

**R A F C  
R E G I O N A L  
A D M I N I S T R A T I V E  
F A C I L I T Y  
C O R P O R A T I O N**

**B A Y A R E A  
M E T R O C E N T E R  
375 BEALE STREET  
SAN FRANCISCO, CA  
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**REGIONAL ADMINISTRATIVE FACILITY CORPORATION  
BOARD OF DIRECTORS MEETING**

**November 7, 2016**

**Bay Area Metro Center**

**375 Beale Street, Claremont - CR 112**

**San Francisco, CA 94105**

**12:00 Noon**

**ACTION  
RECOMMENDED**

1. Confirm Quorum
2. Consent Calendar
  - a. Minutes of June 13, 2016 Annual Meeting
  - b. FY2015-16 Financial Statements and Independent Auditor's Report
    - 1) Memo on Internal Control and Required Communications
    - 2) RAFC Audit Report, Years Ended June 30, 2016 and 2015
3. Project Manager's Report\* (Robert Hoffman)  
MetroCenter Facility Systems and Services
4. RAFC Budgets (Mamie Lai)
  - a. FY2016-17 RAFC Proposed Amended Operating and Capital Budgets - memo\*  
*The RAFC Board will be asked to approve the amended FY2016-17 Budget*
  - b. FY2016-17 RAFC Proposed Amended Operating Budget (Through January 2017)
  - c. FY2016-17 RAFC Proposed Amended Capital Budget (Through January 2017)
5. Purchase Orders and Purchase Order Amendments: FY 2016-17 – memo \* (Robert Hoffman)  
*The RAFC Board will be asked to authorize the President, or his designee to execute operating services, purchase orders, purchase order amendments listed herein, subject to the approval of the amended FY 2016-17 Budget.*
  - a. Acoustic Wall Covering Replacement – Wall Covering Design (\$70,000)
  - b. Security Services – ABC Security (\$52,000)
  - c. Elevator Modernization - Thyssen Krupp (\$100,000)

Approval

Information

Information

Approval

Approval

Metropolitan  
Transportation  
Commission  
**Steve Heminger**  
President

Association of  
Bay Area Governments  
**Ezra Rapport**  
Vice-President

San Francisco  
Bay Area Rapid Transit  
District  
**Grace Crunican**  
Secretary-Treasurer

San Francisco  
Bay Area Rapid Transit  
District  
**Sean Brooks**  
Assistant  
Secretary-Treasurer

6. Updated Strategic Planning Efforts Affecting the Joseph P. Bort MetroCenter\* (Teri Green) Approval  
*The RAFC Board will be presented with information on a prospective sale of MTC and ABAG's Interests.*
7. Other Business/Public Comment/Adjournment Information  
The next meeting of the Regional Administrative Facility Corporation will be at a location, date and time to be duly noted.

\*Attachment sent to Board of Directors, key staff and others as appropriate. Copies will be available at the meeting.

\*\*All items on the agenda are subject to action and/or change by the Board. Actions recommended by staff are subject to change by the Board.

**Quorum:** A quorum of this committee shall be a majority of its regular voting members (2).

**Public Comment:** The public is encouraged to comment on agenda items at committee meetings by completing a request to-speak card (available from staff) and passing it to the committee secretary. 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.

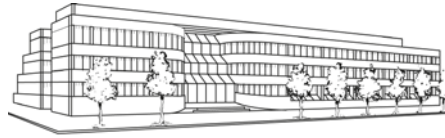
**Meeting Conduct:** If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

**Record of Meeting:** RAFC meetings are tape-recorded. Copies of recordings are available at nominal charge, or recordings may be listened to at MTC offices by appointment.

**Accessibility and Title VI:** MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

**可及性和法令第六章:** MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

**Acceso y el Título VI:** La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.



R A F C  
R E G I O N A L  
A D M I N I S T R A T I V E  
F A C I L I T Y  
C O R P O R A T I O N

REGIONAL ADMINISTRATIVE FACILITY CORPORATION  
BOARD OF DIRECTORS MEETING MINUTES

June 13, 2016

JOSEPH P. BORT  
METROCENTER  
101 EIGHTH STREET  
OAKLAND, CA  
94607 - 4700  
510/817-5700  
TDD/TTY 510/817-5769  
FAX 510/817-5848

Metropolitan  
Transportation  
Commission  
**Steve Heminger**  
President

Association of  
Bay Area Governments  
**Ezra Rapport**  
Vice-President

San Francisco  
Bay Area Rapid Transit  
District  
**Grace Crunican**  
Secretary-Treasurer

1. **ATTENDANCE**

Steve Heminger, President; Courtney Ruby, ABAG Chief Financial Officer (proxy for Ezra Rapport) and Sean Brooks, BART Department Manager, Real Estate and Property Development. Also present were Eva Sun, MTC Assistant Financial Officer; Matthew Lavrinets, RAFC Legal Counsel; Mamie Lai, MTC RAFC Project Manager; Teri Green, BAHA Section Director; Robert Hoffman, RAFC Building Manager; Susan Schaffer, BART Principal Right of Way Officer and Patricia Schuchardt, BART Senior Administrative Analyst.

