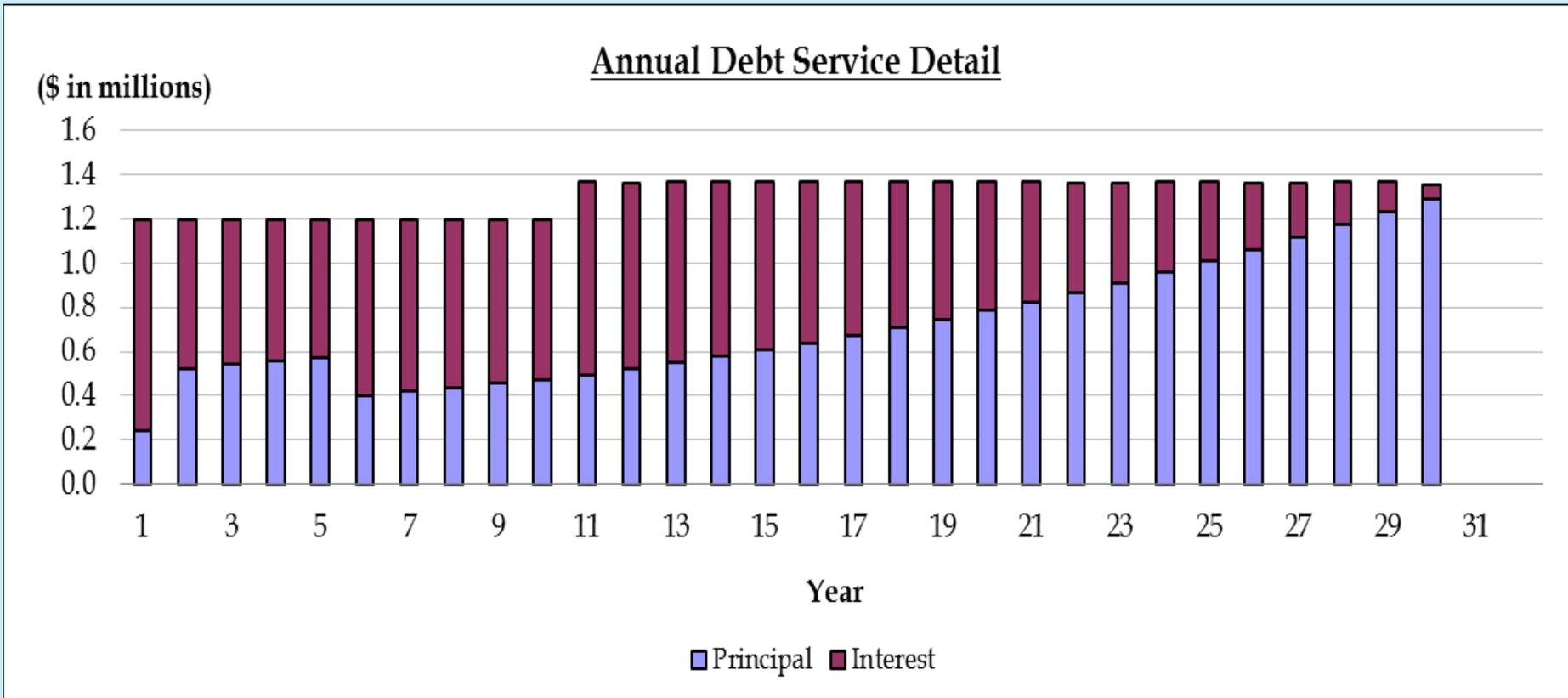
The interest rate will be based on a short-term tax-exempt index (SIFMA [currently = 0.66%]) +1.25%

- The interest rate resets weekly with the following caps
  - Years 1-5: 3.20 %
  - Years 6-10: 4.20%
  - Years 11-30: 5.20%
- The annual payment (interest and principal) will be:
  - Years 1-10: \$1,200,000
  - Years 11-(30): \$1,370,000
- Any remarketing of the obligation leaves the interest rate caps and maximum annual payments unchanged



# Financing (3 of 3)

## Debt Service with Interest Rate Caps in Immediate Effect



# Condominium (1 of 2)

- Initial condo owners: BAAQMD, BAHA/MTC, ABAG
- Commercial occupants lease their space from BAHA
- Owners allocate operating expenses by owned square footage
- Owners share access to designated “*jointly used space*”



