

Regional Measure 2

**Initial Project Report
(IPR)**

Transbay Terminal / Caltrain Downtown Extension Project

Prepared: September 30, 2004

INITIAL PROJECT REPORT

RM-2

PROJECT INFORMATION

Project Title

“Transbay Terminal / Downtown Caltrain Extension” in Regional Measure 2

“Transbay Terminal Replacement Project” number SF-010015 in TIP

“Caltrain Downtown Extension / Rebuilt Transbay Terminal” in RTEP (Resolution 3434)

“Caltrain Downtown Extension / Transbay Terminal Replacement” in 2001 RTP, project number 21342

Project Sponsor / Implementing Agency

Transbay Joint Powers Authority (TJPA), responsible for all phases of project

Detailed Project Description

The Transbay Terminal / Downtown Caltrain Extension Project, or the "Project," consists of three major components: a new, multi-modal Transbay Terminal on the site of the present Transbay Terminal; the extension of Caltrain commuter rail service from its current San Francisco terminus at Fourth and Townsend Streets to a new underground terminus underneath a proposed new Transbay Terminal; and the establishment of a Redevelopment Area with related development projects, including transit-oriented development on publicly owned land in the vicinity of the new multi-modal Transbay Terminal.

Other subordinate components of the project include a temporary bus terminal facility to be used during construction of the new Transbay Terminal; a new, permanent off-site bus storage/layover facility; reconstructed bus ramps leading to the new Transbay Terminal; and a redesigned Caltrain storage yard.

The present Transbay Terminal, which was opened in 1939, does not meet current seismic safety, Americans with Disabilities Act, or building code or space utilization standards. In 1999, San Francisco voters resolved that Caltrain should be extended to the Transbay Terminal site. The need to modernize the Transbay Terminal and public desire to extend Caltrain to downtown San Francisco provide an opportunity to enhance regional transit connectivity, increase transit ridership, and revitalize the surrounding area.

The Project provides the following public benefits: improved access to rail and bus services; improved Caltrain service by providing direct access to downtown San Francisco; enhanced connectivity between Caltrain and other major transit providers; modernization of the Transbay Terminal that meets future transit needs; reduced non-transit vehicle use; accommodating projected growth in travel demand in the San Jose - San Francisco corridor; reduced traffic congestion on US Highway 101 and I-280 between San Jose and San Francisco and other routes; reduced vehicle hours of delay on major freeways in the Peninsula corridor; improved regional air quality by reducing auto emissions; direct access to downtown San Francisco for future intercity and/or high-speed rail service; alleviation of blight and revitalization of the Transbay Terminal Area; construction of up to 4,700 new housing units (full build), one-third of which would be affordable; facilitate transit use by developing housing next to a major transit hub; enhanced access to employment, retail, and entertainment opportunities; and support of local economic development goals.

The Project is included in MTC's Resolution 3434, the RTEP, the RTP, MTC's 2000 Blueprint, the San Francisco Countywide Transportation Plan, the San Francisco Countywide Congestion Management Plan,

INITIAL PROJECT REPORT

RM-2

the New Transportation Expenditure Plan for San Francisco, the Expenditure Plan for Regional Measure 2, and the Transbay Redevelopment Project Area Design for Development. All of these plans included extensive public outreach regarding the inclusion of and prioritization of projects.

Environmental / Design / Right-of-Way Phase

The Project is divided into two phases: the Environmental / Design / Right-of-Way (E/D/ROW) Phase, and the Construction Phase. The E/D/ROW Phase is fully funded with committed revenues, and has completed major milestones. The Construction Phase (including any necessary demolition) will commence when the identified revenues and financing have been secured and added to the existing revenue commitments.

The San Francisco Planning Department, the Peninsula Corridor Joint Powers Board, and the San Francisco Redevelopment Agency certified the *Transbay Terminal / Caltrain Downtown Extension / Redevelopment Project EIS/EIR*, in April of 2004, thereby completing the CEQA process. The completion of the NEPA process is expected in the summer of 2004 with a Record of Decision issued by the Federal Transit Administration.

In conjunction with the drafting of the EIS/EIR, the Redevelopment Agency prepared its *Transbay Design for Development*, an award-winning document outlining the frameworks for land use, urban form, and public spaces within the Redevelopment Project Area, focusing on the development of the vacant and underutilized parcels.

The Transbay Joint Powers Authority (TJPA) is currently in negotiations with the selected consultants for Early Engineering Design of the Caltrain Downtown Extension and for Program Management / Program Controls. The TJPA has selected an Architectural Competition Manager consultant to oversee the selection process for the Terminal architectural team.

The Right-of-Way needs for the project have been identified and costs estimated. In May 2003, the California Department of Transportation proposed to transfer approximately 20 acres of property, including the existing Transbay Terminal building, to the City & County of San Francisco and to the TJPA. The San Francisco Board of Supervisors, Mayor of San Francisco and the TJPA Board executed the Cooperative Agreement setting forth the terms for the transfer that will occur after the FTA publishes its Record of Decision.

Detailed Scope of Work for Current Phase

A detailed scope of work and schedule for the current phase of the project are shown in Attachment A for the first part of the preliminary engineering work and in Attachment B for right of way activity.

PROJECT DELIVERY

Impediments to Project Completion

The project schedule will require coordination with the ongoing Caltrans West Approach (I-80) Retrofit project. Schedule coordination will focus on sequencing of construction activities and property transfer. Additionally, right of way activities need to be coordinated with the construction schedule to ensure timely availability of right of way.

INITIAL PROJECT REPORT

RM-2

Three key sources of project funding are not yet committed and will require ongoing efforts to secure. High Speed Rail bonds, passenger facility charges/station access fees, and the TIFIA loan are needed to finance the project. A funding gap of approximately \$133 million remains to be addressed. TJPA will continue working with its funding partners and member agencies to secure full funding for the project.

Phase Status

- **Environmental –**

The San Francisco Planning Department, the Peninsula Corridor Joint Powers Board, and the San Francisco Redevelopment Agency certified the *Transbay Terminal / Caltrain Downtown Extension / Redevelopment Project EIS/EIR* under CEQA on April 22, 2004. The San Francisco Board of Supervisors unanimously upheld certification on June 16, 2004. A Record of Decision from FTA to complete the NEPA process is expected in the summer of 2004. The Transbay Joint Powers Authority is the Public Agency Project Sponsor and Responsible Agency under the California Environmental Quality Act, California Public Resources Code Sections 21000 *et seq.*

- **Design –**

In April 2001, the City and County of San Francisco ("City"), the Alameda-Contra Costa Transit District ("AC Transit"), and the Peninsula Corridor Joint Powers Board ("JPB") executed a Joint Exercise of Powers Agreement creating the Transbay Joint Powers Authority ("Authority"). The purpose of the Authority is to design, build, develop, operate and maintain a new transportation terminal and associated facilities in San Francisco, known as the Transbay Terminal Program ("Program").

The Program will provide expanded bus and rail service in a new transportation terminal building on the site of the existing terminal at First and Mission Streets. Also included in the Program are viaducts and ramps linking the new terminal to the Bay Bridge and to an off-site bus storage facility, a below-grade extension of Caltrain to the new terminal building including the construction of a new subsurface station in the vicinity of Fourth and Townsend, modifications to the existing Fourth and Townsend surface station, a temporary bus terminal and storage area for use by buses during construction of the new terminal building, and the new permanent off-site bus storage facility. The Authority anticipates that the new terminal may eventually accommodate not only buses and commuter trains but also a future California High Speed Rail Line and a future subaqueous extension of rail service across the Bay to Alameda County (see EIR/EIS).

The Authority currently anticipates that the Program will be divided and packaged as follows:

- The terminal building and associated rail cut-and-cover approach sections and bus viaducts will be designed by an Architectural/Engineering consultant and constructed under a competitively bid construction contract.
- The rail tunnel and cut-and-cover section between the proposed Fourth Street Station and the Transbay Terminal will be carried through the preliminary engineering phase by a separate Engineering Consultant who will produce a set of Design/Build contract documents covering the remainder of the design work of the tunnel and cut-and-cover section as well as its construction, testing and startup.

INITIAL PROJECT REPORT

RM-2

- The proposed Fourth Street Station as well as the cut-and-cover and surface sections leading southwesterly from the Fourth Street Station to a proposed connection with existing trackage in the vicinity of 16th Street and major modifications to the existing surface station at Fourth and Townsend will be entirely designed by the Engineering Consultant and constructed under one or more competitively bid construction contracts.
- The two bus facilities (temporary and permanent) will be designed by separate engineering groups and constructed under one or more competitively bid construction contracts.

The Authority has been granted “primary jurisdiction with respect to all matters pertaining to the financing, design, development, construction, and operation of the new terminal” (AB 812, amending Section 5027.1 of the Public Resources Code). The Member agencies of the Authority have granted to the Authority most of their jointly held powers, including the authority to buy and sell property, enter into contracts, and accept and expend grants of cash and property.

Authority management functions include contract oversight, policy direction, financing, investment supervision, and coordinating and collaborating with the California Department of Transportation (Caltrans); AC Transit; Peninsula Corridor Joint Powers Board; San Mateo County Transit District; Golden Gate Bridge, Highway and Transportation District; San Francisco Redevelopment Agency and City and County of San Francisco including its Municipal Transportation Agency comprised of the Municipal Railway Department and the Department of Parking and Traffic.

- **Right-of-Way Activities –**

The RM-2 funded Right-of-Way Activities phase does not differ from the total project. As stated previously, the Right-of-Way needs for the project have been identified and costs estimated. In May 2003, the California Department of Transportation proposed to transfer approximately 20 acres of property, including the existing Transbay Terminal building, to the City & County of San Francisco and to the TJPA. The San Francisco Board of Supervisors, Mayor of San Francisco and the TJPA Board executed the Cooperative Agreement setting forth the terms for the transfer that will occur after the FTA publishes its Record of Decision.

- **Construction / Vehicle Acquisition / Operating Service -**

No difference from total project.

Operability

The Project would result in two separate operations and maintenance components: the Transbay Terminal Building and the Caltrain Downtown Extension. Both are independently self-sufficient.

Transbay Terminal: The new Transbay Terminal design includes features to reduce maintenance requirements and operating costs, including an open design to optimize natural ventilation by prevailing winds and maximize natural light, and a system to collect rainwater for maintenance and irrigation. In addition, the building plans include significant leaseable space in a prime real estate market. Lease revenues are expected to surpass operating costs.

Estimates of the operating costs for the terminal building and revenues from tenants (including transit operators and retail establishments) result in net income for the project. The operating costs total

INITIAL PROJECT REPORT

RM-2

approximately \$17.8 million (2003 dollars) per year, which includes expenses related to building security, utilities, maintenance and repair, cleaning, insurance, promotion and publicity, and management of the joint development, bus and train leases. The operating costs do not include debt service.

The total operating income totals approximately \$22.4 million (2003 dollars) per year, generated by the building leases, including rents from transit operators, retail establishments, a hotel; parking revenue; general advertising revenue; and the continuation of terminal operating funds from Bay Area Toll Authority funds (\$3 million per year in 2003 dollars, as described in SB 916). The net operating revenue has been identified as a source for payment of financing costs.

Caltrain Downtown Extension: As noted in the Final EIS/EIR, moving the Caltrain San Francisco terminal 1.3 miles from Fourth and Townsend to the Transbay Terminal would have a modest effect on the total annual operating costs of Caltrain service. However, the extension would generate new ridership for Caltrain.

The downtown extension would increase annual Caltrain ridership by 13,500 riders in year 2020, as discussed in the Final EIS/EIR. By applying the current average Caltrain fare of \$2.76, the extension is projected to generate more than \$9 million (2003 dollars) in new fare revenue each year. The annual operating costs for the 1.3-mile extension would total approximately \$7.5 million in 2003 dollars, based on Caltrain's current hourly operating cost. The use of the excess revenues generated by the extension are to be determined by Caltrain.