Steve Heminger acknowledged his appreciation of the BART board members and staff for traveling to San Francisco for the RAFC Board meeting, and that MTC and BART has reached an agreement on BART's purchase of the Oakland MetroCenter. This purchase is pending completion of the new 375 Beale Street MetroCenter condominium agreement with ABAG.

2. **CONSENT CALENDAR:** The following items were moved for approval by Sean Brooks, with a second by Courtney Ruby. Approval was unanimous.

2a. **MINUTES**

Minutes of April 29, 2015 were approved as submitted.

2b. **APPOINTMENT OF SEAN BROOKS**

Appointment of Sean Brooks as Assistant Secretary of Treasurer was approved as submitted.

2c. **FY 2014-15 Financial Statements and Independent Auditors Report**

The audited Financial Statements and Management Letter for the period ending June 30, 2015, prepared by Vargas and Company Certified Public Accountant, were approved as submitted.

3. **PROJECT MANAGER'S REPORT**

Robert Hoffman, presented the Project Manager's report.

4. **RAFC BUDGETS**

Mamie Lai presented the RAFC Budgets.

4a. FY 2015-16 Amended Operating and Capital Budgets

After motion by Sean Brooks and second by Courtney Ruby the Board voted unanimously to approve the FY 2015-16 Amended Operating and Capital Budget.

Upon the motion by Courtney Ruby and second by Sean Brooks, the vote for Agenda Item 4a. FY 2015-16 Amended Operating and Capital Budgets was rescinded due to a mathematical error in ABAG's Operating Assessment. The total should have been \$182,416

The motion carried with the following vote: After motion by Sean Brooks and second by Courtney Ruby, the Board voted unanimously to approve the Amended FY 2015-16, the Amended Operating and the Capital Budget.

4b. Corrected FY 2015-16 Common Assessments and Utility Cost-Sharing Allocation

After motion by Courtney Ruby and second by Sean Brooks the Board voted unanimously to approve the FY 2015-16 Common Assessments and Utility Cost-Sharing Allocation.

4c. FY 2016-17 Proposed Operating and Capital Budgets

Mr. Heminger asked if MTC's management fee is included in the FY 2016-17 budget. Mamie Lai answered that it is currently included. Mr. Heminger asked BART would like to take over the MetroCenter building as of July or in September to assume the operating costs. Sean Brooks responded in the negative.

Mr. Heminger asked if it was typical for the Operating Assessments to come from the Operating Reserve Balance instead of being billed directly. Teri Green stated that this has not happened in the past and that she made the recommendation for the \$582,320 in the Operating Reserve Balance be utilized to offset the cost to support BART's operating costs since MTC and ABAG will no longer occupy the building.

Sean Brooks asked if the budget can be amended if BART's purchasing transaction extends past the month of September. Ms. Green replied, the RAFC Board would have to hold another meeting to approve the amended operating budget through the extended purchase date.

Patricia Schuchardt asked if MTC could assist in the procurement process as the contracting agent for the repairs needed in the MetroCenter Auditorium. Robert Hoffman answered in the affirmative.

Ms. Green recommended that the Capital Contingency be used for these repairs, which have already been approved by the RAFC Board at a previous meeting. This project has been delayed.

After a motion by Sean Brooks and second by Courtney Ruby, the Board voted unanimously to approve the FY 2016-17 Proposed Operating and Capital Budgets.

4d. FY 2016-17 Proposed Cost Sharing Allocation

After a motion by Sean Brooks and second by Courtney Ruby, the Board voted unanimously to approve the FY 2016-17 Proposed Cost Sharing Allocations.

**5. PURCHASE ORDERS: FY 2016-17**

After a motion by Sean Brooks and second by Courtney Ruby, the Board voted unanimously to approve the Purchase Orders: FY 2016-17.

**6. UPDATED STRATEGIC PLANNING EFFORTS AFFECTING THE JOSEPH P. BORT METROCENTER**

Teri Green presented the updated strategic planning efforts affecting the Joseph P. Bort MetroCenter.

Mr. Heminger asked Mr. Lavrinets how the RAFC condominium corporation will be terminated after the sale of the MetroCenter. Mr. Lavrinets stated that the RAFC condominium will need to file a termination document with the County of Alameda.

Mr. Heminger asked BART staff if the Auditorium will remain available for MTC to possibly hold public meetings. Mr. Brooks answered in the affirmative.

After a motion by Courtney Ruby and second by Sean Brooks the Board voted unanimously to approve the FY 2016-17 Proposed Budget of \$75,000 for property management services.

**7. OTHER BUSINESS / COMMENTS / ADJOURNMENT**

There being no further business the meeting was adjourned at 1:43 p.m.