## Condominium (2 of 2)

### Considerations for Liquidity of the Asset:

- Board membership limited to one member per affiliated organization
- Obligation to share “*jointly-used space*” terminates on sale to non-governmental entity
- Most Board actions are required to be unanimous
- One vote per Board Member



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# Floor 1





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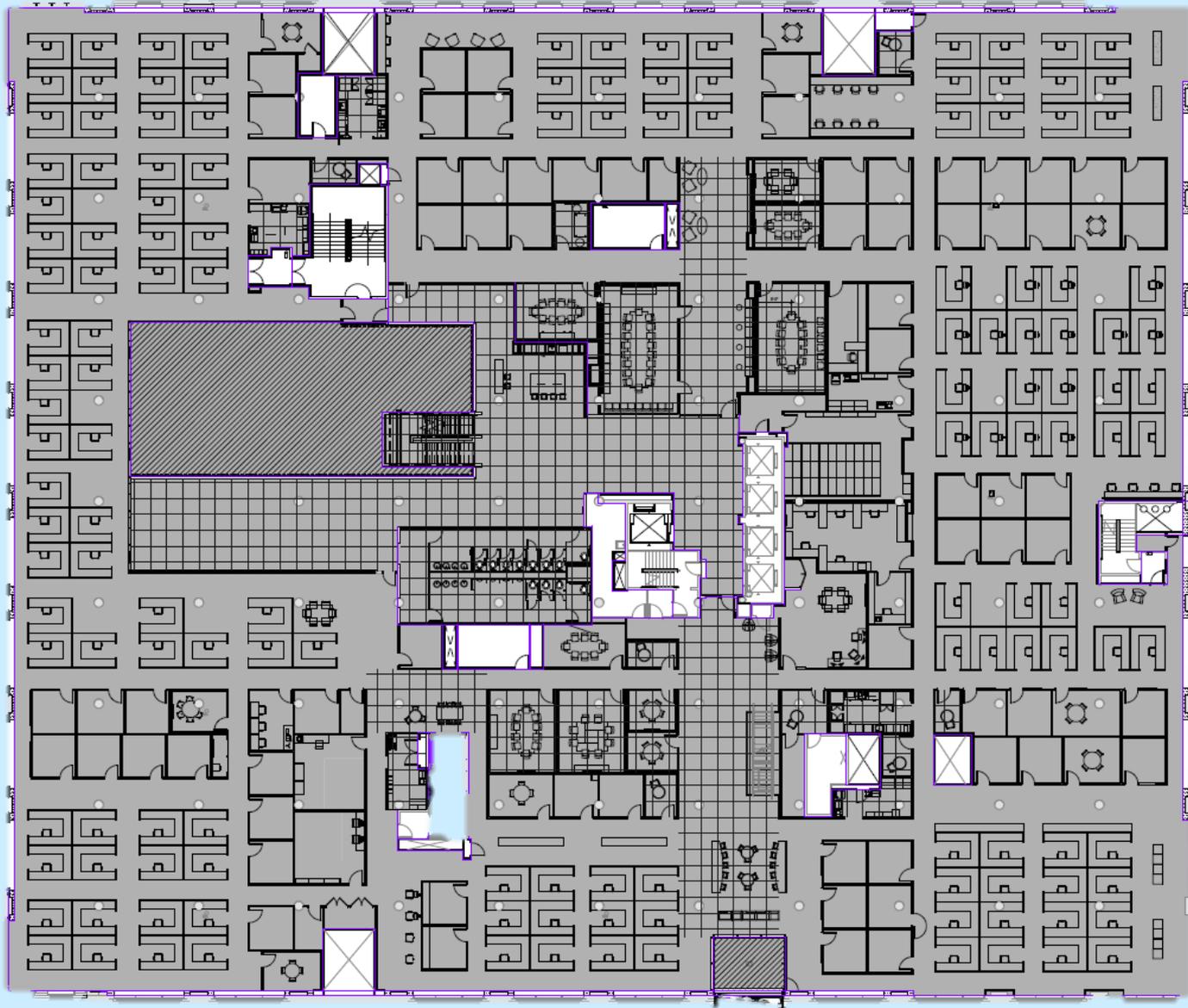
# Floor 2 - Lab





