



# JUDGE RATTIGAN BUILDING

50 D STREET  
SANTA ROSA, CA 95404

## GOLDEN STATE PORTFOLIO OFFERING MEMORANDUM

11 office properties • 7.3 million square feet  
20 year sale/leaseback portfolio  
3 California core metro markets

50  
STATE OF CALIFORNIA  
JUSTICE JOSEPH A. RATTIGAN BUILDING



# TABLE OF CONTENTS

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**01 Executive Summary**

The Offering  
Investment Highlights  
Property Overview  
Location Overview  
The Opportunity  
LEED® Certified  
Marketing Process

**02 Property Summary**

General Property/Site Information  
Construction Detail  
Interior Detail  
Mechanical Detail  
Site Plan  
Representative Floor Plans

**03 Area Overview**

The San Francisco Bay Area Overview  
Santa Rosa Overview

**04 Market Analysis**

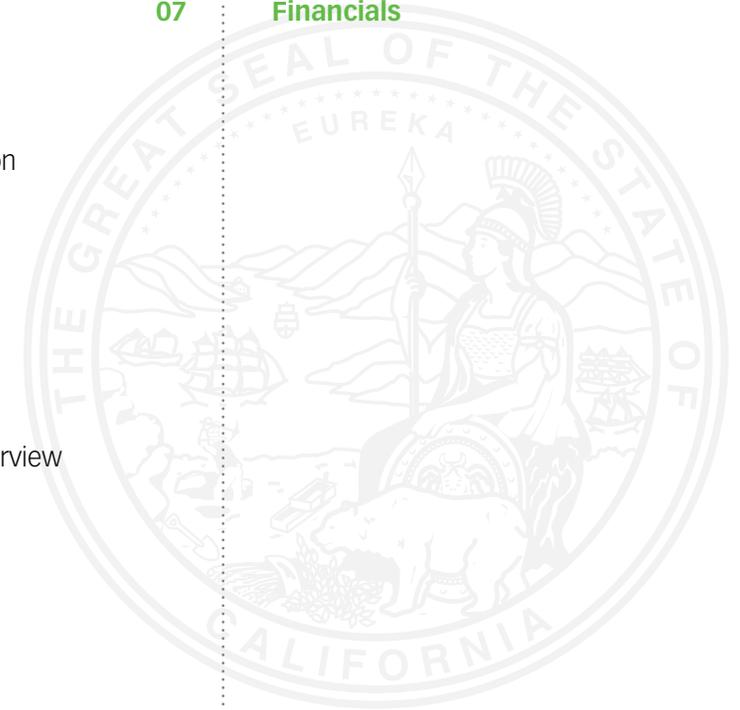
Santa Rosa Office Market

**05 State of California Overview**

Economy  
Tourism & Entertainment  
Geography

**06 Lease Abstract**

**07 Financials**



For more information about the Golden State Portfolio,  
please visit the website:

[www.cbre.com/goldenstateportfolio](http://www.cbre.com/goldenstateportfolio)

50  
STATE OF CALIFORNIA  
JUSTICE JOSEPH A. RATTIGAN BUILDING



# EXECUTIVE SUMMARY

## The Offering

CB Richard Ellis, as exclusive advisor to the State of California, is privileged to present the opportunity to acquire a 100% fee simple interest in the Judge Rattigan Building, located at 50 D Street in downtown Santa Rosa, California (the "Property"). The Property consists of a Class A office property containing 92,368 rentable square feet. The Property was constructed in 1983 and consists of a 4-story steel framed mid-rise office building with a full height atrium.

The property is 100% leased, of which 98.4% is leased to the State of California for a firm term of 20 years, and may be acquired separately or as part of an 11 office property sale/leaseback portfolio (the "Golden State Portfolio") comprising approximately 7.3 million square feet located in the San Francisco Bay Area, Los Angeles and Sacramento.

This rare opportunity to acquire an excellent quality Class A office property provides an investor a stable, long-term income stream from an investment grade tenant.

## Offering Summary

<b>Property Name:</b>	Judge Rattigan Building
<b>Address:</b>	50 D Street Santa Rosa, CA 95404
<b>Rentable Square Footage:</b>	± 92,368
<b>Number of Buildings:</b>	One
<b>Year Built:</b>	1983
<b>Number of Stories:</b>	4 stories
<b>Parking:</b>	54 stalls (0.58 per 1,000 sf)
<b>LEED Certification:</b>	Registered
<b>State of California Lease Term:</b>	20 years firm



## Investment Highlights

- **Long Term Credit Tenancy**

The Property is 100% leased, of which 98.4% is leased to the State of California for 20 years firm, providing an investor with stable and secure cash flows and built-in rent escalations that enhance yields during the lease term. The State of California has an investment grade credit rating of "A-" by Standard & Poors. The lease will commence at the close of escrow.

- **Exceptional Santa Rosa Location**

The Property is situated on the corner of 2nd and D Streets, across the street from the Santa Rosa City Hall. This irreplaceable location is highly valued by government and support service users. The Property enjoys excellent access to Highway 101 via Santa Rosa Avenue, and is only a few blocks from the Santa Rosa Plaza and Brickyard Center Shopping Centers. The City of Santa Rosa is a main gateway to the Sonoma and Napa Valley's that makeup California's celebrated Wine Country.

- **Flexible Floorplates**

The property features a full height atrium with large operable skylights that provide fresh air on temperate days and allow for higher energy efficiency. The atrium allows for perimeter elevated walkways around the sides of each floor providing enhanced divisibility for office suites

- **Nearby Parking and Amenities**

The Property is conveniently located across the street from a 4-level parking garage. The center of downtown Santa Rosa near Old Courthouse Square at 4th Street is only 2 blocks from the Property, and is a vibrant shopping, restaurant, nightclub, and theater area

- **Strategic Facility**

The State of California's commitment to the Property is demonstrated by the 20 year initial lease term. The State tenancy provides the investor a superb captive tenant story based on their utilization of the Property and the State's projected increased long term space needs.

**JUDGE  
RATTIGAN  
BUILDING**

### Property Overview

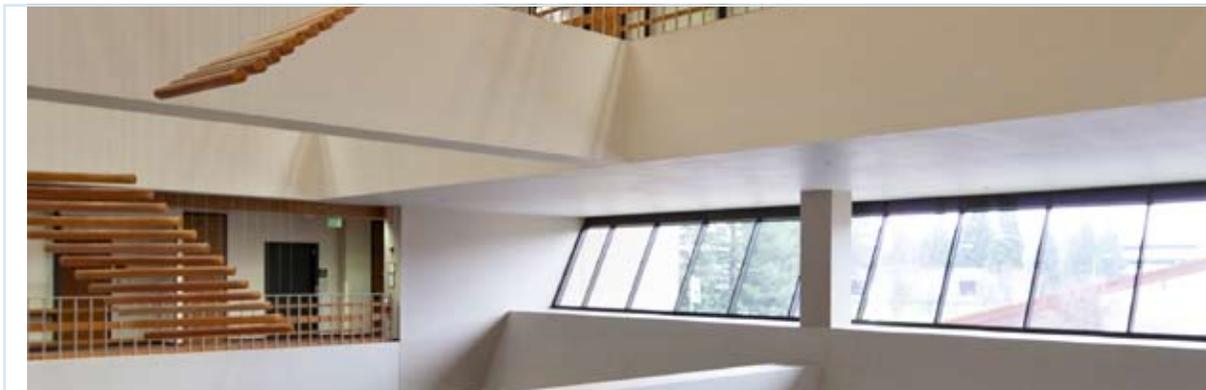
Development of the State office building in the downtown area was strongly supported by the local community. The City of Santa Rosa made a major investment of land and money, and committed people to the development of this site as part of their efforts to revitalize the Santa Rosa downtown area.

The building was created primarily to provide a centrally located office facility near other agencies and government offices, making it more efficient for all agencies to work together on common programs. It enables the public to conduct business with several government agencies in one trip downtown.

The California Legislature named the building in honor of Judge Joseph A. Rattigan who was a State Senator from 1959 to 1966 and then for 18 years was a member of the Court of Appeals.

### Location Overview

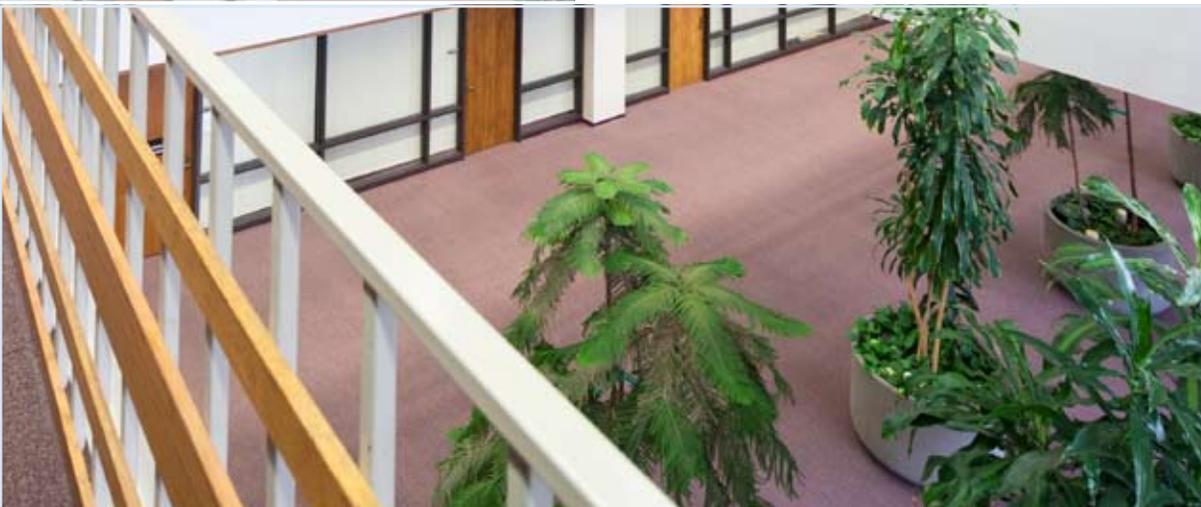
The Property is located in downtown Santa Rosa, the county seat of Sonoma County and a main gateway to California Wine Country. Located just 55 miles north of San Francisco and immediately adjacent to Highway 101, Santa Rosa is the largest city in California's Wine Country and fifth largest city in the San Francisco Bay Area. As a business and service hub, Santa Rosa is the economic engine that drives the region. High-technology manufacturing, retailing and services dominate a center of trade for Northern California, Santa Rosa's economic base. Sonoma County has become one of the most important wine regions in the world, with a healthy mix of businesses in the technological, retail, medical, agricultural and service sectors. With a wealth of businesses and services, area schools that include a renowned junior college, an wide variety of recreational opportunities and a superb climate in which to enjoy them, Santa Rosa is a combination of elements that create a vibrant community.