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**MEMORANDUM ON INTERNAL CONTROL**  
**AND REQUIRED COMMUNICATIONS**  
**YEAR ENDED JUNE 30, 2016**

MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors  
Regional Administrative Facility Corporation  
Oakland, California

In planning and performing our audit of the financial statements of Regional Administrative Facility Corporation as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Regional Administrative Facility Corporation's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management and Board of Directors, others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Patel & Associates, LLP*

Oakland, California  
October 10, 2016

## REQUIRED COMMUNICATIONS

October 10, 2016

To the Board of Directors  
Regional Administrative Facility Corporation  
Oakland, California

We have audited the financial statements of the business-type activities and the related notes of Regional Administrative Facility Corporation for the year ended June 30, 2016, and have issued our report thereon dated October 10, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Regional Administrative Facility Corporation are described in Note 1 of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the RAFC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.



*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 10, 2016.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Regional Administrative Facility Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Regional Administrative Facility Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matter

In May 2016, MTC (Metropolitan Transportation Commission) and ABAG (Association of Bay Area Governments), two of the owner occupants, relocated from the Joseph P. Bort Metro Center facility and will no longer occupy the facility. This facility was offered for sale and BART (San Francisco Bay Area Rapid Transit District), the third occupant owner, exercised its first right of refusal to purchase the facility. Therefore, MTC and ABAG will be terminating their membership in the RAFC condominium corporation during next year.

Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of Regional Administrative Facility Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

*Patel & Associates, LLP*

Oakland, California

October 10, 2016

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**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**AUDITED FINANCIAL STATEMENT**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**JUNE 30, 2016**

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**INTRODUCTORY SECTION**

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**BOARD OF DIRECTORS**  
**JUNE 30, 2016**

- 1 Steve Heminger, President
- 2 Ezra Rapport, Vice President
- 3 Grace Crunican, Secretary/Treasurer



266 17th Street, Suite 200  
Oakland, California 94612-4124

Telephone: (510) 452-5051  
Fax: (510) 452-3432

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Regional Administrative Facility Corporation  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Regional Administrative Facility Corporation (a nonprofit organization) which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regional Administrative Facility Corporation as of June 30, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter******Uncertainty Regarding Going Concern***

In May 2016, MTC (Metropolitan Transportation Commission) and ABAG (Association of Bay Area Governments), two of the owner occupants, relocated from the Joseph P. Bort Metro Center facility and will no longer occupy the facility. This facility was offered for sale and BART (San Francisco Bay Area Rapid Transit District), the third occupant owner, exercised its first right of refusal to purchase the facility. Therefore, MTC and ABAG will be terminating their membership in the RAFC condominium corporation during next year.

*Patel & Associates, LLP*

Oakland, California  
October 10, 2016

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>		
Cash and cash equivalents (Note 3)	\$ 2,218,851	\$ 2,876,630
Related party receivable (Note 4)	322,743	328,371
Other receivable	2,817	494
Prepaid	<u>38,259</u>	<u>36,746</u>
Total assets	<u>\$ 2,582,670</u>	<u>\$ 3,242,241</u>
<b>LIABILITIES:</b>		
Account payable	<u>\$ 315,541</u>	<u>\$ 207,488</u>
Total liabilities	<u>315,541</u>	<u>207,488</u>
<b>NET ASSETS:</b>		
Unrestricted	<u>2,267,129</u>	<u>3,034,753</u>
Total net assets	<u>2,267,129</u>	<u>3,034,753</u>
Total liabilities and net assets	<u>\$ 2,582,670</u>	<u>\$ 3,242,241</u>

The accompanying notes are an integral part of these financial statements.



**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**STATEMENTS OF ACTIVITIES**  
**JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUES:</b>		
Assessments	\$ 1,283,243	\$ 1,126,902
Utility revenue	695,942	708,798
Interest and other income	<u>20,905</u>	<u>21,026</u>
Total revenues	<u>2,000,090</u>	<u>1,856,726</u>
<b>EXPENDITURES:</b>		
Management and general	620,573	379,205
Program related:		
Facility operations and maintenance	<u>2,147,141</u>	<u>1,116,080</u>
Total expenses (Note 6)	<u>2,767,714</u>	<u>1,495,285</u>
Change in net assets	(767,624)	361,441
Net assets, beginning of the year	<u>3,034,753</u>	<u>2,673,312</u>
Net assets, end of the year	<u>\$ 2,267,129</u>	<u>\$ 3,034,753</u>

The accompanying notes are an integral part of these financial statements.

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (767,624)	\$ 361,441
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Decrease/(Increase) in operating assets:		
Related party receivable	2,811	(53,149)
Interest receivable	494	(109)
Prepaid	(1,513)	354
Increase/(Decrease) in operating liabilities:		
Accounts payable	<u>108,053</u>	<u>(15,844)</u>
Net cash provided by operating activities	(657,779)	292,693
Cash and cash equivalents, beginning of year	<u>2,876,630</u>	<u>2,583,937</u>
Cash and cash equivalents, end of year	<u>\$ 2,218,851</u>	<u>\$ 2,876,630</u>

The accompanying notes are an integral part of these financial statements.