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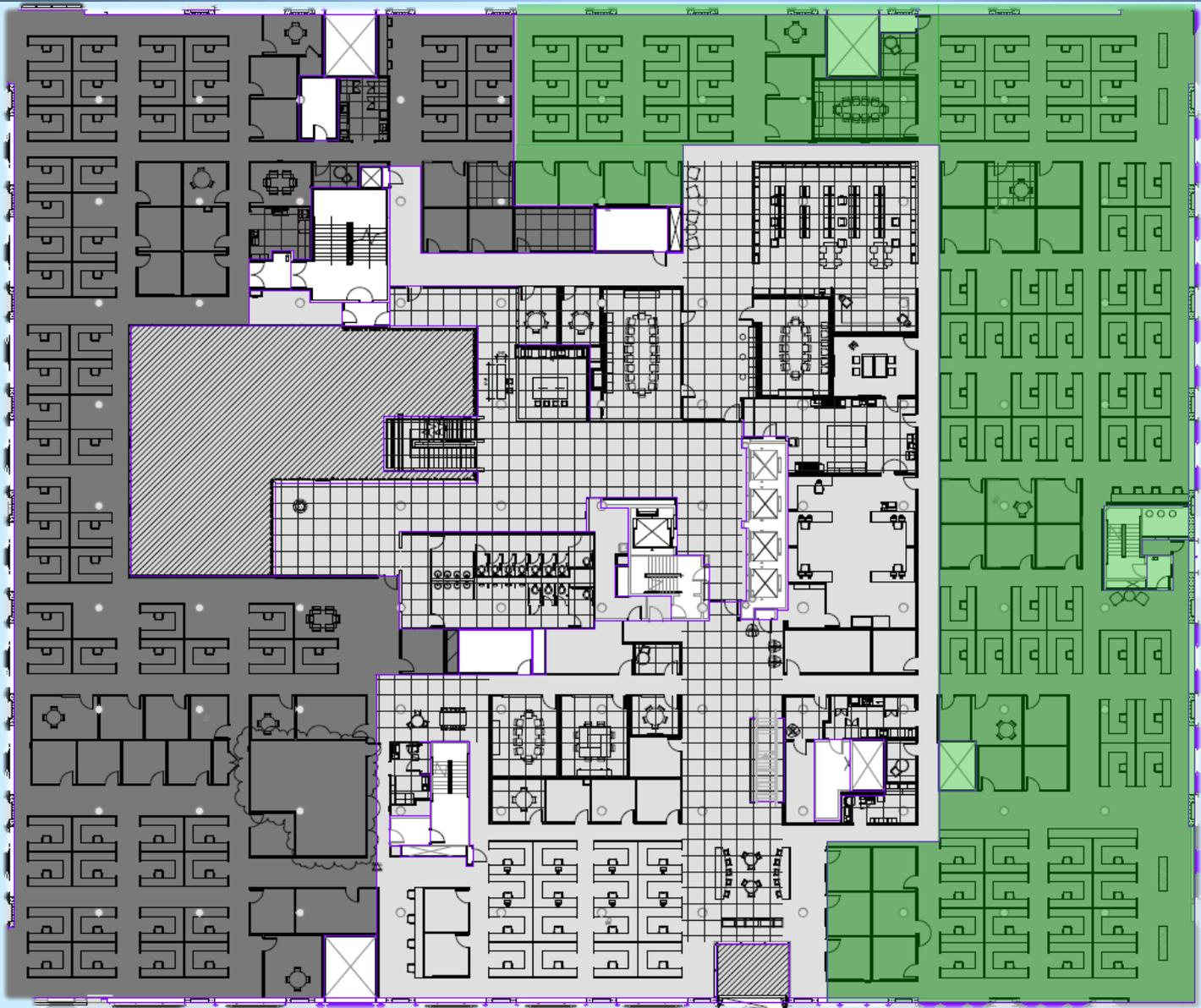
# Floor 6