Project Delivery Milestones

Phase-Milestone	Planned - Initial		Planned - Revised		Actual	
	Start Date	Completion Date	Start Date	Completion Date	Start Date	Completion Date
Environmental Document	August 2000	April 2004				
Environmental Studies, Preliminary Eng. (ENV / PE / PA&ED)	August 2000	April 2006				
Final Design - Plans, Specs. & Estimates (PS&E)	August 2005	December 2009				
Right-of-Way Activities (R/W)	July 2004	June 2007				
Construction (Begin – Open for Use) / Acquisition / Operating Service (CON)	November 2005	June 2012				

A detailed project schedule is shown in Attachment C to this report.

Environmental Document: The Final EIS/EIR for the Transbay Terminal / Caltrain Downtown Extension / Redevelopment Project was certified by the San Francisco Planning Department, the Peninsula Corridor Joint Powers Board, and the San Francisco Redevelopment Agency on April 22, 2004. The San Francisco Board of Supervisors unanimously upheld certification on June 16, 2004. A Record of Decision is anticipated from the Federal Transit Administration in Winter 2004.

Environmental Studies, Preliminary Engineering: The environmental studies for the project have been completed. The TJPA is currently in negotiations with an engineering firm to provide engineering

INITIAL PROJECT REPORT

RM-2

services for the Caltrain Downtown Extension and coordination with Caltrans Bay Bridge retrofit activities. TJPA is also in the process of procuring Program Management/Program Controls consultant services. Preliminary planning and design for the new Terminal will start in FY 2004-2005.

As described in the attached Scope of Work (Attachment A), the Preliminary Engineering (PE) phase of the project will commence with developing sufficient design detail to conduct a meaningful and comprehensive Value Engineering study and to prepare cost estimates for each element of the Transbay Terminal / Caltrain Downtown Extension program (Part One). The second part of the PE phase (Part Two) will result in design documents at the thirty-five percent level for the program elements.

Final Design – Plans, Specifications and Estimates: Work on this phase of the project has not begun.

Right-of-Way Activities: Work on this phase of the project is anticipated to commence in early FY 2004-2005 in order to preserve the right of way required for the project. The issuance of the Record of Decision will enable the transfer of land from the State of California to the project.

Construction: The Construction Phase (including any necessary demolition) will commence when the identified revenues and financing have been secured and added to the existing revenue commitments.

PROJECT BUDGET

Total Project Budget Information

Phase	Total Amount - Escalated - (Thousands)
Environmental Studies & Preliminary Eng (ENV / PE / PA&ED)	\$67,100
Design - Plans, Specifications and Estimates (PS&E)	\$124,100
Right-of-Way Activities (R/W)	\$103,800
Construction / Rolling Stock Acquisition / Operating Service (CON)	\$1,787,900
Total Project Budget (in thousands)	\$2,082,900

Notes:

Environmental Studies & Preliminary Engineering budget includes \$3.8 million in prior expenditures by the TJPA for the EIS/EIR document.

Environmental Studies & Preliminary Engineering budget does not include expenditures by Caltrain JPB for the EIS/EIR document from the grant of Congestion Mitigation and Air Quality Improvement Program (CMAQ) and Transportation Congestion Relief Program (TCRP) funds received from the California Department of Transportation and the Metropolitan Transportation Commission.

Environmental Studies & Preliminary Engineering budget includes Transbay Joint Powers Authority administrative costs to date. TJPA administrative costs are included in the total costs for all phases of the project.

Right-of-Way Activities budget includes proceeds from the resale of land acquired for the construction of the Downtown Caltrain Extension but not needed for the project after construction has been completed.

INITIAL PROJECT REPORT

RM-2

Total Project Budget does not include the cost of anticipated financing required to fund construction period shortfalls.

Prior Expenditure Information

Expenditures To-Date by Phase

Phase	Date of last Expenditure	Amount Expended to date (Est. Thousands)	Balance Remaining To be Expended (Est. Thousands)
ENV / PA&ED	June 2004	\$3,800	\$63,300
PS&E			\$124,100
R/W			\$103,800
CON / Operating			\$1,794,400
Total to date (in thousands)		\$3,800	\$2,081,221

Expenditures To-Date by Fund Source

Fund Source Expended to Date	Date of last Expenditure	Amount Expended to date (Est. Thousands)	Balance Remaining To Be Expended (Est. Thousands)
Federal Section 1601 Grant	June 2004	\$2,209	\$6,586
MTC Bridge Tolls	June 2004	\$792	\$608
SF Redevelopment Agency In Kind	June 2004	\$799	\$0
Total to date (in thousands)		\$3,800	\$7,194

RM-2 FUNDING INFORMATION

RM-2 Funding Need

A total of \$150 million in RM-2 funds will be used on all phases of the project. RM-2 funds are projected to be used early on with other committed funds to complete the preliminary engineering, PS&E, and right of way phases of the project.

RM-2 Funding Expenditures

The total amount of RM-2 funded expenditures for the project is \$150 million. The expenditures are shown by phase and year in the attached RM-2 Funding Expenditure Plan Spreadsheet.

RM-2 Needs for Next Fiscal Year

RM-2 funding for the project is needed in FY 2004-05 for the Environmental/PA&ED Part One phase (\$10,505,000) and the Right of Way phase (\$35,250,000). These funds will be matched with other local funds. The Right of Way phase for FY 2004-05 includes the acquisition of 80 Natoma and

INITIAL PROJECT REPORT

RM-2

potential acquisition of other parcels. RM-2 funds from the Environmental/PA&ED Part One phase will continue to be expended in FY 2005-06.

RM-2 Expenditure Needs for Next Fiscal Year

RM-2 FY 2004-05 Planned Expenditures	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total FY 2004-05 - Escalated - (Thousands)
ENV / PA&ED	\$0	\$2,310	\$4,430	\$3,765	\$10,505
PS&E	\$0	\$0	\$0	\$0	\$0
R/W	\$0	\$11,750	\$11,750	\$11,750	\$35,250
CON / Operating	\$0	\$0	\$0	\$0	\$0
Total (in thousands)	\$0	\$14,060	\$16,180	\$15,515	\$45,755

FUNDING INFORMATION

OVERALL

The committed funds for the project are directed at the design/engineering and right of way phases. Uncommitted funds have been identified for the construction phase of the project. The four Funding Plan Spreadsheets attached to this report provide detail on the funding committed by phase and year, uncommitted funding planned, and the fully funded phase of the project.

TOTAL PROJECT - Committed Funding

The committed funding for the project includes \$11.0 million in existing federal Section 1601 grants and local match, \$150 million in RM-2 funds, \$300.3 million in San Francisco County sales tax (Prop. K), \$29.5 million in San Mateo County sales tax, \$287.9 million in revenues from land sales (parcels that will be owned by the TJPA, per the Cooperative Agreement with Caltrans), \$53 million in RM-1 funds, \$23 million in City and County of San Francisco RTIP funds, \$150 million in AB 1171 regional discretionary funds, \$131 million in net operating revenues (leases, rents, existing bridge tolls from the Terminal operations), and \$534.2 million in tax increment revenues from the redevelopment area. These committed funds are in MTC's Resolution 3434. The San Mateo and San Francisco sales taxes, land sales, and tax increment have been escalated to year of expenditure/receipt.

Committed funds for the project are provided on the attached spreadsheet.

TOTAL PROJECT – Uncommitted Funding

Uncommitted funds for the project include \$14.0 million in a federal earmark in H.R. 3550, \$873 million in passenger facility charges/station access fees, \$50.16 million in leveraged lease transaction on the terminal facility, \$694.3 million in TIFIA loan, \$475 million in high speed rail bonds, and \$133.3 million in other funds to be determined. Uncommitted funds for the project are shown on the attached spreadsheet.

INITIAL PROJECT REPORT

RM-2

TOTAL PROJECT – Total Funding

The total project funding is \$3,941million, including principal and interest for the TIFIA loan. The total project funding is shown on the attached spreadsheet.

RM-2 DELIVERABLE SEGMENT – If Different from Total Project

A summary of the RM-2 funding for the plan is provided in the attached spreadsheet.

GOVERNING BOARD ACTION

The Transbay Joint Powers Authority Board will consider the IPR at its November 2004 meeting.

CONTACT / PREPARATION INFORMATION

Provide applicable contact information including agency, contact/project manager names, phone numbers, e-mail, and mailing addresses. Also provide the date the report was prepared, agency and name of person preparing this report.

Agency contact:

Transbay Joint Powers Authority

Ms. Liz Wiecha

Deputy Director and Chief Engineer

201 Mission Street, Suite 1960

San Francisco, CA 94105

(415) 597-4620

(415) 597-4615 fax

Elizabeth.Wiecha@TransbayProject.org

Original report prepared on May 6, 2004 and revised on July 14, 2004, September 3, 2004, and September 30, 2004 by:

Transbay Financial Consulting

Ms. Nancy Whelan

201 Mission Street, Suite 1450

San Francisco, CA 94105

(415) 896-6945

(415) 495-5305 fax

Nancy@nwc01.com

Initial Project Report
RM-2
Total Project
COMMITTED FUNDING PLAN
(Amounts Escalated in Thousands)

Project Title: Transbay Terminal / Downtown Caltrain Extension														Project ID: 22	
Agency: Transbay Joint Powers Authority														Plan Date: 29-Sep-04	
COMMITTED FUNDING PLAN															
Fund Source	Phase	Prior	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Future Committed	TOTAL
Section 1601 grant + match	(ENV / PE / PA&ED PL 1)	3,800													3,800
Regional Measure 2	(ENV / PE / PA&ED PL 1)		15,495												15,495
SF Sales Tax Prop K	(ENV / PE / PA&ED PL 1)		5,495												5,495
Section 1601 grant + match	(ENV / PE / PA&ED PL 2)		6,300	900											7,200
Regional Measure 2	(ENV / PE / PA&ED PL 2)			13,505											13,505
SF Sales Tax Prop K	(ENV / PE / PA&ED PL 2)			21,605											21,605
Regional Measure 2	PS&E			36,700	25,400										62,100
SF Sales Tax Prop K	PS&E			36,700	25,400										62,100
Regional Measure 2	ROW 80 Natoma		16,125												16,125
SF Sales Tax Prop K	ROW 80 Natoma		16,125												16,125
Regional Measure 2	ROW		19,125	7,650	8,800										35,575
SF Sales Tax Prop K	ROW		19,125	7,650	10,800										37,575
San Mateo Sales Tax	ROW		29,500												29,500
Regional Measure 2	CON			7,200											7,200
SF Sales Tax Prop K	CON			7,200		42,590	107,570								157,360
Land Sales	CON						47,710	48,220	34,070	35,260	36,500	37,780	39,100	40,470	319,110
RM 1	CON					18,000	18,000	17,000							53,000
RTIP	CON					10,000	13,000								23,000
AB 1171	CON								30,000	30,000	30,000	30,000	16,000	14,000	150,000
Net Operating Revenues	CON				3,380	3,480	3,580	3,690	4,280	4,120	3,960	3,790	3,620	97,110	131,010
Tax Increment	CON							420	1,700	3,020	4,410	6,400	8,740	509,510	534,200
COMMITTED FUNDING TOTAL															

Comments:

San Mateo County Sales Tax has been programmed for the project, but no allocation commitments have been made.

Enter only funds **Committed** to the project, including RM-2 funding. Enter amounts in thousands and escalated to the year of funding. DO NOT enter uncommitted funding - enter uncommitted funds in the Uncommitted Funding Plan.
Eligible Phases: ENV (or PA&ED), PS&E, R/W or CON. For planning activities use ENV. For Vehicles, Equipment or Operating use CON. OK to use CT R/W SUP or CT CON SUP for Caltrans support, but not necessary (optional).

Initial Project Report
RM-2
Total Project
UNCOMMITTED FUNDING PLAN
(Amounts Escalated in Thousands)

[illegible]

Comments:

Enter only **Uncommitted** funding necessary to complete the project. Enter amounts in thousands and escalated to the year of funding. DO NOT enter committed funding - enter committed funds in the Committed Funding Plan.