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 1: ORGANIZATION**

The Regional Administrative Facility Corporation (RAFC) was incorporated in the State of California on March 23, 1983, for the purposes of administering, operating, preserving, and controlling common areas and certain easements of the property known as the Regional Administrative Facility Project (the "Project") under the Condominium Plan (the "Plan") and Declaration of Covenants, Condition, and Restrictions (the "Declaration") established by the following three owner occupants of the Project: San Francisco Bay Area Rapid Transit District BART), the Metropolitan Transportation Commission (MTC), and the Association of Bay Area Governments.(ABAG) (through its Association of Bay Area Governments Public Office Building Corporation).

Under the above Plan and Declaration, RAFC exercises a custodial responsibility on behalf of the owner occupants to discharge operational obligations and to assess sufficient amounts to meet all required expenditures of the common areas and certain easements of the Project.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting. RAFC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2016 and 2015, RAFC has neither permanently restricted nor temporarily restricted net assets.

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the Existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. RAFC considers that all contributions for long-lived assets have implied time restrictions and classifies this support as temporarily restricted until the purpose restriction is met. When a restriction expires, that is, when a stipulated time restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**B. Revenues and Assessments**

Operating assessments represent funds received from the owner occupants for the purpose of meeting the obligations of the Project. Assessments are predetermined yearly, based upon budgets and agreed upon by the owner occupants.

Differences between actual expenditures and assessments made for the year are charged to the owner occupants and classified as a related party receivable to the extent that expenditures exceed assessments or refunded to the extent that assessments exceed approved operating reserves. To reserve additional funds for the future non-operating costs, RAFC may transfer the excess funds received from operating assessments to the Condominium Reserve Fund with the Board's approval at the end of each fiscal year.

Assessments in the Condominium Reserve Fund have been levied by consent of the owner occupants to provide funds for certain non-operating costs. Revenues received, such as interest and rent, are used by RAFC to reduce the assessment requirements of the owner occupants of the Project.

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Functional Allocation of Expenses**

The costs of providing RAFC's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**D. Credit Risk**

Cash in banks is insured by the Federal Depository Insurance Corporation, and investments, if any, in money market accounts.

**E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. Operating Fund**

The operating fund provides for general operations of RAFC. Revenues in this fund are provided from operating assessments on the owner occupants. Expenditures have been authorized by RAFC's Board of Directors (the Board) for the payment of management fees, utility and other building operating-related costs.

**G. Condominium Reserve Fund**

The Condominium Reserve Fund provides funds for repairs, replacements and capital outlays not associated with current operations of RAFC. These funds have been designated by RAFC's Board and expenditure of these funds requires Board approval. The Unrestricted Net Assets Balance Designated for the Condominium Reserve Fund at June 30, 2016 and June 30, 2015 was \$1,621,981 and \$2,331,005 respectively.

**H. Income Taxes**

RAFC is exempt from income tax under Section 501(c)(4) of the U.S. Internal Revenue Code. Accordingly, no provision for income tax has been provided in these financial statements.

In addition, RAFC qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. RAFC paid taxes on the unrelated business income on the years ended June 30, 2016 and 2015, in the amounts of \$18,884 and \$18,207 respectively.

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that RAFC does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that RAFC's tax returns will not be challenged by the taxing authorities and that RAFC will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, RAFC's tax return remains open for federal income tax examination for three years from the date of filing.

**I. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measured date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The three levels are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

**NOTE 3. CASH AND INVESTMENTS**

Cash and cash equivalents consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 100	\$ 100
Cash balance	2,218,751	2,177,346
LAIF (cash equivalents)	<u>0</u>	<u>699,184</u>
Total	<u>\$ 2,218,851</u>	<u>\$ 2,876,630</u>

RAFC maintains its cash balance in a financial institution which insures funds up to \$250,000 as required by Federal Deposit Insurance Corporation. At June 30, 2016, the bank balance was \$2,335,972 of which \$2,085,972 was uninsured. It is the opinion of management that the solvency of the financial institution is not of particular concern at this time.

RAFC's cash equivalents consist of only investments in Local Agency Investment Fund (LAIF). LAIF is duly chartered and administered by the State Treasurer's office and its portfolio is available at [www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp).

Any amount available for non-LAIF investments will be invested and reinvested in high quality securities restricted by State Government Code Section 16430.

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 4. ACCOUNTS RECEIVABLE - RELATED PARTIES**

The accounts receivable - related parties are composed of the three public entities which are the unit-owners in the Project. This account consists of the following:

	2016			2015		
	Operating Fund	Condominium Reserve Fund	Total	Operating Fund	Condominium Reserve Fund	Total
BART	\$ 111,675	\$ 87,015	\$ 198,690	\$ 127,135	\$ 0	\$ 127,135
MTC	72,246	0	72,246	142,590	20,515	163,105
ABAG	<u>46,808</u>	<u>4,999</u>	<u>51,807</u>	<u>34,524</u>	<u>3,607</u>	<u>38,131</u>
Total	<u>\$ 230,729</u>	<u>\$ 92,014</u>	<u>\$ 322,743</u>	<u>\$ 304,249</u>	<u>\$ 24,122</u>	<u>\$ 328,371</u>

**NOTE 5. RELATED PARTY TRANSACTIONS**

With the Board's approval, MTC, one of the owner occupants of the Project, provides management and other staff functions to RAFC. For the years ended June 30, 2016 and 2015 RAFC incurred \$531,769 and \$300,000 respectively, in management fees.