### The Opportunity

The Judge Rattigan Building offers investors the rare opportunity to acquire an institutional quality office asset that is leased for 20 years to an investment grade credit tenant – the State of California. The Property features an attractive full height atrium, and is well located across the street from the Santa Rosa City Hall. The combination of a long term lease to a credit tenant, and rent escalations during the term will provide healthy yields throughout the investment horizon. The Property's LEED certification candidacy, location and nearby amenities further enhances the asset's investment appeal.



### LEED Certified

The LEED® (Leadership in Energy and Environmental Design) Green Building Rating System is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. Developed by the U.S. Green Building Council, LEED provides building owners and operators a concise framework for identifying and implementing practical and measurable green building design, construction, operating and maintenance solutions.

Befitting California's legacy as the nation's leader in "green" legislation and technology, 92% of the Golden State Portfolio is LEED certified (including two pending buildings). The benefits of LEED are many and have the potential to provide superior investment performance.

Studies have shown that LEED projects:

- Obtain higher rents
- Offer productivity gains with fewer employee sick days
- Provide employers with a recruitment tool for new employees and a strong retention rate for existing employees
- "Green" buildings generally have lower operating costs and enjoy a more favorable public image

## Marketing Process/Key Dates

- 2/26/10 – 4/14/10** Offering Period
- 2/26/10 – 10:00 AM** Initial Flyer/Brochure release and Website Launch
- 3/2/10 – 4/14/10** Potential buyers that sign the registration agreement will:
- Obtain access to the electronic marketplace for the buyer selected property or properties to review the offering memorandum(s), BOMA studies, preliminary title report(s), 3<sup>rd</sup> party leases and ALTA survey(s) for the applicable property or properties; and
  - Be invited to property tours that will be conducted on announced dates.
- 4/14/10** The deadline for potential buyers' initial offer submittal
- 4/19/10 – 4/23/10** State evaluation of all initial offers\*
- 4/23/10 – 5/6/10** At the State's discretion, potential buyers within the competitive range will be invited to participate in additional offer rounds.
- 4/23/10 – 5/20/10** Potential buyers within the competitive range will be invited to participate in a Best and Final round. During the Best and Final round, invited potential buyers will be provided a copy of the respective draft purchase and sale agreement for review and comment, proposed draft lease agreement(s) and confidential due diligence information which includes 3<sup>rd</sup> party property condition reports and building plans and specifications. The State may conduct buyer qualification interviews. Comments on the purchase and sale agreement must be provided with the offer.
- 5/24/10 – 5/28/10** State evaluation of all best and final offers\*
- 5/28/10** Anticipated date of the selection of the buyer(s)
- Buyer(s) selection will be based on the following criteria:
- Offered Price;
  - Buyer's Financial Capabilities including potential need for debt as a condition of close;
  - Buyer Due Diligence and Closing Timing;
  - Buyer's Terms and Conditions;
  - Buyer's past performance; and
  - Aggregate Proceeds Analysis (Individual Sales, Partial Portfolio, Portfolio)
- \* Buyers that tender offers on multiple assets are required to specify their pricing for each asset or the offer will be rejected. Any property complex that consists of more than one building, e.g. the Capitol Area East End Complex, the Franchise Tax Board Complex, the San Francisco Civic Center, and the California Emergency Management Agency shall be considered a single asset for the purposes of this paragraph.

# PROPERTY SUMMARY

## Property:

50 D Street  
Santa Rosa, CA 95404

## LEED® Certification:

Registered

## Year Built:

1983

## Number of Structures:

One 4-story office building

## Architect

Lawrence Simmons & Associates  
State Architect: Barry Wasserman

## Parcel Numbers:

009-076-037

## Site Area:

± 40,373 square feet (±0.927 acres)

## Total Rentable Area:

92,368 square feet

## Zoning:

PI (Public Institutional)

## Floors:

Four

## Site Location:

The Property is located on D Street between 1st Street and Sonoma Avenue in downtown Santa Rosa, California. Adjacent properties consist of a combination of similar mid-rise and high-rise office and commercial type buildings.

## Site Access:

An accessible path of travel is provided from the public sidewalk to the main building entry. The small asphalt paved parking/loading dock area is accessed from a single curb-cut entry off D Street. Entry is secured by a mechanical entry gate, controlled by a card reader.

## Signage:

Building signage consists of surface-mounted metal address numerals at the street facing building elevation.



## Elevators:

2 total

The building is served by 1 passenger hydraulic elevator and 1 combination passenger/service hydraulic elevator. Elevators were originally manufactured by Otis, and were modernized by Empire Elevator in 2007

Elev. No.	Type	Capacity	Floors Served
1	Passenger, hydraulic	2,500 lbs	1 – 4
2	Passenger/service, hydraulic	3,500 lbs	1 – 4, with rear door at Level 1 for loading dock access

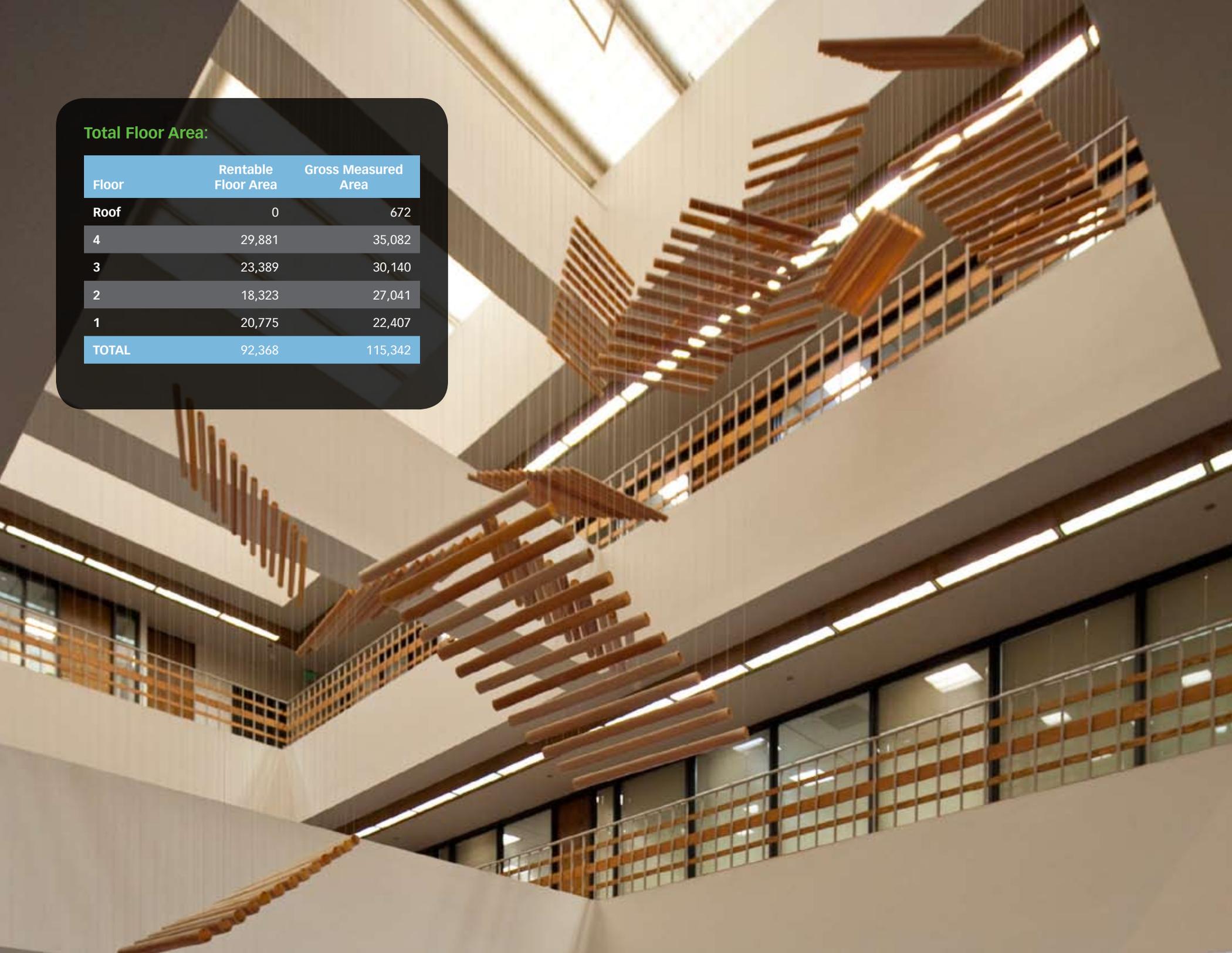
## Parking:

54 on-site surface parking spaces

Additionally, there is a four-level garage located directly across the street.