Eligible Phases: ENV (or PA&ED), PS&E, R/W or CON. For Planning activities use ENV. For Vehicles, Equipment or Operating use CON. OK to use CT R/W SUP or CT CON SUP for Caltrans support, but not necessary (optional).

Initial Project Report
RM-2
Total Project
TOTAL PROJECT FUNDING PLAN
(Amounts Escalated in Thousands)

Project Title: Transbay Terminal / Downtown Caltrain Extension														Project ID: 22	
Agency: Transbay Joint Powers Authority														Plan Date: 29-Sep-04	
TOTAL PROJECT: COMMITTED + UNCOMMITTED															
Fund Source	Phase	Prior	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Future	TOTAL
COMMITTED															
Section 1601 grant + match	(ENV / PE / PA&ED Pl. 1)	3,800													3,800
Regional Measure 2	(ENV / PE / PA&ED Pl. 1)		15,495												15,495
SF Sales Tax Prop K	(ENV / PE / PA&ED Pl. 1)		5,495												5,495
Section 1601 grant + match	(ENV / PE / PA&ED Pl. 2)		6,300	900											7,200
Regional Measure 2	(ENV / PE / PA&ED Pl. 2)			13,505											13,505
SF Sales Tax Prop K	(ENV / PE / PA&ED Pl. 2)			21,605											21,605
Regional Measure 2	PS&E			36,700	25,400										62,100
SF Sales Tax Prop K	PS&E			36,700	25,400										62,100
Regional Measure 2	ROW 80 Natoma		16,125												16,125
SF Sales Tax Prop K	ROW 80 Natoma		16,125												16,125
Regional Measure 2	ROW		19,125	7,650	8,800										35,575
SF Sales Tax Prop K	ROW		19,125	7,650	10,800										37,575
San Mateo Sales Tax	ROW		29,500												29,500
Regional Measure 2	CON			7,200											7,200
SF Sales Tax Prop K	CON			7,200		42,590	107,570								157,360
Land Sales	CON					47,710	48,220	34,070	35,260	36,500	37,780	39,100	40,470		319,110
RM 1	CON					18,000	18,000	17,000							53,000
RTIP	CON					10,000	13,000								23,000
AB 1171	CON								30,000	30,000	30,000	30,000	16,000	14,000	150,000
Net Operating Revenues	CON				3,380	3,480	3,580	3,690	4,280	4,120	3,960	3,790	3,620	97,110	131,010
Tax Increment	CON							420	1,700	3,020	4,410	6,400	8,740	509,510	534,200
UNCOMMITTED															
TEA-LU Earmark	CON			7,600	6,400										14,000
Station Access Fee	CON									8,920	9,590	10,010	10,440	834,040	873,000
Leveraged Lease Transaction	CON								50,160						50,160
TIFIA Loan	CON						364,300	330,020							694,320
High Speed Rail Bonds	CON				35,300	434,400	5,300								475,000
Other (Prop 42, Fed. Disc, Local Sales Tax)	CON							13,200	120,100						133,300
		Prior	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Future	TOTAL
TOTAL PROJECT: COMMITTED + UNCOMMITTED FUNDING TOTAL															
		3,800	127,290	146,710	115,480	508,470	559,460	412,550	240,310	81,320	84,460	87,980	77,900	1,495,130	3,940,860

Comments:

Enter all funding for the project - both Committed and Uncommitted. Enter amounts in thousands and escalated to the year of funding

Eligible Phases: ENV (or PA&ED), PS&E, R/W or CON. For planning activities use ENV. For Vehicles, Equipment or Operating use CON. OK to use CT R/W SUP or CT CON SUP for Caltrans support, but not necessary (optional).

Initial Project Report
RM-2
RM-2 Deliverable Segment
RM-2 DELIVERABLE SEGMENT FUNDING PLAN

(Amounts Escalated in Thousands)

Project Title: Transbay Terminal / Downtown Caltrain Extension														Project ID: 22	
Agency: Transbay Joint Powers Authority														Plan Date: 29-Sep-04	
RM-2 DELIVERABLE SEGMENT - Fully Funded Phase or Segment of Total Project															
Fund Source	Phase	Prior	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Future Committed	TOTAL
Section 1601 grant + match	(ENV / PE / PA&ED Pl. 1)	3,800													3,800
Regional Measure 2	(ENV / PE / PA&ED Pl. 1)		15,495												15,495
SF Sales Tax Prop K	(ENV / PE / PA&ED Pl. 1)		5,495												5,495
Section 1601 grant + match	(ENV / PE / PA&ED Pl. 2)		6,300	900											7,200
Regional Measure 2	(ENV / PE / PA&ED Pl. 2)			13,505											13,505
SF Sales Tax Prop K	(ENV / PE / PA&ED Pl. 2)			21,605											21,605
Regional Measure 2	PS&E			36,700	25,400										62,100
SF Sales Tax Prop K	PS&E			36,700	25,400										62,100
Regional Measure 2	ROW 80 Natoma		16,125												16,125
SF Sales Tax Prop K	ROW 80 Natoma		16,125												16,125
Regional Measure 2	ROW		19,125	7,650	8,800										35,575
SF Sales Tax Prop K	ROW		19,125	7,650	10,800										37,575
San Mateo Sales Tax	ROW		29,500												29,500

Comments:

(Complete this spreadsheet only if RM-2 funds are dedicated to deliver a specific phase or deliverable segment of the overall total project)

Enter funds on the RM-2 Deliverable Phase or Segment, ONLY if the RM-2 Phase or Segment is different from the overall total project. The RM-2 Segment must be Fully Funded and result in a operable or useable segment.

Enter only funds **Committed** to the RM-2 Funded Segment and only if different from Total Project. Enter amounts in thousands and escalated to the year of funding. DO NOT enter uncommitted funding - The RM-2 Phase or Segment must be fully funded.

Eligible Phases: ENV (or PA&ED), PS&E, R/W or CON. For planning activities use ENV. For Vehicles, Equipment or Operating use CON. OK to use CT R/W SUP or CT CON SUP for Caltrans support, but not necessary (optional).

Initial Project Report
RM-2
RM-2 FUNDING EXPENDITURE PLAN
(RM-2 Funds Only)

(Amounts Escalated in Thousands)

Project Title: Transbay Terminal / Downtown Caltrain Extension													Project ID: 22	
Agency: Transbay Joint Powers Authority													Plan Date: 29-Sep-04	
RM-2 EXPENDITURE PLAN														
RM-2 Expenditures	Prior	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Future	TOTAL
ENV/PA&ED Pt. 1	15,495													15,495
ENV/PA&ED Pt. 2	13,505													13,505
PS&E	36,700 25,400													62,100
ROW 80 Natoma	16,125													16,125
ROW	19,125 7,650 8,800													35,575
CON	7,200													7,200
	Prior	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Future	TOTAL
RM-2 EXPENDITURE PLAN TOTAL														
	50,745 65,055 34,200													150,000

Comments:

RM-2 annual expenditures could be reduced if currently uncommitted funding such as the TEA-LU Earmarks are realized.

Provide the expected RM-2 expenditures – by phase and year. (This is the amount of the allocation needed for that fiscal year to cover expenditures through June 30th of that fiscal year).

Enter RM-2 amounts in thousands and escalated to the year of funding. The total amount cannot exceed the amount identified in the RM-2 legislation.

Eligible Phases: ENV (or PA&ED), PS&E, R/W or CON. For planning activities use ENV. For Vehicles, Equipment or Operating use CON. OK to use CT R/W SUP or CT CON SUP for Caltrans support, but not necessary (optional).

Transbay Joint Powers Authority

Transbay Terminal / Caltrain Downtown Extension Project Preliminary Engineering Part One Scope of Work

August 31, 2004

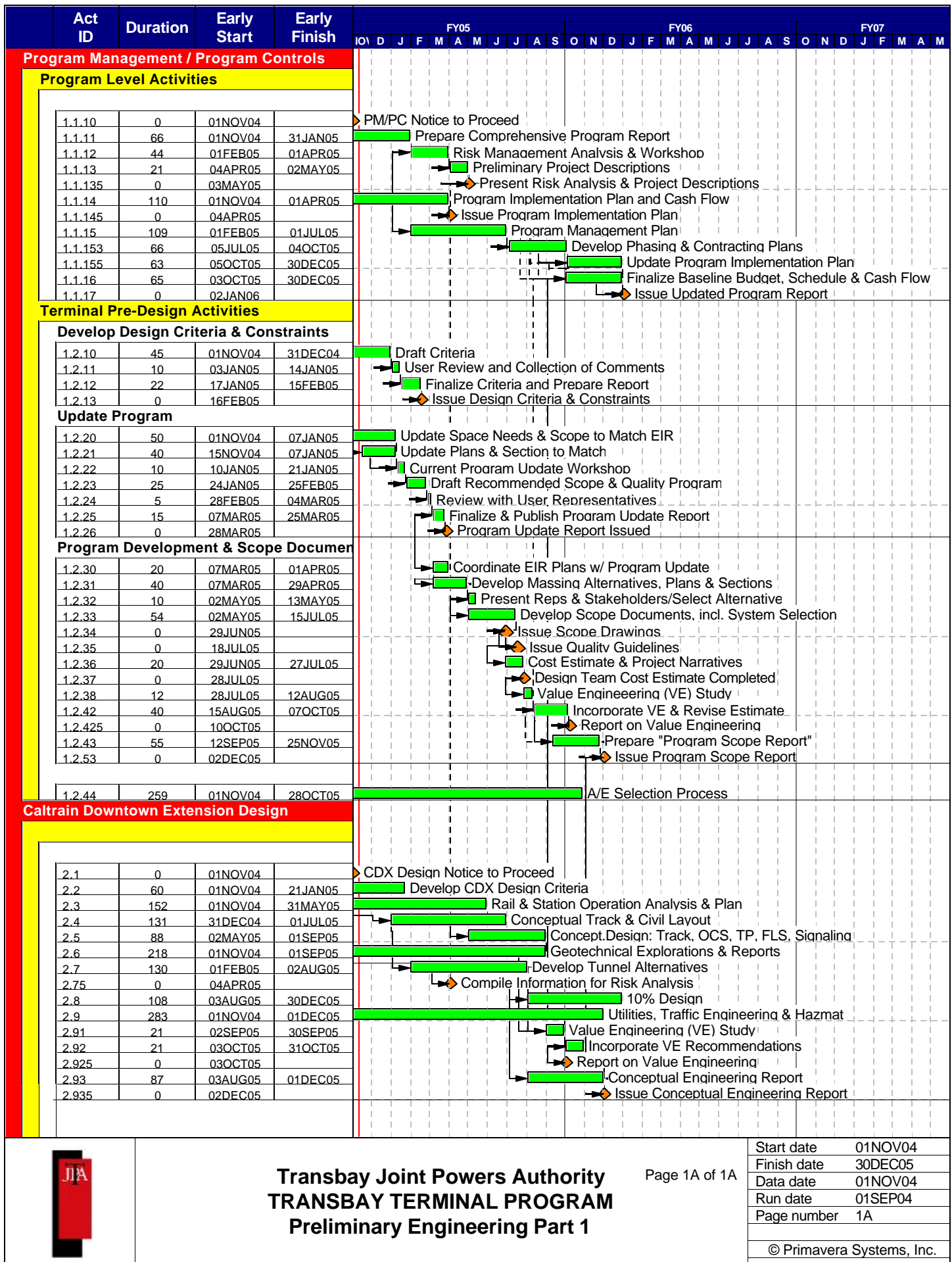
Part One of the Preliminary Engineering phase, consists of the following activities and deliverables:

1. Program Update Report;
2. Design Criteria and Quality Guidelines;
3. Risk Analysis including identification of significant project elements that contribute to cost risk;
4. Program Implementation Plan and Cash Flow including phasing alternatives that consider expected availability of funding;
5. Preliminary engineering (roughly 10%) on project elements needed to better define cost;
6. Revised Cost Estimate Report;
7. Value Engineering Report;
8. Program Scope Report for the Transbay Terminal element;
9. Conceptual Engineering for the Caltrain Downtown Extension element;
10. Revised Program Budget, Schedule and Cash Flow; and
11. Project Management/Project Control necessary to complete the items above.