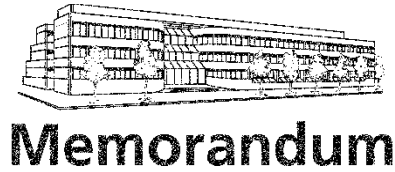
**NOTE 6. FUNCTIONAL EXPENSES**

	2016			2015
	Management and General	Program Related	Total	Total
Supplies	\$ 843	\$ 36,351	\$ 37,194	\$ 51,215
Communication	0	7,985	7,985	5,929
Utilities	0	793,401	793,401	807,354
Maintenance	0	196,068	196,068	184,082
Outside services	556,938	84,982	641,920	390,407
Training	0	0	0	854
Capital expenditure	0	1,028,354	1,028,354	0
Insurance	44,468	0	44,468	45,206
Miscellaneous	<u>18,324</u>	<u>0</u>	<u>18,324</u>	<u>10,238</u>
Total	<u>\$ 620,573</u>	<u>\$ 2,147,141</u>	<u>\$ 2,767,714</u>	<u>\$ 1,495,285</u>

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 7. GOING CONCERN**

In May 2016, MTC (Metropolitan Transportation Commission) and ABAG (Association of Bay Area Governments), two of the owner occupants, relocated from the Joseph P. Bort Metro Center facility and will no longer occupy the facility. This facility was offered for sale and BART (San Francisco Bay Area Rapid Transit District), the third occupant owner, exercised its first right of refusal to purchase the facility. Therefore, MTC and ABAG will be terminating their membership in the RAFC condominium corporation during next year.



## Agenda Item 3

TO: RAFC Board of Directors Date: October 31, 2016  
FR: RAFC Project Manager W.I.: 1157  
RE: Project Manager's Report

This report covers the period May 31, 2016 to October 31, 2016, unless otherwise noted.

### MTC/RAFC Ongoing Facility Support

Since move out in May, 2016, MTC has continued to provide property management services on behalf of condo owners. At this time MTC recommends that BART determine, based upon the attached list of operational issues, the subjects for which it requires more information. BART's selection of necessary items will allow a smooth transfer of important information. MTC conducts weekly visits to inspect the MetroCenter building parking lot and facilities, in addition to ongoing issues reported by BART. There have been two minor water leaks that have been corrected in October 2016.

### Fire Suppression System Water Leak

Although East Bay Municipal Utility District (EBMUD) reported in early 2016 that the MetroCenter has a leak in the fire suppression system, no such leaks have been discovered. Staff is working with EBMUD to determine where the issue is. Currently the focus is on the water meter in the street that may be faulty.

### MTC Ongoing Conference Center Support

MTC continues to provide scheduling and room setup services for a variety of BART staff. BART has designated a single person, and backup, and for BART staff to be the only point of contact regarding room reservations, and to no longer have BART staff directly contact MTC staff for meeting room reservations and set up.

### Elevator Capital Maintenance Project

Thyssen Krupp was issued a deposit for the maintenance project. Although the work is scheduled for early 2017, some background work has started, which involves fire/life/safety and electrical system reviews. We hope that the project can proceed earlier than scheduled. It was delayed due to the move to San Francisco in May 2016 and then could not be rescheduled any earlier than 2017 due to the contractor's workload. The elevators have been performing without incident.



Elevator Inspection

The State of California conducted an inspection in May 2016 and listed several items in need of corrective action. All items were corrected including replacement of an ADA emergency phone for the cars. This project is also being scheduled and will take place before the capital maintenance project commences.

Auditorium Audio Visual (A/V)

The system DVD recorder requires replacement and will be scheduled soon.

Business Insurance Renewal

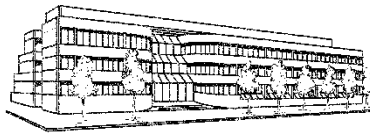
RAFC's business insurance policies were renewed through MTC's insurance broker, Wells Fargo Insurance, effective April 1, 2016 – March 31, 2017 -- including property, liability and auto, and Directors and Officers Liability. The policies were renewed at a cost of \$43,389 or a 1.27% increase over last year's renewal due to a property value increase for the RAFC building at 101-8<sup>th</sup> Street, Oakland, CA 94607.

Wells Fargo received a \$122,000 estimate for \$10M coverage of earthquake and flood insurance this year based on \$32M in values, with a 5% of total insurable value or \$1.6 million deductible. Flood insurance is not readily available since the MetroCenter is inside the 100-year and 500-year flood zones.