**Total Floor Area:**

Floor	Rentable Floor Area	Gross Measured Area
Roof	0	672
4	29,881	35,082
3	23,389	30,140
2	18,323	27,041
1	20,775	22,407
<b>TOTAL</b>	<b>92,368</b>	<b>115,342</b>



### Paving, Curbs and Sidewalks:

**Paving:** The loading area has asphaltic concrete pavement of an unknown thickness.

**Curbs:** The sidewalk curbs are concrete. On-site perimeter edges of pavement and landscape have cast concrete curbs.

**Sidewalks:** Public sidewalks along D and 2nd Streets are broom finish concrete.

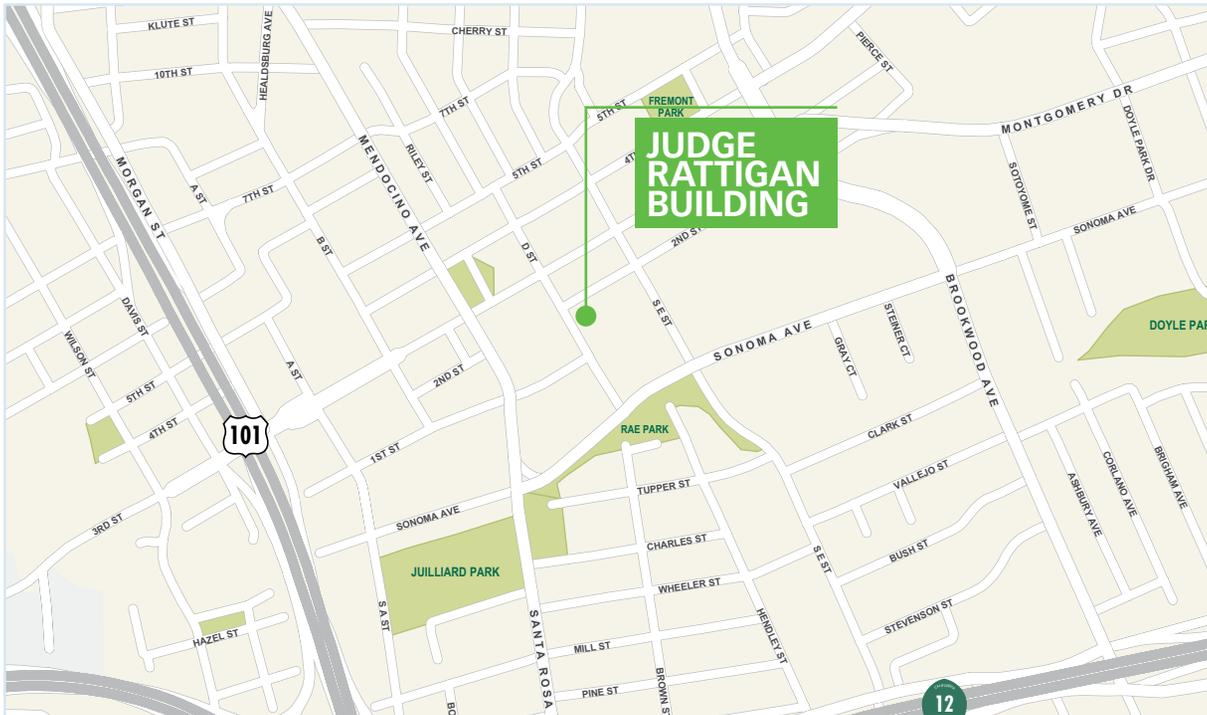
### Structure:

**Vertical Load System:** The elevated floors decks consist of a 3-1/4" light-weight concrete over 3" x 18-gauge metal deck, reinforced with 6" x 6" – W4 x W4 welded wire fabric steel reinforcement. The roof consists of bare light-gauge metal deck. The decks span to steel wide-flange beams and both wide flange and welded plate girders that are supported on built-up steel welded box columns. The columns deliver the vertical loads to the deep footing foundation system.

**Lateral Load System:** The lateral force-resisting system consists of the elevated concrete and metal deck rigid floor and flexible roof diaphragms that deliver the lateral loads to distributed moment-resisting frames in both primary directions and steel tube inverted chevron braced frames in the transverse direction. Supplemental horizontal steel bracing has been provided as transfer trusses in select areas adjacent to large openings and near areas of discontinuity.

### Roof:

A new roof was installed in 2003 and consists of a singleply Sarnafil membrane over the original roofing, existing insulating concrete and metal pan roof structure. Roofing at the stair penthouses is roll type asphalt roofing on some form of protection board fastened to the metal deck. A Kalwall fiberglass panel skylight covers the full height central atrium with manual operable ends that roll outward providing fresh air to the atrium. The main entry has a steel frame and EIFS canopy with a built-up roof.



### Skylights:

A Kalwall fiberglass panel skylight covers the full height central atrium with manual operable ends that roll outward providing fresh air to the atrium.

### Exterior Finishes and Components:

Exterior walls consist of a combination of precast concrete wall panels and an exterior insulation and finish system (EIFS). Precast panels are 7'-6" wide by 15' high with rigid foam insulation on the inside, and urethane panel sealant joints. The EIFS system consists of an acrylic latex paint finish over the original EIFS finish coat on 3/4" rigid insulation board that has been adhesively adhered to 1/2" gypsum sheathing substrate fastened to the metal stud wall framing. Vertical joints between EIFS panels are typically spaced every 15' and have a subsequent preformed silicone tape installed over the original panel sealant joints. Thermal insulation is 3-1/2" fiberglass batt insulation at exterior walls. Window types vary based on floor, but all have factory finished aluminum frames and tinted single-pane glazing with extruded rubber glazing gaskets. At the ground floor, the windows are fixed frame or horizontal slider. The second and third floors have a sloped curtain wall system with spandrel glazing. The fourth floor has fixed frame windows.

### Exterior Doors and Frames:

Main and secondary entry doors consist of factory finish aluminum frames with tinted, single-pane, tempered glazing. Service doors are typically hollow metal doors with a painted finish. The loading dock

has a 6'x7' manually operated, overhead sectional metal door with a paint finish. Entry soffits are the EIFS system similar to the exterior walls and have a painted finish.

### Office Area:

Office areas have wall-to-wall carpeting, and a 5'x5' suspended metal grid ceiling system with lay-in acoustical tile ceiling and suspended T-8 fluorescent light fixtures. Interior office walls are mostly vinyl covered demountable gypsumboard partitions (9' height) with 3" rubber wall base. Localized walls are painted drywall. Interior doors



are 8'-6" height solid core wood with a stain finish. Exterior windows typically have horizontal metal mini-blinds.

### Common Areas:

The interior contains a large full building height central atrium space with perimeter elevated walkways around three or four sides of each floor. Office spaces have storefront type windows along the atrium with aluminum frames and single-pane wire-glass. The atrium has two elevators, a projecting central open stair, and an enclosed fire exit stairs at each end serving all elevated floors. Central multiple occupancy men's and women's restrooms are located at the elevator core area on each floor. Finishes at the atrium include commercial grade carpet at the floors, painted gypsum board walls and soffits, with cove fluorescent and incandescent can-type lighting. Walkways surrounding the elevated portions of the atrium have painted tube steel and stained wood guardrails. Finishes in the common area restrooms generally include ceramic tile floors and wet walls, and painted gypsum board walls and ceilings. Toilet partitions are floor and wall-mounted plastic laminate. Sinks are mounted in plastic laminate countertops and have automatic hardware. Plumbing fixtures and restroom accessories are commercial grade.

### Interior Lighting:

Lighting in the office areas are generally fluorescent suspended 2' x 2' recessed fixtures that use T-8 lamps with electronic ballasts. Exit lights are illuminated fixtures located at exits and indicate the path of egress. Emergency lighting is provided by fixtures served by the emergency power system. Exterior site lighting consists primarily of pole-mounted shoebox style HID-type fixtures. The building soffits have recessed down lights.

### Interior Doors:

Localized walls are painted drywall. Interior doors are 8'-6" height solid core wood with a stain finish.

### Loading Docks:

The 4' height loading dock has rubber bumpers and has been closed off with a painted metal guardrail. The building has one 6'x7' sectional metal, overhead coiling door which serves a ground level utility room adjacent to the loading dock.

### HVAC/Heating System:

Heating and cooling are distributed by a variable air volume system. Conditioned air is provided by two built-up air handling systems on the roof. VAV boxes control the flow of air to the various spaces. VAV boxes with hot water reheat coils serve the perimeter zones. Each air handling system consists of one supply fan, direct expansion cooling coil, hot water heating coil for freeze-protection and morning warm-up, filter bank with pleated and bag filters, and two return/relief fans. Variable speed drives have been installed for the fans to control the amount of air supplied to match the demand.

Cooling is provided by six Russell air cooled compressor/condensing units with four units with capacity of 25-ton each for the north system and two units with capacity of 35-ton each for the south system. Heat is rejected through air-cooled condensers that are part of the unit. These units were installed in 2003 and provide coverage of  $\pm 428$  square feet per ton. The central atrium is not conditioned although two end panels can be manually opened and closed during mild weather to provide natural ventilation.

Heating hot water is provided by two Lochinvar natural gas boilers installed in 2002 and a circulating loop connected to the two built-up air handling systems on the roof.



### Energy Management System:

The building is provided with a Staefa Controls direct digital control system with the front end computer located in the engineer's office. This system provides start/stop and temperature control for the main equipment, as well as control of the VAV boxes.

### Plumbing System:

**Water Service:** The building is provided with one domestic water service and one irrigation service.

**Domestic Water Piping:** Domestic water tubing is copper.

**Water Heaters:** Domestic hot water for the toilet rooms is provided by one 75-gallon natural gas water heater located in a closet on the fourth floor. The water heater is not properly seismically braced and has an expansion tank. This system originally also served the kitchen with separate piping.

**Plumbing Waste & Vent Lines:** Sanitary waste piping consists of cast iron pipe which discharges to the municipal sanitary sewer system. Main roof drains are internal, cast iron, and connect to the storm drainage system.

**Fixtures:** Restroom facilities typically have wall-mounted water closets and wall-mounted waterless urinals and lavatory sinks.

**Natural Gas:** The building has one natural gas service for the heating water boilers and domestic water heaters.

### Electrical System:

**Description of Service:** The building's 277/480-volt, 3-phase, 4-wire electrical service has a capacity of 1600 amperes with a main disconnect switch at the main switchboard. This provides capacity of  $\pm 16.4$  watts per square foot based on 72,841 total usable square feet.