The detailed progress timeline for these activities and deliverables are presented in the accompanying schedule.

The costs for the contracts to be awarded to accomplish these activities and deliverables is summarized below:



Contract	Preliminary Engineering Part One Cost Estimate
Program Management/Program Controls	\$6,800,000
Transbay Terminal Pre-Design Tasks	\$3,420,000
Caltrain Downtown Extension Design	\$10,770,000
Total	\$20,990,000





**DETAILED SCOPE OF WORK
PROJECT RIGHT OF WAY**

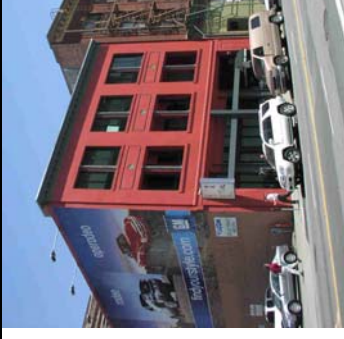


Transbay Terminal / Caltrain Downtown Extension Project Property Summary Table				
Needed For ...	Buildings Required		Easements Required	
	Tunnel Option	Cut & Cover Option	Tunnel Option	Cut & Cover Option
Terminal Building	4	4	–	–
Terminal Building (Main Street Blocks)	2	2	–	–
Caltrain Alignment 2/Main	12	12	–	–
Caltrain: Second/ Townsend Block	–	10	11	1
Totals	18	28	11	1

**Transbay Terminal – Caltrain Downtown Extension – Redevelopment Project
Property Summary Table**



FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
Natoma: North Side								
5.2-1	Terminal Building	Full	3721	45A	70 Natoma Street [a]	80 Natoma Site	Vacant	 <p>Note: [a] = FEIS for Terminal Building, DEIS for Caltrain Alignment.</p>
5.2-1	Terminal Building	Full	3721	46	78-80 Natoma Street [a]	80 Natoma Site	Vacant	
5.2-1	Terminal Building	Full	3721	54	65 Minna Street [a]	80 Natoma Site	Vacant	
5.2-1	Terminal Building	Full	3721	53	81 Minna Street [a]	80 Natoma Site	Vacant	
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	47	90 Natoma Street		Building (1)	



FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
Natoma: South Side								
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	<i>109 through 118</i>	85 Natoma Street	New Condo project (former lot 90).	Building (1)	
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	<i>108</i>	81-83 Natoma Street	Zebulon Restaurant (former lots 27a & 28)	Buildings (2)	



FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	29	77-79 Natoma Street	Varnish (gallery/bar)	Building (1)	
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	31	Natoma Street (no address listed)	Parking – Adjoining Tranbay Ramps	Vacant	
Second Street – Howard to Folsom								
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3736	97	201 Second Street	Corner: parking lot.	Vacant	




FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3736	96	205-215 Second Street	Chatz Coffee & Golden Flower Spa	Building (1)	
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3736	95	217 Second Street	Output	Building (1)	
Second Street – Howard to Natoma								
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	22	191 Second Street	Corner Howard	Building (1)	

FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	23	181 Second Street	Gasser Photo	Building (1)	
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	25	171 Second Street	Tempura House (in ground floor)	Building (1)	




FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
Howard Street – North Side								
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	95	580-586 Howard Street	Dahl Beck Warehouse (former lot 91)	Building (1)	
5.2-3	Caltrain Alignment 2/Main	Acquire & Demolish	3721	20	568-576 Howard Street	Maevo Building	Building (1)	


FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
5.2-1	Terminal Building	Partial	3721	16	546 Howard (Few feet from northeast corner of building)	In front of Caribbean Zone.	Building (1)	
Tehama Street								
5.2-1	Terminal Building	Full	3736	74	57 Tehama	Added in FEIS for Bus Ramp.	Vacant	
5.2-1	Terminal Building	Full	3736	88	60 Tehama		Building (1)	



FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
South of Terminal – Between Fremont & Beale								
(not referenced – same block/lot as 101-129 Fremont)	Terminal Building	Partial Few feet from southern portion – adjoining TBT.	3719	17	124 Beale	(301 Mission parcel)	Building (1)	
5.2-1	Terminal Building	Partial Few feet from southern portion – adjoining TBT.	3719	17	101-129 Fremont	(301 Mission Parcel)	Building (1)	
5.2-2	Caltrain Alignment 2/Main	Temporary Construction Easement	3718	025	201 Mission	Southern portion of site needed.	Vacant - Parking	

FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
Main Street Area								
5.2-1	Terminal Building	Full	3739	2	Vacant lot on Main Street	Parking	Temporary building.	
5.2-1	Terminal Building	Full	3739	6	272 – 276 Main Street	Resources & Design Inc.	Building (1)	
5.2-1	Terminal Building	Full	3739	4 & 7	200 Folsom	Multiple Tenants	Building (1)	

FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
Townsend/ Second Street Block								
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	74 through 85	164 Townsend Street	South Beach Warehouse (old lot 11A)	Building (1)	
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	10	148-154 Townsend Street	Jaron Embroidery	Building (1)	
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	9A	144-146 Townsend Street	City Storage	Building (1)	

FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	9	136 Townsend Street	Building with inside parking.	Building (1)	
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	8	130 Townsend Street	Corner of Stanford.	Building (1)	
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	43	670 Second Street	3+ Floor	Building (1)	

FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	44	678-80 Second Street	(same building as 670)		
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	49 to 73	650 Second Street	6 Floor Building	Building (1)	
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	2	640 Second Street	3 Floor Building	Building (1)	
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	38	35 Stanford Street	Also 634 Second.	Building (1)	

FEIS Table Reference	Required For?	Activity	Block	Lot	Address	Notes	Existing	Image
5.2-2	Caltrain Alignment	Demolish (Cut & Cover) or Underground easement (Tunnel).	3788	37	301 Brannan Street	Corner Second.	Building (1)	
5.2-2	Caltrain Alignment	Underground Easement (both options)	3788	12	166-178 Townsend Street	West Winds	Building (1)	

SUMMARY APPRAISAL STATEMENT**Fee Simple Interest**

**APN: Block 3721 Lots 45A, 046, 053 & 054
80 Natoma Street
San Francisco, California
04-ASF-76**

Appraiser: Chris Carneghi, MAI

Company: Carneghi-Blum & Partners, Inc.

Address: 595 Market Street, Suite 2230, San Francisco, CA 94105

Phone: 415-777-2666

Fax: 415-977-0555

This summary of the basis of my appraisal is prepared for the San Francisco City Attorney to comply with Section 7267.2 of the California Government Code and is intended to be a Summary Appraisal Report as defined in the Uniform Standards of Professional Appraisal Practice.

1. Description of subject property taken: See Exhibit "A"

(a) Conclusions:

1. Fair Market Value of the subject property being taken: \$32,250,000

See attached Exhibit "C"

2. Amount of Severance Damages: None

3. Amount of Benefits: None

4. Amount of Other Compensation: None

(b) My conclusion is based, in part, on the opinion of: NA

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 2 -

1. Estate or interest valued: Fee Simple
2. Date of Valuation: June 18, 2004
3. Highest and Best Use of the property:
High Rise Residential Development
4. Applicable zoning and probability of zoning change:

The subject property is zoned C-3-O. There is no probability of a change. The subject land appraised is approved for development of a 432 unit 47 story (plus mechanical penthouse) residential high-rise building identified as the 80 Natoma Project. Building plans reviewed by the appraiser are drawn by Heller Manus Architects and dated December 2, 2003. They are stamped approved by the San Francisco Department of Building Inspector March 5, 2004. The gross building area is shown as 867,538 square feet including two subterranean parking levels with 63,520 square feet. The plans show a total of 432 valet parking spaces. Of the total 432 residential units, 43 are shown as Below Market Rate units.

After initial site preparation work began in Spring 2004, an issue arose concerning the validity of the building permit and a stop work order was issued by the City of San Francisco. For purposes of this appraisal the San Francisco City Attorney's Office has instructed the appraisers to value the property as if the permit is valid and to disregard the impact on value, if any, of the stop work order. The premise of the fair market value conclusion in this valuation statement is that the 80 Natoma project is fully entitled.

5. Market Data: See Exhibit "B"
6. Replacement cost less depreciation: NA
7. Income Approach: NA

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 3 -

a. Description

Land Area: 32,915 square feet

Assessor's Parcel Number: Block 3721 Lots 45A, 046, 053 & 054

b. Fair Market Value of the Larger Parcel \$32,250,000

In the course of the appraisal the subject property owner, Jack Myers - Myers Natoma Venture, LLC was contacted to request an interview to ascertain, among other things, the following:

1. Consideration for the transfer of the real estate in March 2004 and earlier transfers.
2. Architectural and Engineering costs expended to date;
3. Cost of the site work completed to date.
4. To offer the property owner the opportunity to accompany the appraiser on the property inspection.

An initial meeting was scheduled for 9:30 AM Tuesday June 8, 2004 at Mr. Myers' office, 101 2nd Street, Suite 555, San Francisco. The meeting was arranged by Mr. Myers' assistant Leticia several days in advance. After arriving for the meeting it was cancelled by Mr. Myers. The meeting was then re-scheduled by Leticia for Monday June 14 at 2:00 PM, again at Mr. Myers office. On Friday June 11 about 4 PM Leticia called and said that Mr. Myers asked her to cancel the meeting. The reason given was that Mr. Myers' attorneys advised him not to meet with the appraisers. Leticia indicated that there would not be a re-scheduling of the meeting.

- (c) We, the undersigned, hereby certify that, to the best of our knowledge and belief: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses,

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 4 -

parties involved; we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; our engagement in this assignment was not contingent upon developing or reporting predetermined results, our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan; our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, we have made a personal inspection of the property that is the subject of this report; Ronald Blum, MAI provided significant real property appraisal assistance to the persons signing this certification. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report Chris Carneghi has completed the requirements under the continuing education program of the Appraisal Institute. In accordance with the Competency Provision in the USPAP, we certify that our education, experience and knowledge are sufficient to appraise the type of property being valued in this report.



Chris Carneghi, MAI
Certified General Real Estate Appraiser
State of California No. AG001685

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 5 -

EXHIBIT "A"

DESCRIPTION OF PROPERTY TAKEN

1. Assessor's Plat Map
2. Title Report
3. Sales History
4. Assessed Value

**OLD REPUBLIC TITLE COMPANY**

350 California Street, Ste. 1220 • San Francisco, CA • 94104 • (415) 397-0500 • Fax: (415) 397-0199

PRELIMINARY REPORT

Issued for the sole use of:

PAUL HASTINGS
55 Second Street, Twenty-Fourth Floor
San Francisco, CA 94105

Attention: Beth Pennington

Our Order No. 0227002410-DP

Reference

When Replying Please Contact:

David Phillips
(415) 397-0500

Property Address:

80 Natoma Street, San Francisco, CA

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies may be set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of March 26, 2004, at 7:30 AM

Title Officer: Patrick Wilkes

OLD REPUBLIC TITLE COMPANY

For Exceptions Shown or Referred to, See Attached

Page 1 of 6 Pages

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227002410-DP

The form of policy of title insurance contemplated by this report is:

TO BE DETERMINED IF APPLICABLE. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

a Fee.

Title to said estate or interest at the date hereof is vested in:

MYERS NATOMA VENTURE, LLC, a Delaware limited liability company

The land referred to in this Report is situated in the County of San Francisco, Other of San Francisco, State of California, and is described as follows:

PARCEL I:

BEGINNING at a point on the northwesterly line of Natoma Street, distant thereon 115 feet and 6 inches northeasterly from the northeasterly line of 2nd Street; running thence northeasterly along said line of Natoma Street 121 feet and 6 inches; thence at a right angle northwesterly 75 feet; thence at a right angle southwesterly 12 feet; thence at a right angle northwesterly 80 feet to the southeasterly line of Minna Street; thence at a right angle southwesterly along the southeasterly line of Minna Street 103 feet; thence at a right angle southeasterly 80 feet; thence at a right angle southwesterly 6 feet and 6 inches; thence at a right angle southeasterly 75 feet to the point of beginning.