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Mamie Lai



# Memorandum

Joseph P. Bort MetroCenter  
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Oakland, CA 94607-4700  
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TDD/TTY 510.817.5769  
FAX 510.817.5848

Agenda Item 4a

TO: RAFC Board Members  
FR: Project Manager  
RE: FY 2016-17 Amended Operating and Capital Budgets

Date: October 31, 2016  
W.I. 1157

Attached for approval is the RAFC Amended FY 2016-17 Operating and Capital Budgets as summarized below:

Budget	Beginning Fund Balance (Audited)	Assessments & Revenues	Expenses	Net Balance	Ending Fund Balance (Budgeted)
Operating	\$645,149	\$397,769	\$795,123	-\$397,354	\$247,795
Capital	\$1,621,981	\$0	\$200,000	-\$200,000	\$1,421,981

**Changes to the Operating and Capital Budgets:**

The amended operating and capital budgets are to reflect the audited beginning fund balance for FY 2016-17. The original budget assumed that the sale of the MetroCenter will be closed by September 30, 2016 following the approval of the condo map for 375 Beale Street and the completion of the transfer of ownership between ABAG and MTC in the MetroCenter. The changes in these operating and capital budgets are based on the assumption that the sale will close by January 31, 2017.

The increases in the operating budget are mainly to cover the administrative management fee, security service, and utilities that are necessary for the maintenance of the building, and complies with RAFC's working capital policy of maintaining a reserve operating balance of two months of expenses.

Three capital projects are planned for the MetroCenter, which include the remainder of the elevator upgrade project, wall cover replacement in the Auditorium and carpet replacement for Conference Room 171. Current budget amount of \$200,000 is sufficient to cover those expenses.

Recommendation:

Staff recommends approval of the RAFC FY 2016-17 Amended Operating and Capital Budgets and to fund any operating assessments from the operating and capital reserve funds.

*Mamie Lai*

Mamie Lai

Attachments

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**FY 2016-17 Amended Budget (Budgeted through January of 2017)**  
**Operating Fund (910)**

	FY 2016-17 Original	FY 2016-17 Amended	Changed
ABAG Operating Assessment	\$0	\$0	\$0 0%
BART Operating Assessment	\$0	\$0	\$0 0%
MTC Operating Assessment	\$0	\$0	\$0 0%
<b>Subtotal: Assessments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>
ABAG	\$0	\$0	\$0 0%
MTC	\$0	\$0	\$0 0%
BART - Met	\$139,956	\$296,019	\$156,063 112%
BART - LMA	\$45,225	\$101,750	\$56,525 125%
<b>Total Reimbursable Utilities Expenses</b>	<b>\$185,181</b>	<b>\$397,769</b>	<b>\$212,588 115%</b>
Interest Income	\$0	\$0	\$0 0%
Room Rental/Other	\$0	\$0	\$0 0%
T-1 Mobile Cellular Antenna	\$0	\$0	\$0 0%
<b>Total Operating Assessments &amp; Revenues</b>	<b>\$185,181</b>	<b>\$397,769</b>	<b>\$212,588 115%</b>
<b>I. Administration</b>			
MTC Management Fee	\$75,000	\$119,000	\$44,000 59%
Business Insurance	\$12,500	\$26,000	\$13,500 108%
Audit & Tax Preparation	\$20,152	\$20,152	\$0 0%
Bank Fees	\$1,500	\$4,000	\$2,500 167%
Consultant Services	\$0	\$0	\$0 0%
Conference	\$0	\$0	\$0 0%
<b>Subtotal: Assessments</b>	<b>\$109,152</b>	<b>\$169,152</b>	<b>\$60,000 55%</b>
<b>II. Operating Supplies</b>			
Cafeteria	\$0	\$0	\$0 0%
Building	\$12,320	\$12,520	\$200 2%
Equipment/furniture	\$0	\$0	\$0 0%
Other Supplies	\$6,580	\$10,600	\$4,020 61%
<b>Subtotal: Operating Supplies</b>	<b>\$18,900</b>	<b>\$23,120</b>	<b>\$4,220 22%</b>
<b>III. Security</b>			
Security alarm system	\$6,720	\$11,600	\$4,880 73%
Fire protection	\$4,200	\$4,200	\$0 0%
Guard service	\$25,000	\$52,000	\$27,000 108%
<b>Subtotal: Assessments</b>	<b>\$35,920</b>	<b>\$67,800</b>	<b>\$31,880 89%</b>
<b>IV. Maintenance</b>			
HVAC maintenance/repairs	\$22,400	\$22,400	\$0 0%
Janitorial Services	\$25,000	\$25,000	\$0 0%
Building contractor	\$8,840	\$8,840	\$0 0%
Other services	\$15,268	\$24,748	\$9,480 62%
<b>Subtotal: Maintenance</b>	<b>\$71,508</b>	<b>\$80,988</b>	<b>\$9,480 13%</b>
<b>V. Utilities</b>			
Gas and electricity	\$196,188	\$423,000	\$226,812 116%
Water/sewer/trash	\$14,550	\$27,100	\$12,550 86%
Communications	\$2,235	\$3,963	\$1,728 77%
<b>Subtotal: Utilities</b>	<b>\$212,973</b>	<b>\$454,063</b>	<b>\$241,090 113%</b>
<b>Sub-total Operating</b>	<b>\$448,453</b>	<b>\$795,123</b>	<b>\$346,670 77%</b>
<b>VI. Contingency (5%)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>
<b>VII. Transfer from Operating Reserve</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>
<b>Total Operating Expenses</b>	<b>\$448,453</b>	<b>\$795,123</b>	<b>\$346,670 77%</b>
Revenue over Expense	-\$263,272	-\$397,354	
Beginning Reserve	\$582,320	\$645,149	
Ending Reserve	\$319,048	\$247,795	
Working Capital Policy: Maintain 2/12 Operating Exp	\$74,742	\$132,521	
<b>Based on Audited FY16 Financial Statement</b>			