**Electrical Distribution:** Each floor has two electric rooms. Each electric room contains one 277-volt lighting panel, transformer and 120-volt power distribution panels.

**Emergency Power:** Emergency power is provided by one Kohler 80 kW diesel generator located in a chain-link enclosure at the service parking area. This provides power for emergency/egress lighting and one elevator.

The building is provided with a central lighting control system with relays that activate individual circuits and control switches near the elevator.



50  
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### Fire/Life Safety System:

The building is Type II, fire-rated structure that is fully sprinklered with an automatic wet-pipe system served by one fire water service with no backflow preventer noted. The building is provided with two combination standpipe/risers with fire department hose connections fire sprinkler zone valves at each floor. The fire sprinkler system is a loop design with a design criteria of 0.10 gallons per minute per square foot over the most remote 1500 square feet.

A Silent Knight addressable fire alarm panel monitors flow and tamper switches in the sprinkler system, smoke detectors at elevator lobbies, the atrium and in the air distribution system, and manual pull stations at exits. The fire alarm panel activates audio/visual alarms located throughout the common areas of the building and an exterior wall-mounted bell. The fire alarm system is monitored offsite.

Handheld fire extinguishers are located throughout the building.

Fire hydrants are located at the public right-of-way along the surrounding streets.

### Utilities:

**Water:** City of Santa Rosa

**Sewer:** City of Santa Rosa

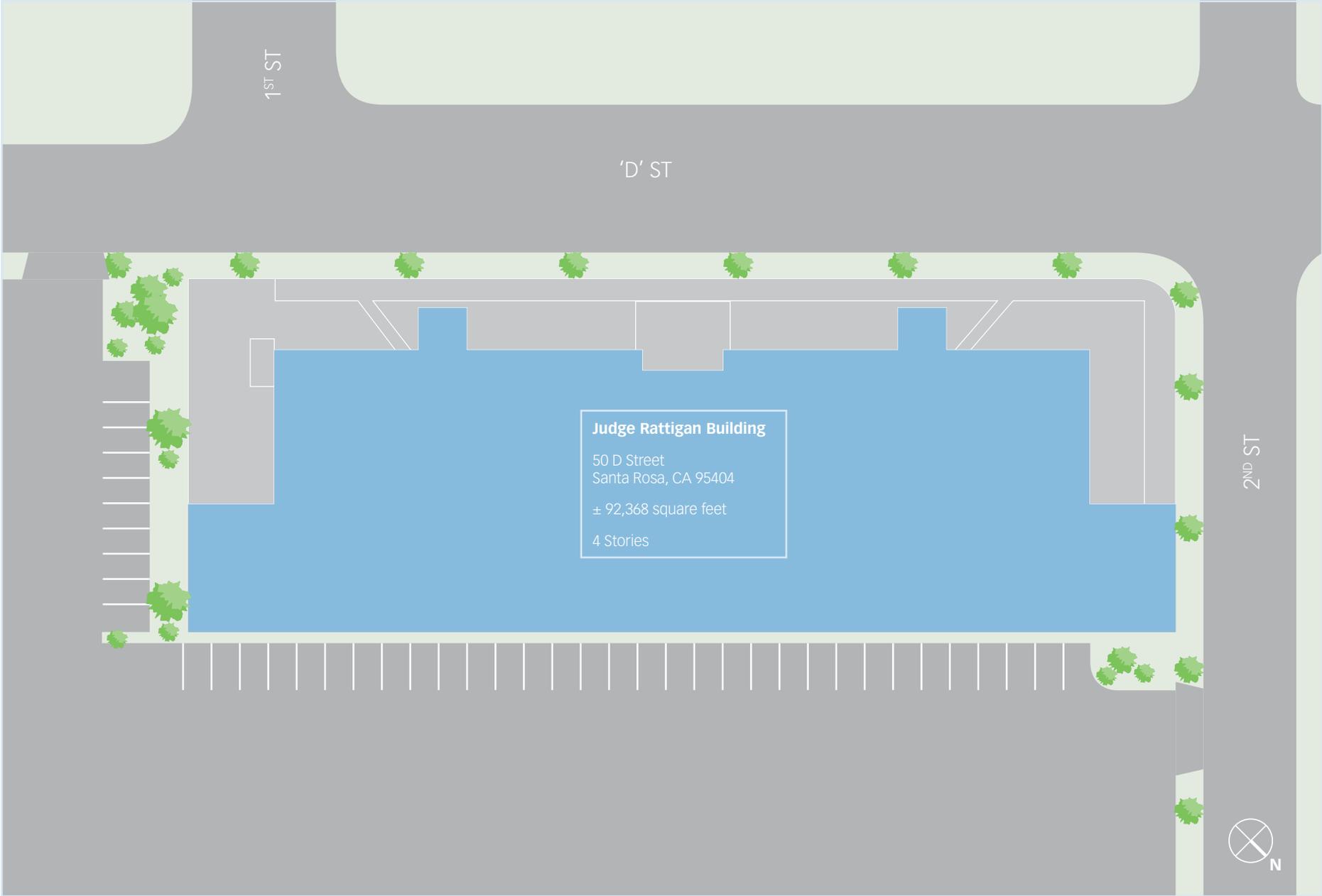
**Electricity:** Pacific Gas and Electric (PG&E)

**Gas:** PG&E

**Telephone:** AT&T

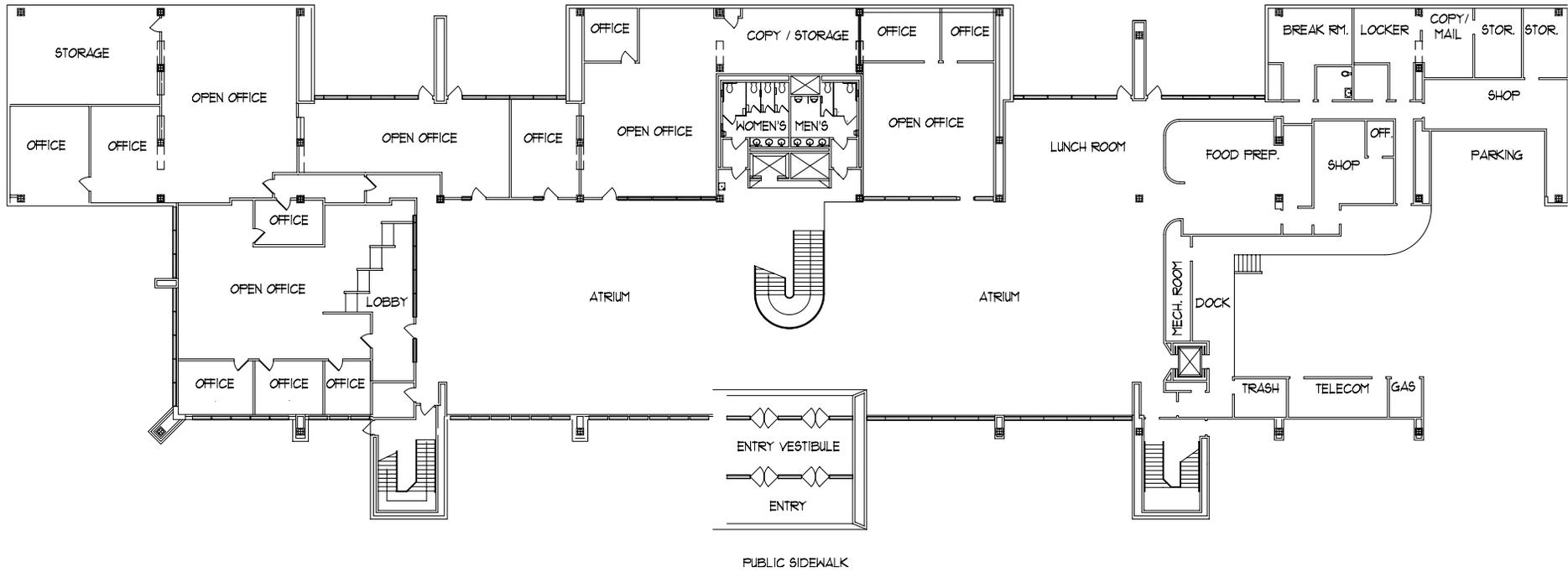
**Trash:** Empire Waste Management

Site Plan



**Representative Floor Plans**

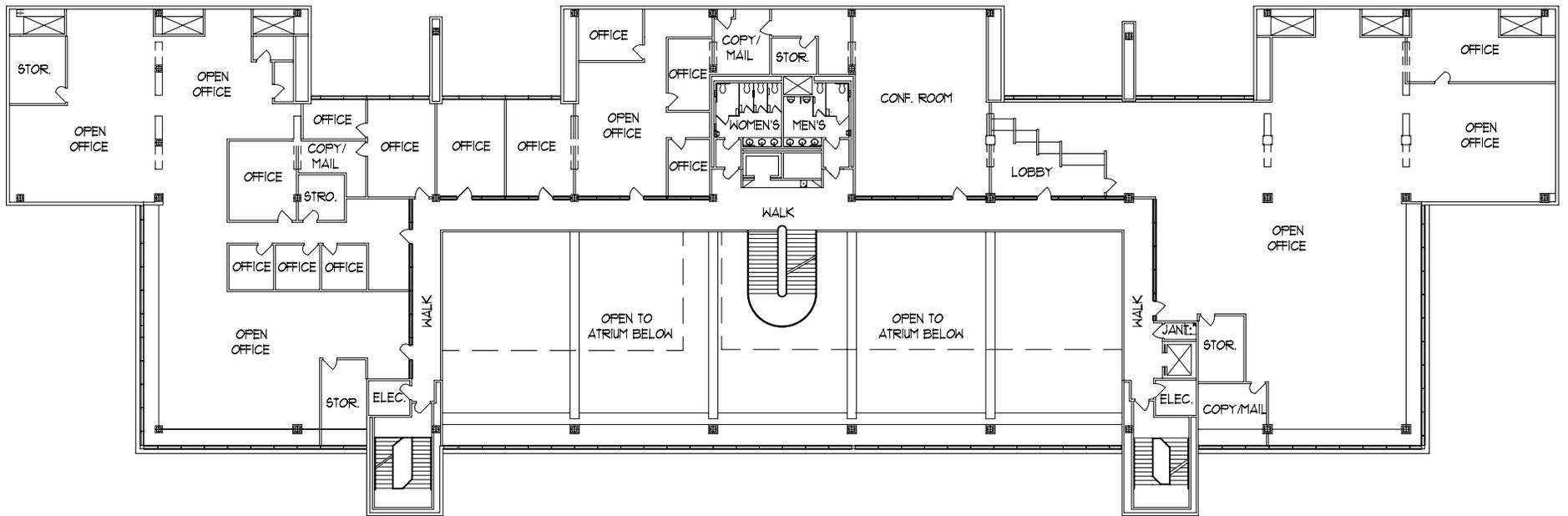
**Judge Rattigan Building**  
 50 D Street  
 Santa Rosa, CA 95404  
**Floor 1**