BEING a portion of 100 Vara Block No. 347.

Assessor's Lot 53; Block 3721

PARCEL II:

BEGINNING at a point on the southeasterly line of Minna Street, distant thereon 225 feet northeasterly from the northeasterly line of 2nd Street; running thence northeasterly along said southeasterly line of Minna Street 90 feet; thence at a right angle southeasterly 80 feet, more or less, to a point perpendicularly distant 75 feet northwesterly from the northwesterly line of Natoma Street; thence northeasterly parallel with said northwesterly line of Natoma Street 33 feet and 6 inches; thence at a right angle southeasterly 75 feet to the northwesterly line of Natoma Street; thence at a right angle southwesterly along said northwesterly line of Natoma Street 111 feet and 6 inches; thence at a right angle northwesterly 75 feet, more or less, to a point perpendicularly distant 80 feet southeasterly from the southeasterly line of Minna Street; thence southwesterly parallel with said southeasterly line of Minna Street 12 feet; thence at a right angle northwesterly 80 feet to the point of beginning.

BEING a portion of 100 Vara Block No. 347.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227002410-DP

Assessor's Lots 45-A, 46, and 54; Block 3721

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2004 - 2005, a lien, but not yet due or payable.

2. The herein described property lies within the boundaries of a Community Facilities District, as follows:

District No. : 90-1
For : School Maintenance and Repair
Disclosed by : Notice of Special Tax Lien recorded July 5, 1990 in Reel
F160 Image 1044 of Official Records, under Recorder's
Serial Number E573343.

CONTAINED THEREIN IS A PROVISION FOR AN ONGOING SPECIAL TAX WHICH
IS IN ADDITION TO BUT IS INCLUDED AND PAYABLE WITH THE GENERAL AND
SPECIAL REAL PROPERTY TAXES OF THE CITY AND COUNTY OF SAN FRANCISCO.

Further information may be obtained by contacting:
San Francisco Unified School District CFD
135 Van Ness Avenue, San Francisco, CA 94102
(415) 241-6480

3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

4. Conditions contained and/or referred to in an instrument,

Entitled : NOTICE OF USE OF TDR
By : Zoning Administrator of the City and County of San Francisco
Recorded : March 23, 1999 In Reel H347 of Official Records, Image 660
under Recorder's Serial Number 99-G537345-00

**OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227002410-DP****5. Conditions contained and/or referred to in an instrument,**

Entitled : DECLARATION OF USE
By : Ben M. Igoe, Turner Construction Co.
Dated : April 15, 1999
Recorded : April 15, 1999 in Reel H364 of Official Records, Image 626
under Recorder's Serial Number 99-G551459-00

Which, among other things, provides: Consent to conditions that appear on the attached Minor Sidewalk Encroachment Permit No. 99MSE-362

6. An encroachment of existing structures or improvements situated on said land onto the adjacent public rights of way of Natoma and Minna Streets by shoring piers and shoulder beams as disclosed by the Declaration of Use above referred to.**7. Terms and provisions as contained in an instrument,**

Entitled : DEED
Executed By : The Prudential Insurance Company of America, a New Jersey corporation
Dated : October 20, 2003
Recorded : November 3, 2003 in Reel I506 of Official Records, Image 116
under Recorder's Serial Number 2003-H577730-00

8. Any rights, easements, interests or claims which may exist or arise by reason of or reflected by the facts shown on the plat of a survey made by MARTIN M. RON ASSOCIATES, LAND SURVEYORS, dated February 16th, 2001 and last updated on March 22nd, 2004, designated Job No. S-5385, as follows:

- A. An encroachment of the improvements situated on Lot 47 adjoining on the southwest of onto PARCEL I of said land, by 2.47' over at footing at point of maximum encroachment.
- B. An encroachment of the improvements situated on Lot 52 adjoining on the southwest of onto PARCEL I of said land, by 2.32' over at footing at point of maximum encroachment.
- C. Encroachments of the improvements situated on said land onto the adjacent public right of way of NATOMA STREET by driveways and underground utility facilities with associated above-ground appurtenances.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227002410-DP

- D. Encroachments of the improvements situated on said land onto the adjacent public right of way of MINNA STREET by sign post, driveways, fence and parking areas and underground utility facilities with associated above-ground appurtenances.
- E. An encroachment of a fence situated on PARCEL II of said land onto Lot 6 adjoining on the northeast by 0.4' +/-
- F. Indicator and testing piles.
- G. NOTES, as follows:
- i. "UTILITY NOTE" as shown
 - ii. "FLOOD NOTE" as shown
 - iii. "NOTE: IN 1999 A SHORING SYSTEM SURROUNDING THE SUBJECT SITE WAS INSTALLED. SAID SHORING SYSTEM IS NOT VISIBLE AT THIS TIME."
- H. Matters which an update of said survey would disclose.

9. Deed of trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof;

Amount : \$124,000,000.00
Trustor/Borrower : Myers Natoma Venture, LLC, a California limited liability company
Trustee : Old Republic Title Company, a California corporation
Beneficiary/Lender : IStar Financial, Inc., a Maryland corporation
Dated : March 24, 2004
Recorded : March 25, 2004 in Reel I602 of Official Records, Image 0628 under Recorder's Serial Number 2004-H685061-00

In connection therewith, said trustors executed an Assignment of Leases and Rents,

Recorded : March 25, 2004 in Reel I602 of Official Records, Image 0629 under Recorder's Serial Number 2004-H685062-00

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227002410-DP

10. Any claim of lien for services, labor or material arising from an improvement or work under construction or completed at the date hereof.

Informational Notes

- A. NOTE: No known matters otherwise appropriate to be shown have been deleted from this report, which is not a policy of title insurance, but a report to facilitate the issuance of a policy of title insurance.
For purposes of policy issuance, Item(s) No. 10 may be eliminated on the basis of an indemnity agreement or other agreement satisfactory to the company as insurer.
- B. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) [to be determined] of the Schedule of Fees and Charges:
- C. Short Term Rate ("STR") applies (but may be precluded or limited by application of the above shown section(s) of our Schedule of Fees and Charges.)
- D. NOTE: According to the public records, there have been no deeds conveying the property described in this report recorded within a period of 24 months prior to the date hereof except as follows:

A Trustee's Deed executed by First American Title Insurance Co., as Trustee to The Prudential Insurance Company of America, a New Jersey corporation recorded April 10, 2002 in Reel I113 of Official Records, Image 715 under Recorder's Serial Number 2002-H143766-00.

A deed executed by The Prudential Insurance Company of America, a New Jersey corporation to 80 Natoma, LLC, a California limited liability company, recorded November 3rd, 2003 in Reel I506 of Official Records, Image 116, under Recorder's Serial Number 2003-H577730-00.

A Quitclaim Deed executed by 80 Natoma, LLC, a California limited liability company to Myers Natoma Venture, LLC, a Delaware limited liability company recorded March 25, 2004 in Reel I602 of Official Records, Image 627, under Recorder's Serial Number 2004-H685060-00.

/pw

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 6 -

Five Year Property Sales History

The chain of title on the subject property was researched by Chicago Title Company. Transfers with in the last five years are as follows:

1. Quitclaim Deed recorded March 25, 2004 transferring title from 80 Natoma, LLC, a California limited liability company, the Transferor, to Myers Natoma Venture, LLC, a Delaware limited liability company, the Transferee. The consideration is shown as Ten Dollars "and other good and valuable consideration paid". Documentary Transfer Tax was not shown on the recording at the request of the Transferor. The purchase price could not be confirmed.
2. Deed recorded November 3, 2003; The Prudential Insurance Company of America, a New Jersey Corporation, Grantor, conveys and contributes its interest to 80 Natoma, LLC, Grantee. The transfer is shown as being exempt from Documentary Transfer Tax.
3. Trustee's Deed Upon Sale recorded April 10, 2002; First American Title Insurance Co., Trustee grants and conveys the property to The Prudential Insurance Company of America, Grantee. First American is acting as Trustee under a defaulted Deed of Trust dated 9/01/1998. The Trustee's Deed shows the amount of unpaid debt together with costs was \$20,262,176.71. The credit bid by the Grantee was \$12,000,000.
4. Grant Deed recorded September 1, 1998; KSW Properties, a California Limited Liability Company grants the property to SBE Century LLC. The purchase price was reportedly \$21,500,000.

80 Natoma Street, San Francisco
Assessed Value - 2003

APN No.	Land Value	Improvement Value	Total Assessed Value
3721-045A	\$38,188	\$0	\$38,188
3721-046	\$2,424,647	\$0	\$2,424,647
3721-053	\$14,433,148	\$0	\$14,433,148
3721-054	\$6,041,274	\$0	\$6,041,274
Total	\$22,937,257	\$0	\$22,937,257

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 7 -

EXHIBIT "B"

COMPARABLE LAND SALES DATA

COMPARABLE LAND SALES
Appraisal of 80 Natoma Street
San Francisco, California

No.	Location	Sale Date	Land Area	Sale Price	Price Per SF of Land Area	Price Per Proposed Unit	Planned Development	Zoning FAR Ht. Limit Proposed Res. Density Affordable Housing	Grantor/ Grantee/ Verification Source
1	40-50 Lansing St. San Francisco APN: 3749-011	4/04	0.5 AC 20,625 SF	\$7,700,000 (entitled) \$200,000 \$7,900,000 (1)	\$383.03	\$96,341	Eight-story, 82 unit residential condominium development.	Rincon Hill SUD N/A 84' 173 DU/AC N/A	Christopher J. Harney/ Lambert Dev. Lansing, LLC #611246 Chris Harney (Seller) (415) 865-6113
2	631 Folsom St. San Francisco APN: 3750-090	3/04	0.8 AC 33,550 SF	\$8,670,000 (unentitled)	\$258.42	\$72,250	Approximately 120 residential units over 11,000 SF commercial space and underground parking.	C-3-S 5.0:1 200' 156 DU/AC N/A	AT&T Corp./ 631 Folsom, LLC #598297 Ron Kilby (Broker) (415) 772-0129
3	450 Rhode Island San Francisco APN: 3978-001	2/04	1.8 AC 80,000 SF	\$10,000,000 (entitled)	\$125.00	\$58,824	170 residential units plus 40,000 SF grocery store & parking.	NC-3 3.6:1 40' 92 DU/AC 20%	450 Rhode Island, LLC/ A.F. Evans, Inc. N/A Dave Latina (Buyer) (415) 591-2203
4	949 Market St. San Francisco APN: 3784-071	12/03	0.5 AC 23,375 SF	\$7,500,000 (entitled)	\$320.86	\$49,669	Site entitled for 151 residential units.	C-3-G 6.0:1 120' 281 DU/AC 15%	The Lurie Co./ 949 Market St., LLC #622804 Dave Terzolo (Broker) (415) 291-1717
5	1800 Van Ness Ave. San Francisco APN: 0619-009 & -010	12/03	0.6 AC 25,817 SF	\$8,000,000 (unentitled)	\$309.87	\$72,727 to \$80,000	Approx. 100 to 110 residential units over ground floor retail and underground parking.	VNSUD 4.5:1 80' 168 DU/AC N/A	Rosener Family Trust/ Sunrise Van Ness Senior Living, LLC #609914 Edward Suharski (Broker) (415) 477-9289
6	170 King St. San Francisco APN: 3794-004, -007	7/03	1.0 AC 42,969 SF	\$12,500,000 \$275,000 \$12,775,000 (entitled) (1)	\$297.31	\$64,520	198 residential units over three levels of parking & ground floor commercial.	M-2 5.0:1 105' 200 DU/AC 12%	Kingtownsend Community Parking LLC/ SP/P 170 King, LLC #479772 Richard Johnson (Broker) (415) 439-5053