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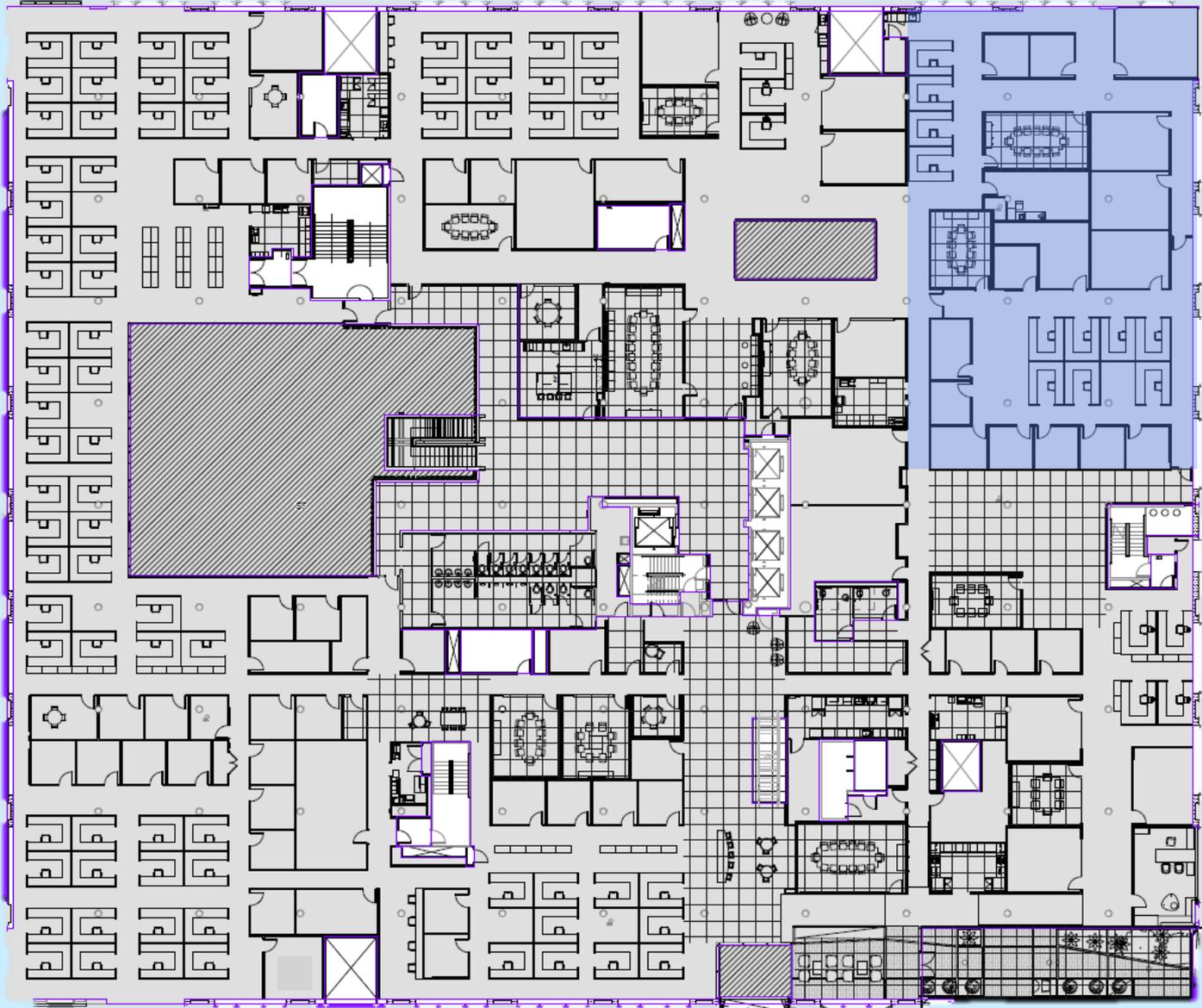
# Floor 7 - Planning





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# Floor 8





# District Reserves

*Minimum Reserve Guidance = \$16 M*

- Designated Reserves: \$22 M
- Undesignated Reserves: \$9 M
- Remaining Reserves from building sale: \$14 M
- Total available Reserves \$45 M



# Recommendation

- Recommend that the Board of Directors authorize the transfer of \$9 M from General Fund reserves to complete the purchase of the Air District's portion of 375 Beale Street.