**Judge Rattigan Building**

50 D Street  
Santa Rosa, CA 95404

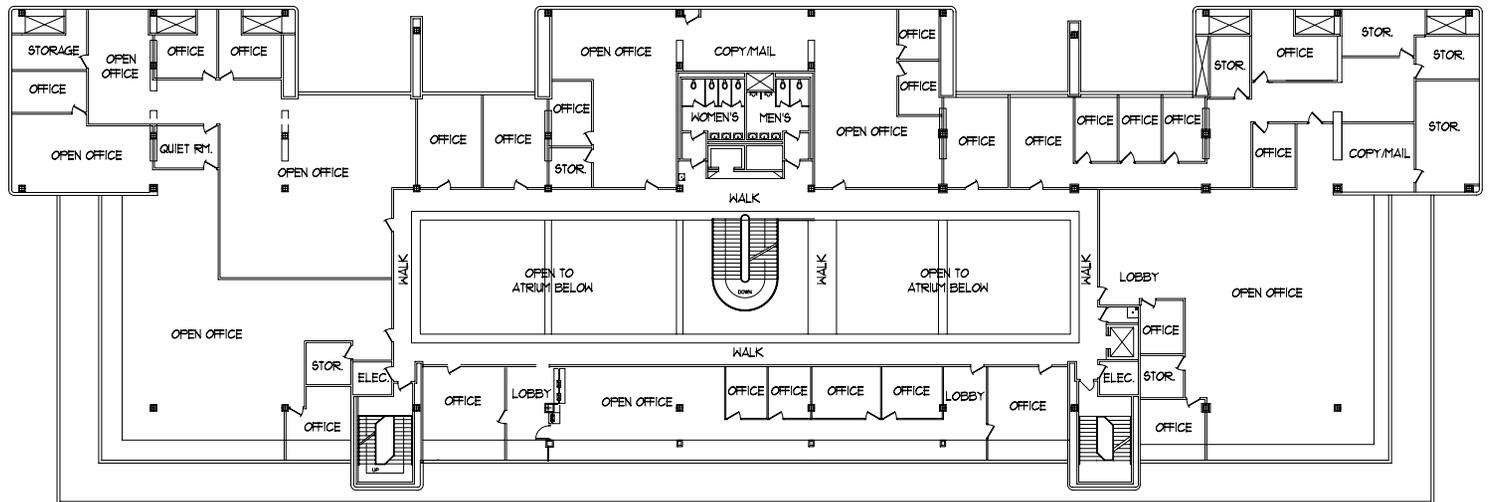
**Floor 2**



**Judge Rattigan Building**

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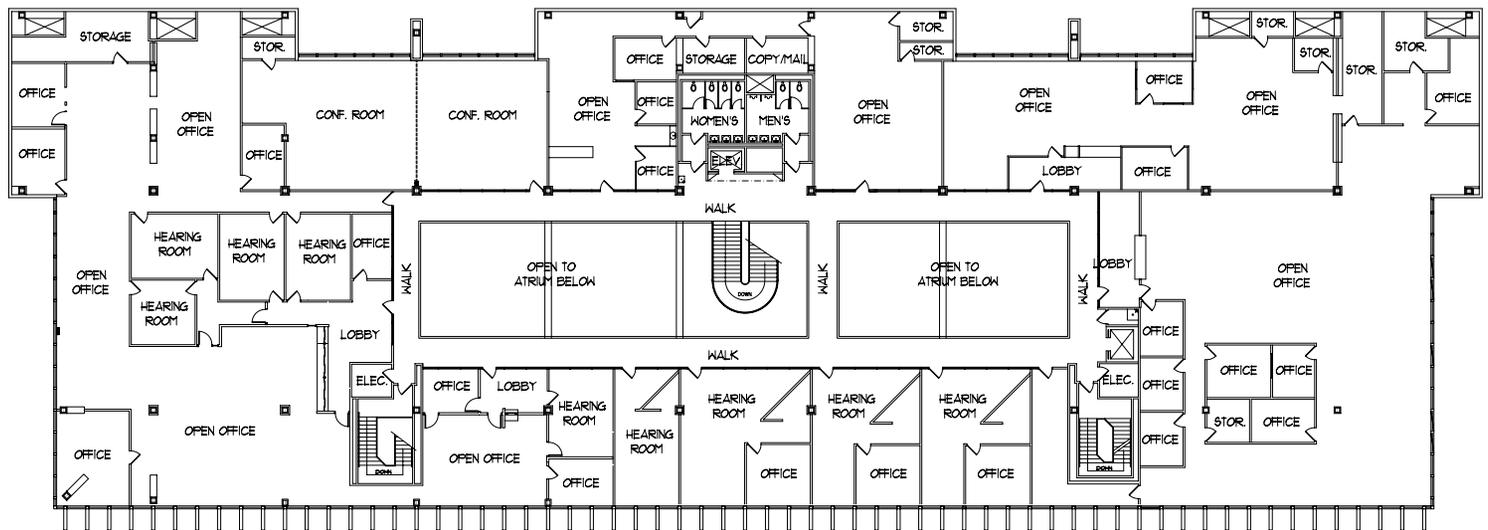
**Floor 3**



**Judge Rattigan Building**

50 D Street  
Santa Rosa, CA 95404

**Floor 4**





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12

101



# THE SAN FRANCISCO BAY AREA OVERVIEW

The San Francisco Bay Area has the unique distinction of being the most innovative place in America. The Bay Area is one of the most inventive, competitive economies in the world based on a productive and educated workforce, deep venture capital pool, concentration of research organizations, culture of innovation and receptivity to new ideas. Some of the highlights of the Bay Area include:

- Over 7.2 million residents and the highest percentage of graduate and professional degrees in the nation
- Home to 29 Fortune 500 companies and 32 of Inc. 500's fastest growing private companies
- Superb quality of life with a Mediterranean climate, world-famous wine country, world-class cultural resources, and the stunning natural beauty of the Pacific Ocean and the Sierra Nevada Mountains
- Highest concentration of venture capital firms in the world which have invested an average of \$10 billion annually in 1,100 local area firms
- Proximity to outstanding education and research institutions at Stanford University, University of California at Berkeley, University of California at San Francisco, University of California at Davis, Santa Clara University and San Jose State University

## Knowledge-Based Economy

With its longstanding reputation for cutting-edge innovation, the Bay Area has always required one of the most specialized and educated workforces in the country. The Bay Area has the highest share of population with a bachelor's degree and the largest number of top 10 graduate programs. For the more specialized industries, academic excellence ensures an ongoing supply of highly-educated researchers. In fact, one in four of California's biotech firms were founded by University of California scientists.

Recent literature by acclaimed author, Dr. Richard Florida, credits the knowledge workers of the Bay Area as the main catalyst for economic growth in his publication, *Who's Your City?*. He cites the Bay Area as the premier location for this "creative class," with its established demographic talent, diverse and tolerant community, and the advanced technology infrastructure necessary to fuel an entrepreneurial culture. Those, he claims, who can "create outcomes in new ideas" will bring any region to great economic power and growth.