Amended Budget approved by RAFC Board of Directors on November 07, 2016:

Steve Heminger, President

**REGIONAL ADMINISTRATIVE FACILITY CORPORATION**  
**FY 2016-17 Amended Budget (Budgeted through January of 2017)**  
**Capital Fund (920)**

<b>Capital Assessment/Revenue</b>	<b>FY 2016-17 Original</b>	<b>FY 2016-17 Amended</b>	<b>Changed</b>
ABAG Reserve Assessment	\$0	\$0	\$0 0%
BART Reserve Assessment	\$0	\$0	\$0 0%
MTC Reserve Assessment	\$0	\$0	\$0 0%
<b>Subtotal: Assessments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>
ABAG Local Match	\$0	\$0	\$0 0%
<b>Subtotal: Seismic Project</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>
Interest Income	\$0	\$0	\$0 0%
<b>Subtotal: Interest Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>
<b>Miscellaneous</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>
<b>Total Capital Assessment/Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 0%</b>

**Capital Expense**

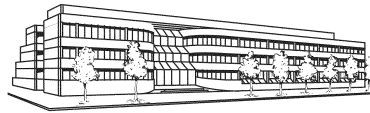
Elevator Hydraulic Upgrade	\$100,000	\$100,000	\$0 0%
HVAC Cooling Tower	\$0	\$0	\$0 0%
Emergency Capital Projects	\$100,000	\$100,000	\$0 0%
<b>Sub-total</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$0 0%</b>
Transfer to Operating Fund	\$0	\$0	\$0 0%
<b>Total Capital Expenses</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$0 0%</b>
<b>Revenue over Expense</b>	<b>-\$200,000</b>	<b>-\$200,000</b>	
<b>Beginning Reserve</b>	<b>\$1,149,869</b>	<b>\$1,621,981</b>	
<b>Ending Reserve</b>	<b>\$949,869</b>	<b>\$1,421,981</b>	

Capital Fund Balance Policy: Maintain minimum \$1.0 million fund balance

**Based on Audited FY16 Financial Statement**

**Amended Budget approved by RAFC Board of Directors on November 7, 2016:**

**Steve Heminger, President**



# Memorandum

Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
TEL 510.817.5700  
TDD/TTY 510.817.5769  
FAX 510.817.5848

Agenda Item: 5a-c

TO: RAFC Board Members

DATE: October 31, 2016

FR: Project Manager

W. I.: 1157

RE: Purchase Orders and Purchase Order Amendments: FY 2016-17 Operating Services

Staff recommends that the RAFC Board authorize purchase orders for the following operating services, subject to approval of the FY 2016-17 Budget under Agenda item #4:

Service	Vendor	FY 2016-17 NTE Amount
Acoustic Wall Covering Replacement	Wall Covering Design	\$ 70,000
Security Guard Services	ABC Security	\$ 52,000
Elevator Modernization	Thyssen Krupp	\$ 100,000

## A. Acoustic Wall Covering Replacement

Wallcovering Designs, Inc. is one of only a few local firms that specializes in this type of work. This is a complex project partly due to the curved walls of the auditorium. Because the facility is in escrow and the transfer of the property is imminent we recommend this contractor. Staff has researched locating a contractor on California Multiple Award Schedule (CMAS), U.S. Communities and GSA sources without success, and staff requests approval of this vendor on a sole source basis.

## B. Security Guard Services

Staff issued a Request for Proposal for security guard services in December 2014. ABC security was awarded the contract on May 29, 2015. At the conclusion of the first contract period, and due to the pending move to San Francisco, the contract was changed to a purchase order. Due to MTC & ABAG's delayed relocation to San Francisco and delays in the MetroCenter final disposition, staff is requesting purchase order amendment based upon a sole source justification. This purchase order will be amended as necessary until the transfer of this responsibility to the new owners occurs.

## C. Elevator Modernization

The elevator modernization project was approved by the RAFC Board in April 2015. This project was delayed as the result of the MTC & ABAG moves but is now scheduled for January 2017.