COMPARABLE LAND SALES
Appraisal of 80 Natoma Street
San Francisco, California

No.	Location	Sale Date	Land Area	Sale Price	Price Per SF of Land Area	Price Per Proposed Unit	Planned Development	Zoning FAR Ht. Limit Proposed Res. Density Affordable Housing	Grantor/ Grantee/ Verification Source
7	639 & 699 2nd St. San Francisco APN: 3769-004 & -005	5/03	0.9 AC 37,799 SF	\$7,650,000 (entitled)	\$202.39	\$68,304	112 residential units	SSO 3.0:1 50' 129 DU/AC 12%	Rosenberg Soma Inv./ 699 Second Dev., LLC #445720 Douglas Rosenberg (Seller) (415) 777-4494
8	199 New Montgomery San Francisco APN: 3772-021	2/03	0.3 AC 12,720 SF	\$7,500,000 (entitled)	\$589.62	\$44,643	15-story, 168-unit multifamily complex with 80 underground parking spaces.	C-3-0 (SD) 6.0:1 150' 575 DU/AC N/A	Sanjaylyn Co., LLC/ 199 New Montgomery Associates, LLC #351798 Tom Monahan (Buyer) (415) 456-0600
9	425 1st St. San Francisco APN: 3765-009, -015	12/02	0.9 AC 37,813 SF	\$16,000,000 <u>\$500,000</u> (1) \$16,500,000 (unentitled)	\$436.36	\$49,401	334 residential units plus 30,000 SF grocery store & parking.	Rincon Hill SUD N/A 84' & 200' 384 DU/AC 12%	Bank of America/ Rincon Ventures, LP #304621 Tom Christian (Broker) (415) 836-2300
10	**SUBJECT** 80 Natoma St. San Francisco APN: 3321-045A, -046, -053 & -054	3/04	0.8 AC 32,915 SF	NA (entitled)	na	na	432 residential units plus ground floor commercial & parking.	C-3-0 9.0:1 500' & 550' 572 DU/AC 12%	80 Natoma, LLC/ Myers Natoma Venture, LLC #685060 N/A

Source: CARNEGHI-BAUTOVICH & PARTNERS, INC., June 2004
04-ASF-076/04076LAN

(1) Reported demolition and site clean-up costs.

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 8 -

EXHIBIT "C"

VALUATION NARRATIVE

VALUATION TABLE

Valuation Narrative

Exhibit B above shows 9 recent residential land comparable sales in central San Francisco. Residential development land is typically traded on the basis of price per square foot of land area and price per number of units approved to be built on the land. There is an inverse relationship between price per square foot of land area and price per allowed residential dwelling unit; i.e. all other things being equal a higher density project will sell for more per square foot of land area but less per planned dwelling unit than a lower density project. This is because higher density results in greater utilization of the land making it more valuable as a whole. However, high density also results in much greater construction costs for structural, seismic, and life safety reducing the price per unit.

The comparable land sales range on a price per square foot of land area basis from a low of \$125 per square foot to a high of \$589 per square foot. The comparable land sales range on a per planned residential dwelling unit basis from a low of \$44,643 to a high of \$96,341.

Comparable 8 at 199 New Montgomery sold at the top of the range per square foot of land area but at the lower end of the range on a per unit basis. This site has 12,720 square feet of land area and is much smaller than the subject at 32,915 square feet. Typically a smaller site will sell for less than a larger one on a unit basis. The subject property is approved for a development density of 572 units per acre and Comparable 8 is about the same at 575 units per acre. The locations are judged to be similar. Comparable 8 sold for \$44,643 per unit and \$589 per square foot of land area. In contrast, Comparable 1 at 40-50 Lansing Street has a much lower density of 173 units per acre. It sold for \$383 per square foot of land area and \$96,341 per unit. These two comparable illustrate the inverse relationship between density and value per unit and the direct correlation between density and value per square foot of land area.

Another factor of consideration is the magnitude of the overall purchase price which in turn inversely correlates to the price per unit; i.e. the larger the purchase price overall, all else being equal, the lower the price per unit. This is because as the total price increases there are fewer buyers who can afford the purchase and this exerts a downward influence on the price. Comparable 9 is located at 425 1st Street. This 37,813 square foot land site is planned for 334 dwelling units at a density of 384 units per acre. It sold for an adjusted price of \$16,500,000 equivalent to \$436 per square foot of land area and \$49,401 per unit. This is the largest total amount paid among the comparable.

On a density basis the subject is higher than all the comparables except Comparable 9.

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 10 -

limit which exceeds comparable 8 is considered, the price per square foot of the subject land should exceed the high end of the range at \$589 per square foot. However, the price per unit should be lower than the comparable with lower density. Other factors of consideration are the entitled status of the subject which is superior to an unentitled site and the height limit which exceeds that of the other comparable. However, a counter balance is the magnitude of the subject property value which is significantly greater than the comparable.

Weighing all these factors the subject property is judged to have a value per planned residential dwelling unit of \$70,000. The price per square foot of land area is estimated at \$900. The correlated fee simple land value conclusion is \$30,000,000 as shown on the table on the following page. To this amount must be added the costs expended on the building design and construction to the date of value. Because the property owner was unavailable to discuss these costs the appraiser has made an estimate subject to revision should more accurate information become available. The soft costs including architectural and engineering are estimated at \$2,000,000. Construction costs to date for the foundation pile driving is estimated at \$250,000.

The total fair market value of the subject 80 Natoma Street property including the fee simple interest in the land, architectural and engineering and construction is estimated at \$32,250,000.

**FAIR MARKET VALUE
80 NATOMA STREET
SAN FRANCISCO, CALIFORNIA**

LARGER PARCEL - FULL TAKE VALUATION

	Property Size	Unit Value	Interest Valued	Total
Total Site Area	32,915.00 square feet	\$900	x 100% =	\$29,623,500
	432 dwelling units	per sf \$70,000	x 100% =	\$30,240,000
Reconciled Market Value of Subject Land		per unit		\$30,000,000
Architectural and Engineering Costs (Estimate subject to revision)				\$2,000,000
Partial Foundation Piling (Estimate subject to revision)				\$250,000
FAIR MARKET VALUE OF SUBJECT PROPERTY:				\$32,250,000

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

Damage/Benefit Calculations

Benefits	Not Applicable - Full Take	NA
Damages	Not Applicable - Full Take	NA

TOTAL COMPENSATION - TAKE AND DAMAGES:	\$32,250,000
---	---------------------

Source: Carnegie-Bautovich & Partners, June 2004
4-ASF-76

EXTRAORDINARY LIMITING CONDITIONS

STANDARD LIMITING CONDITIONS

DEFINITION OF FAIR MARKET VALUE

report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser is assumed by the appraiser.

6. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.

7. The appraiser assumes that there are no hidden or apparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The

July 20, 2004

04-ASF-76

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 11 -

EXHIBIT "D"

EXTRAORDINARY LIMITING CONDITIONS

STANDARD LIMITING CONDITIONS

DEFINITION OF FAIR MARKET VALUE

July 20, 2004

04-ASF-76

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 12 -

Extraordinary Limiting Conditions

1. After initial site preparation work began in Spring 2004, an issue arose concerning the validity of the building permit and a stop work order was issued by the City of San Francisco. For purposes of this appraisal the San Francisco City Attorney's Office has instructed the appraisers to value the property as if the permit is valid and to disregard the impact on value, if any, of the stop work order. The premise of the fair market value conclusion in this valuation statement is that the 80 Natoma project is fully entitled.
2. The subject property is valued assuming it is clean of any toxic contamination. The existence (if any) of potentially hazardous materials used in the construction or maintenance of the improvements or disposed of on the site has not been considered. These materials may include (but are not limited to) the existence of formaldehyde foam insulation, asbestos insulation, or toxic wastes. The appraiser is not qualified to detect such substances; the client is advised to retain an expert in this field.

Standard Limiting Conditions and Assumptions

3. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which he/she is aware prior to utilizing this report or making it available to any third party.
4. No responsibility is assumed for legal matters. It is assumed that title of the property is marketable and it is free and clear of liens, encumbrances and special assessments other than as stated in this report.
5. Plot plans and maps are included to assist the reader in visualizing the property. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser is assumed by the appraiser.
6. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.
7. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The

July 20, 2004

04-ASF-76

Summary Appraisal Statement
04-ASF-76, 80 Natoma Street
San Francisco, California

- 13 -

appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. It is assumed that no soil contamination exists as a result of chemical drainage or leakage in connection with any production operations on or near the property.

8. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification and only in its entirety, and only for the contracted intended use as stated herein.
9. Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, new sales, or other media without the written consent and approval of the appraiser, particularly as to the valuation conclusions, the identity of the appraisers, or any reference to the Appraisal Institute or the MAI designation.

Definition of Fair Market Value

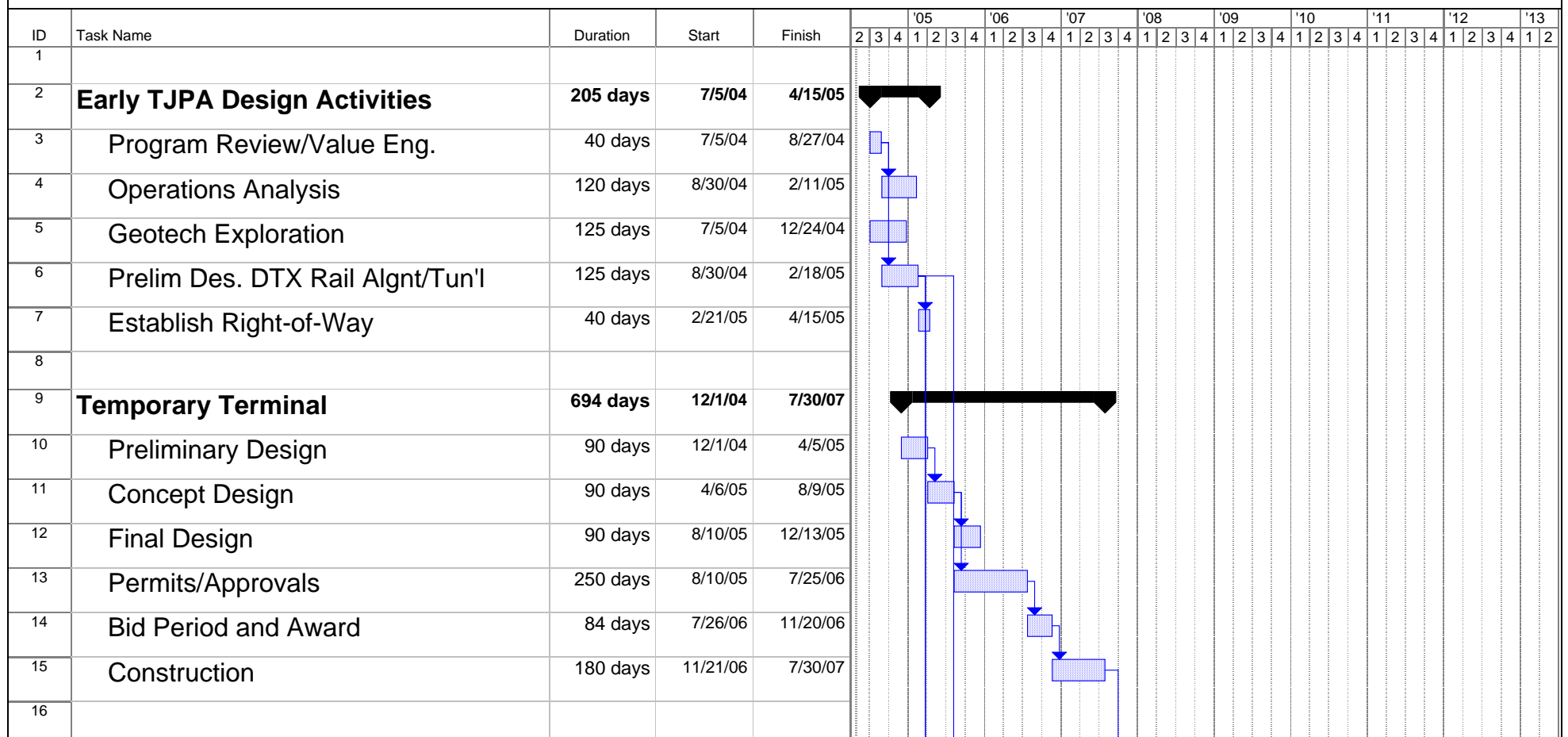
The measure of "just compensation" is "market value". Section 1263.320 of the Code of Civil Procedure defines market value as:

- a) The fair-market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
- b) The fair-market value of property taken for which there is no relevant comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable".