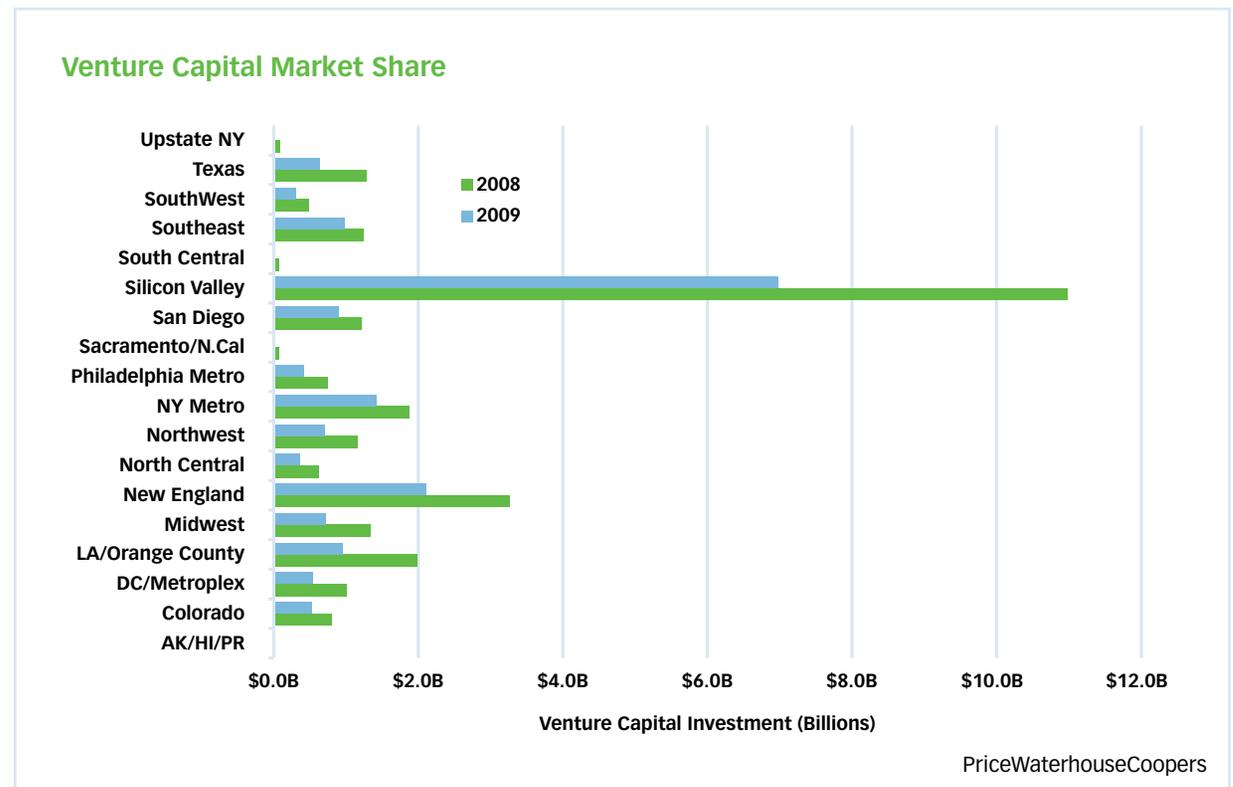
## Venture Capital Funding

The San Francisco Bay Area lays claim to the highest concentration of venture capital firms in the world. By providing capital and management expertise to burgeoning companies, venture capitalists facilitate ground-breaking innovation. Companies such as Cisco, Intel, Oracle, Apple and Genentech were all funded by venture capitalists before they grew to the multinational corporations they are now. These Bay Area companies are evidence of the proximity advantage. Those close to venture capitalists tend to attain financing faster: Bay Area start-ups gain financing on average 11.6 months after launch, compared to an average of 16.6 months across the nation. Thus the Bay Area has become the venture capital "capital" of the world, receiving 39.5% of all venture capital invested in the US, amounting to nearly \$7 billion in 2009.



Venture capital funding has contributed to the Bay Area's leading position in global innovation as it has evolved with and facilitated the repeated waves of major new technologies. The latest rounds of funding have focused on the clean tech industry, as the market for products/services which reduce energy consumption is rapidly gaining momentum. Venture capital investment in clean tech has grown nearly 350% from 2005 levels, totaling \$2.2 billion

in 2007. The Bay Area leads the charge, accounting for 62% of California's and 21% of US investment. The arrival of regional initiatives has also established Bay Area clean tech predominance, with over \$750 million invested into environmental research by the US Department of Energy and the British Petroleum Corporation.

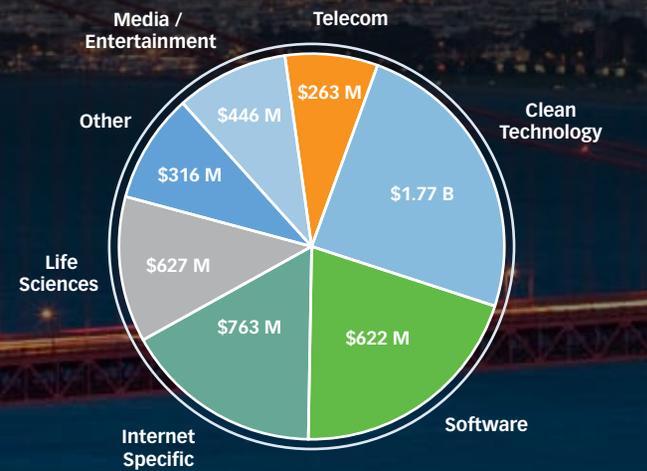




## Life Sciences

The Bay Area is home to the nation's largest concentration of basic and applied research facilities in the country with six leading research universities, five national laboratories, and numerous private and independent research labs and organizations. Touted as the "birthplace of biotechnology," the Bay Area is the leading life science region with approximately 1,300 life science companies providing more than 100,000 jobs to the area. The life science industry brings high-paying jobs and tremendous growth potential based on expected pending breakthroughs in medical research. In all, the industry generates more than \$62 billion in revenue for Northern California.

## 2009 Venture Capital Investments By Sector



PriceWaterhouseCoopers

## Global Orientation & Trade

The Bay Area's global presence is supported by a sophisticated trade infrastructure, generating \$80 billion annually. Three international airports and the nation's fourth largest container port provide a logistical base that ensures its companies are among the most globally connected in the world. The global demand for the Bay Area's technology products and services has been a driving factor behind the region's economic expansion and accounts for a large share of revenue for tech companies in the region.

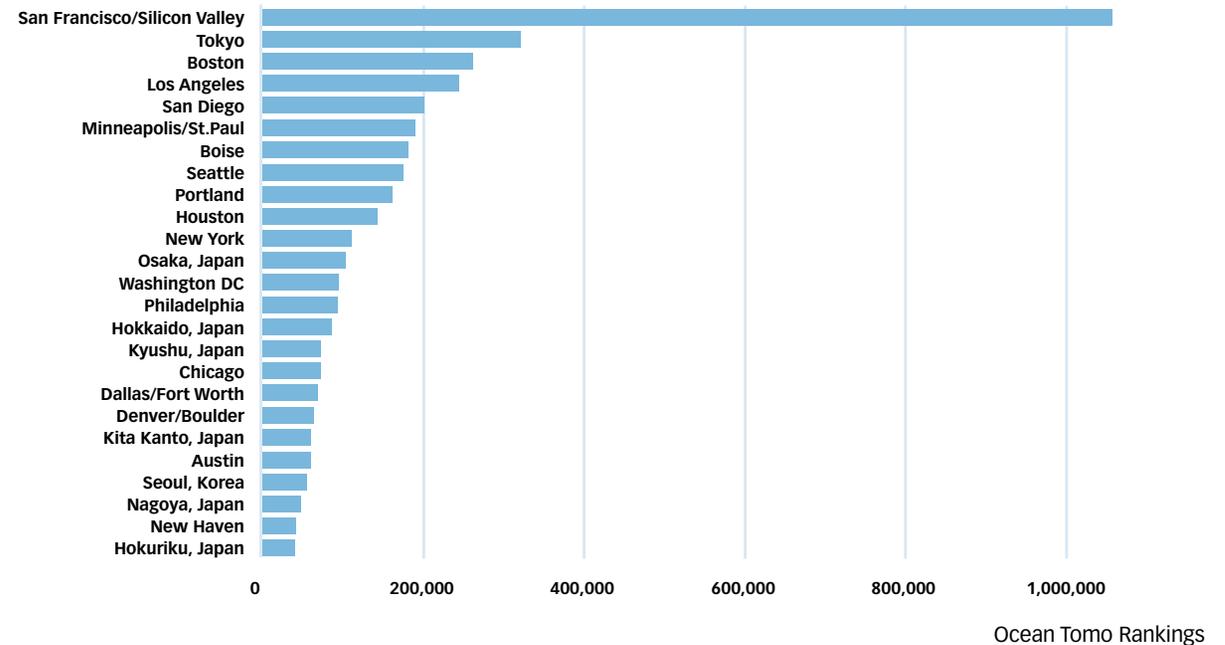


## A Center Of Innovation

It is not surprising that the Bay Area has the unique distinction of being the most inventive place in the world. A recent Business Week article ranked the top inventive cities in the world according to Ocean Tomo, a Chicago-based financial research and services firm. The company based their findings on the value of patents awarded since 1976 based on 50 factors, including patent maintenance fees and

how many times each patent is cited in new ones and then cross-referenced with the addresses of the first-listed patent holders. San Francisco/Silicon Valley was number one on the list by a huge margin (see the article "The World's Most Inventive Cities"). The Bay Area benefits from an unparalleled creative center which boasts strong biotech, research firms, universities and labs.

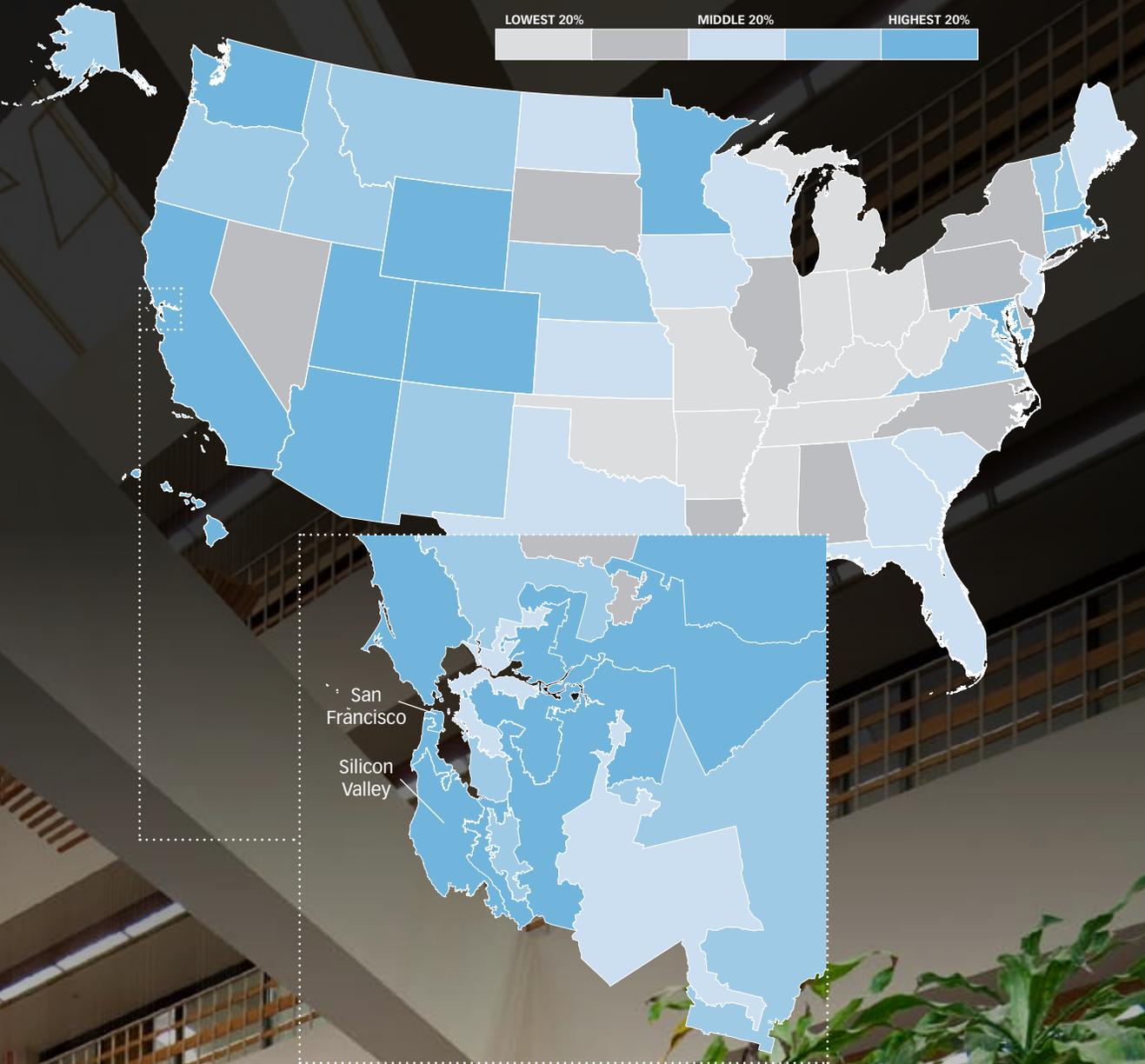
### Top 25 Inventive Cities In The World