Recommendation

Staff recommends that the RAFC Board of Directors authorize the President, or his designee, to execute operating services Purchase Orders and Purchase Order Amendments as indicated above, subject to approval of the amended FY 2016-17 Budget.

*Mamie Lai*

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Mamie Lai

Attachments

Attachment 5a  
SUMMARY OF PROPOSED PURCHASE ORDER AMENDMENT

WORK PROJECT TITLE: Acoustic Wall Covering Replacement

CONTRACTOR: Wall Covering Design

PURPOSE OF PROJECT: To replace existing fabric wall coverings in the MetroCenter auditorium.

PROJECT COST NOT TO EXCEED: \$70,000 in FY 2016-17

FUNDING SOURCE: FY 2016-17 RAFC Capital Funds

FISCAL IMPACT: Subject to the approval of the FY 2016-17 RAFC Proposed Operating Budget

MOTION BY BOARD: That the President or other designated officer of the RAFC Board is authorized to issue a purchase order to Wall Covering Design for the services described above and in the Project Manager's Memorandum dated October 31, 2016; and the MTC Accounting Manager is authorized to set aside funds from the RAFC FY 2016-17 Capital Budget in the amount of \$70,000 for such purchase order, subject to the approval of the budget.

Approved: \_\_\_\_\_  
Steve Heminger

Date: November 7, 2016

Attachment 5b  
SUMMARY OF PROPOSED PURCHASE ORDER AMENDMENT

WORK PROJECT TITLE: Security Guard Services

CONTRACTOR: ABC Security

PURPOSE OF PROJECT: To provide security guard services at the MetroCenter

PROJECT COST  
NOT TO EXCEED: \$52,000 in FY 2016-17

FUNDING SOURCE: FY 2016-17 RAFC Operating Funds

FISCAL IMPACT: Subject to the approval of the FY 2016-17 RAFC  
Proposed Operating Budget

MOTION BY BOARD: That the President or other designated officer of the RAFC Board is authorized to issue a Purchase Order Amendment to ABC Security for the services described above and on the Project Manager's Memorandum dated October 31, 2016 and the MTC Accounting Manager is authorized to set aside funds from the RAFC FY 2016-17 Operating Budget in the amount of \$52,000 for such Purchase Order Amendment, subject to the approval of the budget.

Approved: \_\_\_\_\_  
Steve Heminger

Date: November 7, 2016



Attachment 5c  
SUMMARY OF PROPOSED PURCHASE ORDER

WORK PROJECT TITLE: Elevator Modernization

CONTRACTOR: Thyssen Krupp

PURPOSE OF PROJECT: To provide elevator modernization

PROJECT COST  
NOT TO EXCEED: \$100,000 in FY 2016-17

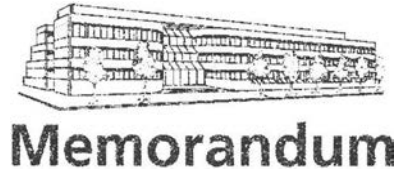
FUNDING SOURCE: FY 2016-17 RAFC Capital Funds

FISCAL IMPACT: Subject to the approval of the FY 2016-17 RAFC  
Proposed Operating Budget

MOTION BY BOARD: That the President or other designated officer of the  
RAFC Board is authorized to issue a Purchase Order  
to Thyssen Krupp for the services described above  
and in the Project Manager's Memorandum dated  
October 31, 2016, and the MTC Accounting Manager  
is authorized to set aside funds from the RAFC FY  
2016-2017 Capital Budget in the amount of \$100,000  
for such Purchase Order, subject to the approval of  
the budget.

Approved: \_\_\_\_\_  
Steve Heminger

Date: November 7, 2016



Agenda Item 6

TO: RAFC Board of Directors

DATE: October 31, 2016

FR: RAFC Project Manager

W.I.: 1157

RE: Updated Strategic Planning Efforts Affecting the Joseph P. Bort MetroCenter

As of May 23, 2016, MTC and ABAG vacated the MetroCenter building and relocated to their new headquarters building at 375 Beale Street in San Francisco. MTC has been working with all parties on an agreement to sell the MTC and ABAG ownership interest to BART. On May 9, 2016, BART exercised its Right of First Refusal (ROFR) to acquire both MTC and ABAG's interest in the building.

Closing of the BART purchase transaction is delayed pending final approval and recording of the new 375 Beale Street Condominium which is expected to be completed in December 2016. ABAG is granting its condominium ownership in the MetroCenter to MTC in exchange for BAHAM granting condominium ownership in the Bay Area Metro Center to ABAG. Once completed, BART and MTC may close their deal which is subject to a 45 day due diligence period and 30 day escrow closing. During this interim period, MTC and BART are working together to complete all steps necessary to close their deal.

MTC continues to provide property management services on behalf of the condo owners but is also working with BART on a transition plan to ensure that all functions are completely transitioned by close of escrow including property and building management services, room reservation scheduling and set ups, and all administrative, financial and legal services. MTC and BART have assigned staff to a joint team to work on the overall transition of duties.



Teri L. Green