July 20, 2004

04-ASF-76

Preliminary Transbay Terminal/Caltrain Downtown Extension Program Schedule



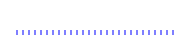
Task

Split

Progress

Milestone

Summary



Project Summary

External Tasks

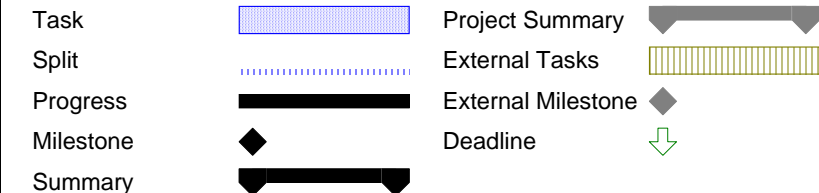
External Milestone

Deadline



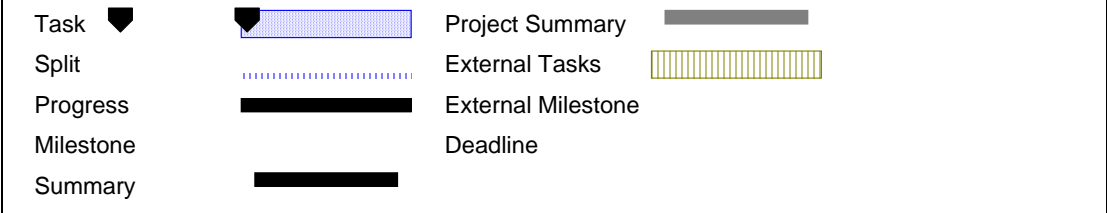
<p>Preliminary Transbay Terminal/Caltrain Downtown Extension Program Schedule</p>	
---	--

ID	Task Name	Duration	Start	Finish
17	Existing Term. Decommissioned	774 days	10/12/05	9/29/08
18	Existing Term Demo Bid Pkg.	180 days	10/12/05	6/20/06
19	Permit/Approval	250 days	6/21/06	6/5/07
20	Terminal Demo Bid Period/Award	84 days	6/6/07	10/1/07
21	Vacate	30 days	10/2/07	11/12/07
22	Demolition	200 days	12/25/07	9/29/08
23				
24	New Terminal	1630 days	12/1/04	3/1/11
25	Preliminary Design	180 days	12/1/04	8/9/05
26	Concept Design	250 days	8/10/05	7/25/06
27	Final Design	325 days	7/26/06	10/23/07
28	Permits/Approvals	540 days	8/10/05	9/4/07
29	Bid Package Prep/Bid Period	125 days	10/24/07	4/15/08
30	Construction and Commission	750 days	4/16/08	3/1/11
31				

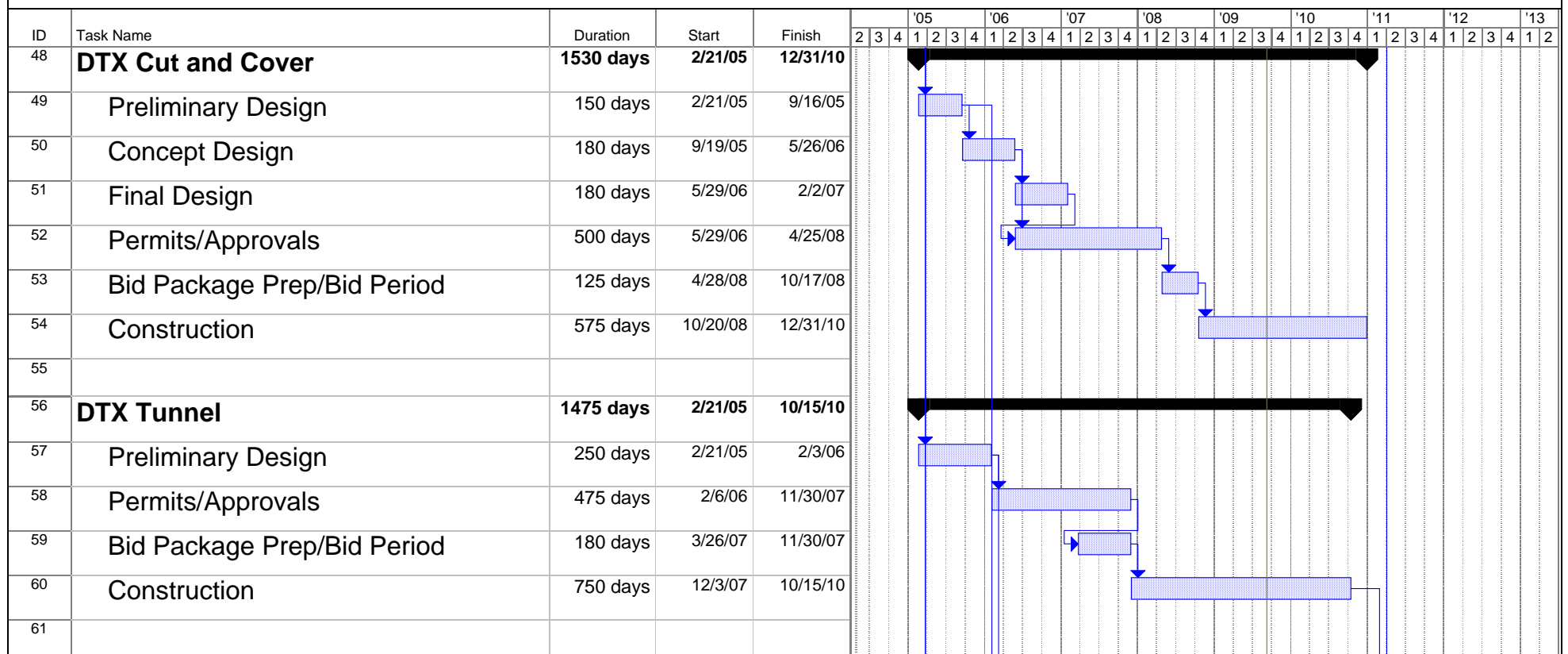


<p>Preliminary Transbay Terminal/Caltrain Downtown Extension Program Schedule</p>	
---	--

ID	Task Name	Duration	Start	Finish
32	Bus Ramps	1025 days	1/2/06	12/4/09
33	Preliminary Design	150 days	1/2/06	7/28/06
34	Concept Design	175 days	7/31/06	3/30/07
35	Final Design	120 days	4/2/07	9/14/07
36	Permits/Approvals	375 days	7/31/06	1/4/08
37	Bid Package Prep/Bid Period	125 days	1/7/08	6/27/08
38	Construction and Commission	375 days	6/30/08	12/4/09
39				
40	Bus Storage	1443 days	8/8/05	2/16/11
41	Preliminary Design	150 days	8/8/05	3/3/06
42	Concept Design	175 days	3/6/06	11/3/06
43	Final Design	120 days	3/26/09	9/9/09
44	Permits/Approvals	250 days	9/25/08	9/9/09
45	Bid Package Prep/Bid Period	125 days	9/10/09	3/3/10
46	Contruction Complete	250 days	3/4/10	2/16/11
47				