## The Well-Being Index

While superior quality of life and the Bay Area have often been synonymous, a recent nationwide survey has helped quantify this statement. The Gallup Corporation created an index to rank the desirability of places throughout the country, and the Silicon Valley ranked number one in the nation. The Gallup-Healthways Well-Being Index ranks places according to the following six general metrics: Life Evaluation, Emotional Health, Physical Health, Healthy Behavior, Work Environment, and Basic Access. (<http://www.ahiphewire.org/wellbeing/>).

California's 14th Congressional district, which comprises portions of San Mateo, Santa Clara and Santa Cruz counties ranked at the top of the list of all 435 Congressional districts in the country with respect to the Well-Being Index (see map). Silicon Valley's #1 ranking overall includes the following highlights: work quality (#1 in the country) and healthy behavior (#2 in the country). Other congressional districts in the Bay Area were not far behind and ranked in the top 20% in the country according to the poll.



## North Bay Overview

A region of the San Francisco Bay Area, the North Bay is the least populated and least urbanized part of the Bay Area. It consists of Marin, Sonoma, Napa, and Solano counties and is still quite agricultural in character. The world-renowned California wine country is located in the North Bay and consists of growth areas in Sonoma County and Napa Valley. The area's largest city is Santa Rosa, which is situated in the heart of Sonoma County. Historically, the area is also known for dairy farming. While the enormous growth of the wine industry may have overtaken some of the dairy industry in the area, it is still quite common to see cows grazing on the hillsides in Napa Valley and Sonoma County.

The Golden Gate Bridge connects the North Bay to San Francisco, which is traversed daily by 105,000 commuters with some traveling all the way to San Mateo or Santa Clara counties. There are also several ferry routes which operate between the North Bay and San Francisco, from terminals located in Sausalito, Tiburon, Larkspur and Angel Island.

Development of the Sonoma Marin Area Rail Transit (SMART), a commuter rail line from Cloverdale to Larkspur, was approved by voters in November 2008. SMART will build a 70-mile passenger railroad and parallel bicycle-pedestrian path along the publicly owned Northwestern Pacific Railroad. In the next several months, vehicles will be selected and advanced engineering work will begin. Construction activity should begin in 2011, with train service now scheduled to begin in 2014.



Courtesy of [www.sonomamarintrain.org](http://www.sonomamarintrain.org)

## Santa Rosa Location Overview

Located just 55 miles north of San Francisco and immediately adjacent to Highway 101, Santa Rosa is the county seat of Sonoma County. Santa Rosa is the largest city in California's Wine Country and the fifth largest city in the San Francisco Bay Area. The City of Santa Rosa's population was approximately 161,496 in 2008 with the metropolitan statistical area of Santa Rosa having a population of approximately 486,630, which would make it the 12th largest city in California and the 105th largest in the United States.

Santa Rosa is considered a business and service hub as well as the economic engine that drives this region. As Sonoma County has become an internationally important wine region, Santa Rosa boasts a diverse business environment including technology, medical, retail and service sectors. An abundance of businesses and services, area schools that include a renowned junior college, a wide variety of recreational events and a wonderful climate to enjoy them, Santa Rosa is a mixture of essentials that produce an exciting community. Santa Rosa's proximity to major highways as well

as an educated work force, make it attractive for businesses to base their offices in this growing city. Additionally, Santa Rosa possesses three distinctive shopping districts, historic residential neighborhoods and a deep appreciation for the arts. As the heart of Sonoma County, Santa Rosa is a vibrant city with thrilling business development and superior living. All of these are factors attract many businesses and residents to the city.







JUDGE  
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BUILDING



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BUILDING**

**101**

# MARKET ANALYSIS

## North Bay Office Market

The North Bay office market consists of approximately 20 million sf spread through Marin county and Sonoma County. Major submarkets include Santa Rosa, San Rafael, Petaluma, Novato and Greenbrae/Larkspur. Just as in other surrounding Bay Area submarkets, the North Bay office market witnessed increased vacancy, lower rents and negative absorption throughout 2009. The slowdown in activity that commenced in the fourth quarter of 2007 has continued throughout 2009. Overall this market's vacancy steadily increased to approximately 22.4% by year's end 2009, posting a negative net absorption of (413,765) sf. Throughout the North Bay rents softened to levels ranging from \$1.64 - \$3.40 sf/month, levels that either matched or were below 2006 asking rates.

The lowest vacancy rate in the North Bay was 7.9% in the Corte Madera submarket in Marin County. Santa Rosa's vacancy rate of 19.6% remains the

lowest of the four Sonoma County submarkets. Sublease space remained steady at 14% of the total availability. The Santa Rosa Airport submarket saw little change in 2009, posting positive net absorption of 12,528 sf, a vacancy rate of 22.9% and an average asking rate of \$1.87/sf/month.

The bulk of the negative absorption in the Santa Rosa office market has already occurred, and fundamentals are expected to stabilize in 2010. Vacancy rates may continue to climb slightly in the near term, but as the broad economic recovery gains momentum, a return to positive net absorption and increased rental rates can be seen on the horizon.

The State of California will have an initial annual leaseback rent of \$23.40/sf modified gross (\$1.95/sf monthly) for the property for twenty years. This figure is slightly higher than current Class A asking rents in the submarket; however, Judge Rattigan

Building would be expected to achieve market rents at the top end of the range for comparable properties for the following reasons:

- The property is a top 5 building in Santa Rosa market
- Interior finishes are above average for similar properties in the submarket.
- Irreplaceable location across the street from City Hall, valuable for government and service support tenants
- Abundant nearby amenities for tenant convenience with the center of downtown Santa Rosa near Old Courthouse Square just blocks away
- Excellent access to Highway 101 via Santa Rosa Avenue, providing a link to San Francisco and the Bay Area

## North Bay Submarkets

Submarket	Building Base	Direct	Available Space		Vacancy		Avg. Asking Rate FS
			Sublease	Total	Q4-09	Q4-08	
Sausalito/Tiburon	669,079	73,678	14,258	87,937	13.10%	9.60%	\$2.71
Mill Valley	417,854	64,300	5,176	69,476	16.60%	12.60%	\$3.40
Corte Madera	459,901	34,768	1,456	36,224	7.90%	8.00%	\$2.99
Greenbrae/Larkspur	839,183	107,003	23,052	130,055	15.50%	14.60%	\$3.09
San Rafael	4,038,640	867,512	203,969	1,071,481	26.50%	18.60%	\$2.45
Novato	3,229,011	382,438	199,496	581,934	18.00%	15.60%	\$2.25
Petaluma	3,046,541	735,793	317,848	1,053,641	34.60%	33.60%	\$1.74
Rohnert Park/Cotati	1,739,605	858,982	0	858,982	49.40%	48.10%	\$1.64
Santa Rosa	4,422,794	744,031	122,667	866,698	19.60%	17.10%	\$1.81
Santa Rosa Airport	1,467,724	311,812	23,611	335,423	22.90%	23.70%	\$1.87
<b>North Bay Totals</b>	<b>20,330,332</b>	<b>4,180,317</b>	<b>911,533</b>	<b>5,091,851</b>	<b>22.41%</b>	<b>20.15%</b>	<b>\$2.40</b>



Big Sur

# STATE OF CALIFORNIA OVERVIEW

The State of California is a critical economic engine for both the United States and the world. Exemplifying a diverse economy that accounts for approximately 13% of the total Gross Domestic Product (GDP) of the United States, California would rank among the top ten nations globally if it were an independent country with an estimated GDP of \$1.8 trillion in 2008. As the most populous state in the US with approximately 37 million residents, California is forecast to continue to enjoy future population growth above the national average in