Preliminary Transbay Terminal/Caltrain Downtown Extension Program Schedule



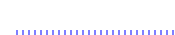
Task

Split

Progress

Milestone

Summary



Project Summary

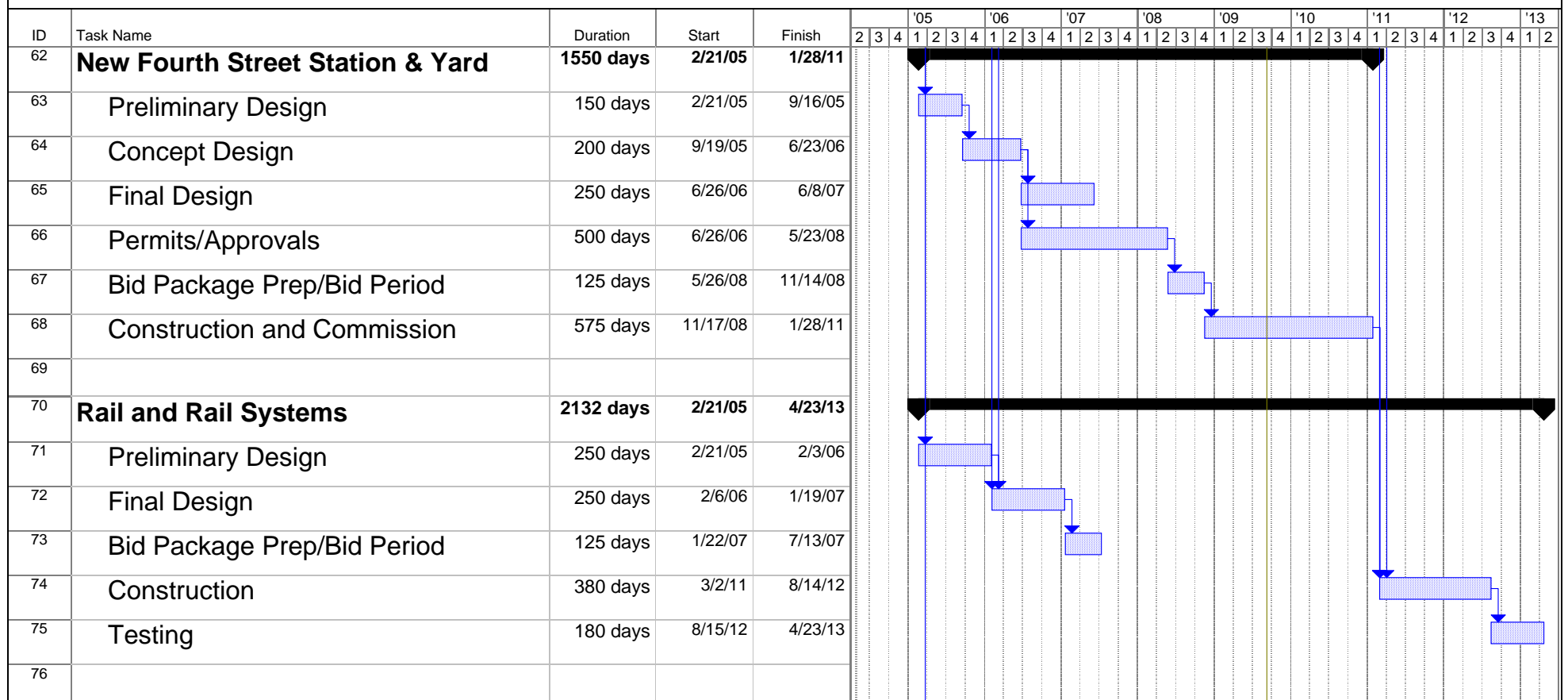
External Tasks

External Milestone

Deadline



Preliminary Transbay Terminal/Caltrain Downtown Extension Program Schedule



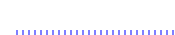
Task

Split

Progress

Milestone

Summary



Project Summary

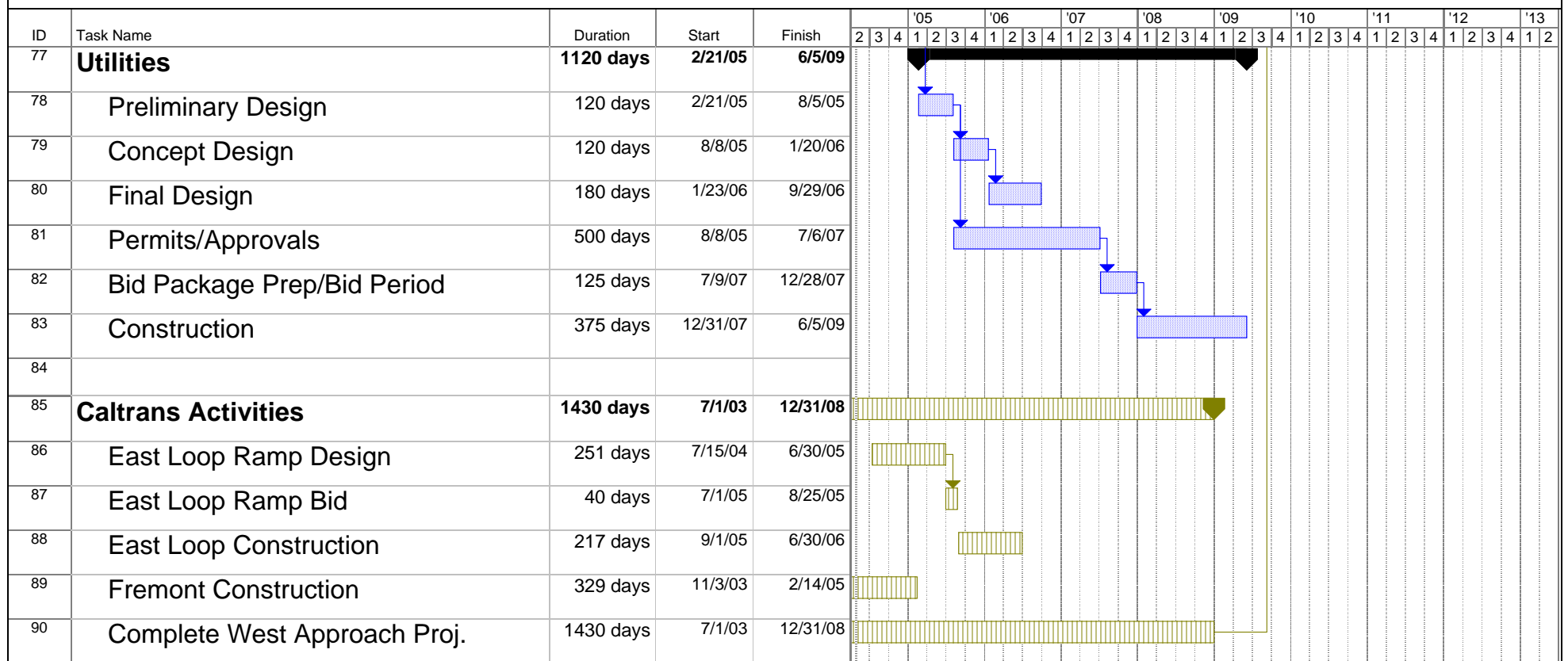
External Tasks

External Milestone

Deadline



Preliminary Transbay Terminal/Caltrain Downtown Extension Program Schedule



Task
Split
Progress
Milestone
Summary



Project Summary

External Tasks

External Milestone

Deadline



Attachment B

TBT/Caltrain Downtown Extension Right-Of-Way Specific Conditions

General Concept 1 - Require that the project sponsor TJPA deposit the full amount of RM2 funds directly into the account established by law for purposes of this condemnation action, and return interest on RM2 funds to MTC.

Specific Language:

The City and County of San Francisco has commenced an eminent domain action on behalf of the project sponsor TJPA to obtain Right-of-Way property needed for the project, and has committed to the TJPA's use of the property upon completion of the eminent domain action. TJPA, or MTC at the request of the project sponsor, shall deposit the RM2 allocation of funds directly into the account established by law for eminent domain funds. TJPA shall return to MTC the equivalent of any amount of interest earned at the account's interest rate and accrued in the account attributable to RM2 funds as of the date the funds are transferred to the condemnee. On or before the condemnee's receipt of eminent domain funds, the TJPA will deliver to MTC a report from counsel on the status of all pending litigation which might adversely effect the project or the ability of the TJPA to carry out the project.

General Concept 2 - Recapture RM2 investment plus any proportional increase in land value (including MTC's proportionate share of any improvements) if project not completed or land not used for project.

Specific Language:

If Right-of-Way is acquired for the project and is not utilized for project purposes because the project is not completed or its scope is changed, MTC shall be reimbursed its proportional share of the fair market value of the property plus MTC's pro-rata share of any improvements, based on, (1) the net proceeds from the sale of the property or, (2) an appraisal of the property conducted at no cost to MTC. Any such appraisal shall be conducted within one (1) year from the date of the project sponsor's final determination that the project will not be completed or that the property is no longer needed for the project due to a change in scope. The date of valuation for purposes of any appraisal shall be the date on which such final determination is made.

General Concept 3 - Capture any savings if property is acquired for less than the appraised value at the time of grant application.

Specific Language:

If the amount of RM2 funds deposited into the eminent domain account is higher than the RM2 proportional share of fair market value of the property as set forth in the final order of condemnation, the project sponsor shall return to MTC the difference between the amount deposited to the eminent domain account and the RM2 proportional share of the amount of the final order plus interest. If for any reason, the condemnation action is dismissed by a final judgment or abandoned, the RM2 funds deposited into the eminent domain account shall be returned to MTC plus accrued interest at the account's interest rate.

General Concept 4 – Project sponsor agrees to request City to place a revocable lien on the property at the time of transfer of title in favor of the granting agencies, including but not limited to MTC, referencing these grant allocation conditions. The lien shall be revocable after the project commences public operations.

Specific Language:

To Be Determined by the City and County of San Francisco and MTC prior to completion of eminent domain action. Other granting agencies such as the San Francisco County Transportation Authority may seek a similar lien.



DENNIS J. HERRERA
City Attorney

JOHN D. COOPER
Deputy City Attorney

DIRECT DIAL: (415) 554-4660
E-MAIL: john_cooper@sfgov.org

October 25, 2004

Francis Chin, General Counsel
Metropolitan Transportation Commission
101 8th Street
Oakland, CA 94607-4700

Re: Compliance with RM2 Allocation Requirements

Dear Mr. Chin:

This letter will provide the Metropolitan Transportation Commission ("MTC") with background information on several matters set forth in the enclosed draft Transbay Joint Powers Authority (the "Authority" or "TJPA") RM2 Implementing Agency Resolution of Project Compliance.

Indemnity and Assumption of Defense

In the draft resolution, the Authority agrees to "assume the defense of, indemnify and hold harmless" MTC. You have asked for information on the Authority's ability to handle the defense of third parties in litigation. We assure you that the Authority has already assumed the obligation to defend other public agencies and is well equipped to handle this responsibility with respect to MTC.

Section 19 of the TJPA Joint Powers Agreement requires the Authority to indemnify and assume the defense of its three members: the City and County of San Francisco ("City"), the Peninsula Corridor Joint Powers Board ("JPB") and the Alameda-Contra Costa County Transportation District.¹ Pursuant to that obligation, the Authority has already assumed the defense of the City and JPB in three separate lawsuits filed under the California Environmental Quality Act ("CEQA"). The City, the JPB, and the Authority itself are represented by the City Attorney's Office in all three actions. As described below, the City Attorney will also represent MTC in the event that a claim or legal action triggers the indemnity obligation of the RM2 resolution.

¹ The Joint Powers Agreement creating the Authority is available on the TJPA website at: http://www.sfgov.org/site/uploadedfiles/tjpa/forms_&_documents/Joint_Agreement.pdf

Letter to Francis Chin, General Counsel

Page 2

October 25, 2004

When the Authority first appointed executive officers in June 2001, the San Francisco City Attorney was selected as Legal Counsel.² City Attorney Dennis Herrera was formally appointed Legal Counsel on August 21, 2002 by TJPA Resolution No. 02-001. He continues to serve in that role, and the City Attorney's Office provides legal advice to the Authority staff and Board of Directors. Section 6 of the Joint Powers Agreement names the City as TJPA Administrator, and the City Attorney's Office also advises City agencies that carry out many TIPA activities. Unless and until the Authority appoints another entity as Administrator and/or appoints another Legal Counsel, the City Attorney's Office will continue to represent the Authority and any third parties covered by the Authority's indemnity obligations.

We understand that while you recognize this office's ability to represent MTC, you are concerned that any conflict that prevents the City Attorney from representing MTC would limit the Authority's ability to fulfill the RM2 indemnity obligation. But the Authority has proven that it can fulfill such an obligation even in the event of a City Attorney conflict. Earlier this year, the City Attorney withdrew from representation of the Authority in a specific matter due to a potential conflict of interest. In that case, after consultation with and consent of the Authority's Executive Director, we immediately located legal experts with a private law firm to provide representation. We then assisted the Authority in contracting with the law firm so that representation continued smoothly and without delay. Should a future conflict prevent the City Attorney's Office from representing MTC once the Authority has assumed your defense, we will take similar steps to assist the Authority in fulfilling its RM2 indemnity obligation.

TJPA Commitment to the Project

In the draft RM2 resolution, the Authority commits to the ultimate delivery of the Transbay Terminal/Caltrain Downtown Extension Project ("Project"), and use of the parcel subject to eminent domain. Furthermore, the Authority commits to proceeding with measures necessary to achieve these goals regardless of the outcome of pending litigation. With respect to litigation challenging the Project's CEQA certification, this level of commitment reflects the Authority's determination to proceed with the Project even if environmental documents must be revised or recirculated and it becomes necessary to reinstitute steps already taken in reliance on the original certification. Of course, the Authority's commitment does not preclude settlement of lawsuits to complete the Project and utilize the property subject to the RM2 allocation. But in either event, RM2 funds will be utilized for the purposes stated in the updated Initial Project Report referenced in the enclosed RM2 resolution.

The Authority's commitment is based on the declaration in Section 3 of the Joint Powers Agreement that the Authority will develop the new terminal and downtown rail extension. State statutory support and a City ordinance that mandates a downtown bus and rail terminal strengthen the Authority's commitment to a long-term development and construction program. Importantly, separate teams of engineering experts retained by the Authority and the San Francisco County Transportation Authority ("SFCTA") determined that the Authority's

² Under Section 10 of the Joint Powers Agreement, the Legal Counsel is an officer of the Authority.

Letter to Francis Chin, General Counsel
Page 3
October 25, 2004

approved rail alignment was necessary for the Project. This alignment requires use of the property sought in the City's eminent domain action and justifies a robust commitment to obtain the property with RM2 funds. The member agencies provided ample power in the Joint Powers Agreement to sustain the Authority's commitment that RM2 funds will be used to support the approved Project configuration.

Commitment of The City and Other Agencies

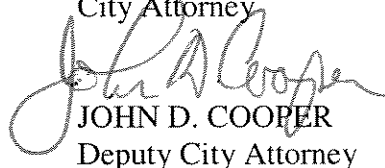
MTC should be aware that the Project has enjoyed unprecedented support from public agencies working with the Authority. The JPB, the City Planning Commission and the Redevelopment Agency all voted unanimously to certify the Project's environmental documents under CEQA. The Authority itself voted unanimously to approve the Project after certification. The SFCTA voted unanimously to allocate funds for eminent domain, and the San Francisco Board of Supervisors voted unanimously both to deny the appeal of certification and to condemn the property for which the RM2 allocation is requested.

The City's support of the Project is particularly important because immediately upon completion of the eminent domain action, the City will hold title to real property that the RM2 resolution requires the Authority to use for the Project. But whether title ultimately rests with the City, the SFCTA, or the Authority, RM2 goals are protected by the legally required finding of public purpose supporting the City's eminent domain action. The Board of Supervisors' Resolution of Necessity authorizing commencement of an eminent domain action declares that the real property is needed for the Project. No other use is authorized or allowed. The City's Complaint in Eminent Domain notifies the Superior Court that the property will be used for the Project and demonstrates the high level of City commitment to the usage requirement of the RM2 allocation.

The enclosed RM2 resolution is scheduled for adoption by the Authority on November 2, 2004. Please call me if you have any questions or comments.

Very truly yours,

DENNIS J. HERRERA
City Attorney



JOHN D. COOPER
Deputy City Attorney

Encl. 10/22/04 Draft RM2 Resolution of Compliance
cc: Maria Ayerdi
Exec. Dir. TJPA