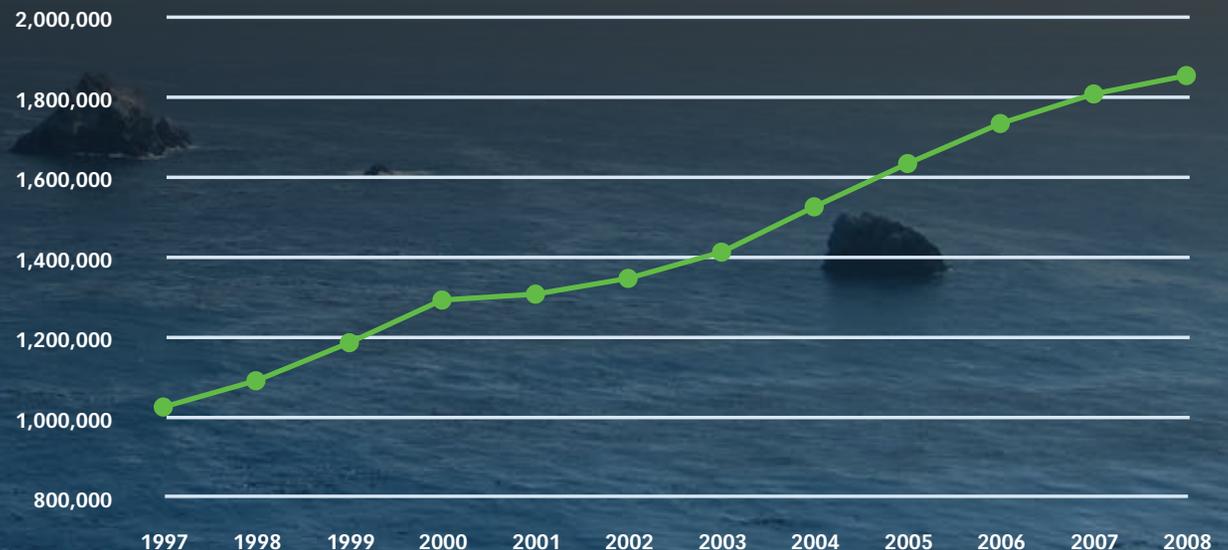
part due to its temperate climate, excellent quality of life, diverse population, world-renowned cities and its position as the gateway to the Pacific Rim. Additionally, California prides itself on striving to be the "greenest" and most eco-friendly states in the country. California's desirable quality of life, vast coast lines and massive valleys, diverse educated work force and uniquely entrepreneurial spirit position it to continue as the nation's most dominant economy.

- Largest state population of ±37 million
- One of the top 10 largest economies in the world
- \$1.8 trillion State GDP
- 3<sup>rd</sup> largest state by area
- Lowest in per capita energy usage
- 2<sup>nd</sup> in hydroelectric power potential
- 3<sup>rd</sup> in crude oil production
- Most major professional sports league franchises (19)

## Economy

California's economy has long been an influential force within the United States and the world. With a gross domestic product of approximately 13% of the overall U.S. total, the largest of any state, the gross state product for California was approximately \$1.8 trillion at year-end 2008. California exported \$144 billion worth of goods in 2008, increasing from \$134 billion in 2007 and \$127 billion in 2006. Computers and electronic products are California's top exports, accounting for 42 percent of all the state's exports, according to California Chamber of Commerce trade statistics. California exported to 226 foreign markets in 2008, contributing to a positive annual rate growth of 15 percent. California enjoys the enviable position of being the United State's gateway to the Pacific Rim. California's trade and international commerce account for nearly ¼ of the State's GDP.

## GDP of California from 1997-2008

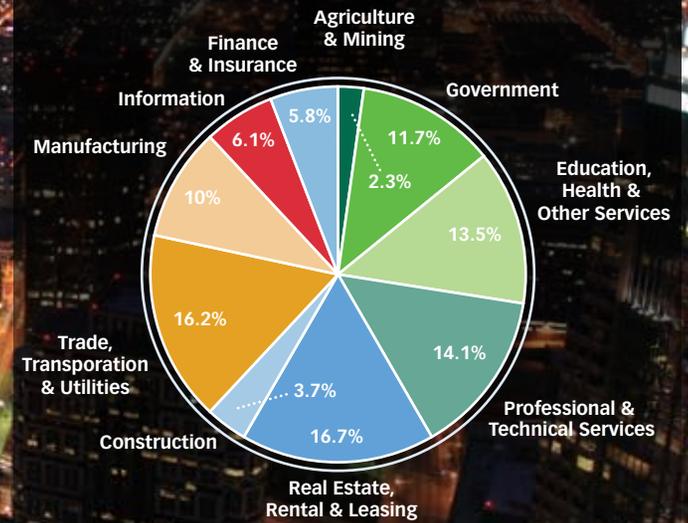




Downtown Los Angeles

According to the Bureau of Economic Analysis, the five largest job sectors in the State are real estate, rental and leasing; trade, transportation and utilities; professional and technical services; education, health and other services; and government. Additionally, California had a total personal income (TPI) of \$1.6B in 2008, a two percent increase from 2007, which ranks 1st in the United States.

### GDP of California 2008



## Tourism & Entertainment

California is one of the most visited states in the United States. Two of the top international ports of entry to the US were Los Angeles (ranked 3rd) and San Francisco (ranked 6th), accounting for approximately 14.5% of tourism through November 2009. According to the California Travel and Tourism Commission, approximately 14 million persons visited the state of California in the year 2008 and spent \$97.6 billion throughout the state. The State also has the largest market share of domestic travel of all 50 states, 11.3% in 2008.

Los Angeles has long been a favorite tourist city due to the glamour of Hollywood, fame of movie stars and the gorgeous Pacific beaches that charm many guests. Additionally, San Francisco has also held a soft spot in the hearts of tourists, as one of the most beautiful cities in the world. With its distinctive hills and streets, stunning bay views and the Golden Gate Bridge, San Francisco attracts travelers from all corners of the globe.

Tourists also travel to California for athletic events. The state hosted the 1960 Winter Olympics, the 1932 and 1984 Summer Olympics in Los Angeles, in addition to the 1994 FIFA World Cup. Additionally, California has nineteen major professional sports league franchises, far more than any other state. The San Francisco Bay Area has seven major league teams spread over three cities, San Francisco, Oakland and San Jose. The Greater Los Angeles Area is home to ten major league franchises, while Sacramento and San Diego add two major league teams to the State's total.





Pebble Beach



California Redwoods



Yosemite National Park

## Geography

The State of California is located on the West Coast of the United States. California is bordered by Oregon to the north, Nevada to the northeast, Arizona to the southeast, the Mexican state of Baja California to the south, and the Pacific Ocean to the west. The Los-Angeles-Riverside-Orange MSA ranks as the second largest consolidated metropolitan area in the United States, and San Francisco-Oakland-San Jose MSA as the fourth. With eight of the nation's fifty most populous cities, California is home to the nation's second and sixth largest census statistical areas respectively.

California is the third-largest U.S. state by land area, after Alaska and Texas. The State's geography is vast and ranges from the Pacific coast to the Sierra Nevada mountain range in the east, to the Mojave desert in the southeast and the redwood, pine and fir forests of the northwest. Approximately 45% of California is covered by forests and contains more forestland than any other state except Alaska. The Central Valley, running approximately 400 miles from north to south, is one of the most productive agricultural areas in the world.



Torrey Pines Gliderport, San Diego

# LEASE ABSTRACT

**Tenant:** State of California

**Premises:** Judge Rattigan Building  
50 D Street  
Santa Rosa, CA

**Net Rentable Area:** 90,868 square feet

**Commencement Date:** The Lease Term shall commence at close of escrow

**Lease Term:** Lease Term shall be twenty (20) years (240 months)

**Rent:** Rent shall be paid by the State in arrears on the last day of each month during the Lease Term as follows:

Years	SF	\$/Month	\$/SF/Month*	\$/Year	\$/SF/Year*
Years 1 to 5	90,868	\$177,193	\$1.95	\$2,126,311	\$23.40
Years 6 to 10	90,868	\$194,912	\$2.15	\$2,338,942	\$25.74
Years 11 to 15	90,868	\$214,403	\$2.36	\$2,572,836	\$28.31
Years 15 to 20	90,868	\$235,843	\$2.60	\$2,830,120	\$31.15

Note: Escalations in Base Rent detailed in the above Rent schedule are calculated on the basis of a 10% increase on the fifth (5<sup>th</sup>) anniversary of the commencement date and on each fifth (5<sup>th</sup>) anniversary thereafter.

\*Rounded to two decimal places

**Gas/Electricity:** In addition to Rent, the State shall pay directly the cost of gas and electricity.

**Parking:** Fifty four (54) parking spaces. State shall have the exclusive right (but not the obligation) to use all parking at a charge of \$85 per stall per month, payable in arrears. The parking rate shall increase by ten percent (10%) on the fifth (5<sup>th</sup>) anniversary of the Commencement Date and on each fifth (5<sup>th</sup>) anniversary thereafter.

**Services, Utilities and Supplies:** Lessor, at Lessor's sole cost and expense, with the exception of payment for gas and electricity, shall provide the full range of services, utilities, and supplies to the entirety of the State's premises (including but not limited to): sewer, trash disposal, water, elevator service, janitorial services and property management services all of which shall be in similar levels and quantities as those provided under other Full Service leases in comparable quality office buildings in the same market area.

**Repair and Maintenance and Capital Repairs and Replacements:**

Lessor shall maintain the entire leased premises (including occupied space) and the building and property of which they are a part (to include site, landscape and parking areas and structures) in good repair and tenantable condition during the entire Lease Term. Such maintenance and repairs and replacements shall include but not be limited to: ongoing maintenance of designated special equipment, annual testing and maintenance of all fire extinguishers, replacing inoperative lighting, repairing floor covering as necessary and replacing all building system components (including roof) as and when required.

**CPI Escalator Operating Expense:**

On the first anniversary date of the Lease, and each twelve (12) months thereafter, the monthly Rent will automatically increase or decrease by one-twelfth ( $1/12^{\text{th}}$ ) of an amount that will be determined by multiplying the base amount of \$998,930 by the percentage that the applicable CPI index for the preceding 12 months increased over or decreased under the same index, for the month of June, 2010, which shall be the base period.

**Property Tax Expense Escalator:**

On the first anniversary date of the Lease, and each twelve (12) months thereafter, the monthly Rent will automatically increase by one-twelfth ( $1/12^{\text{th}}$ ) of an amount determined by multiplying the annual property tax expense for the preceding twelve (12) months by the actual percent increase capped at 2%. Initial property tax expense shall be based on the initial purchase price, and will not reflect future changes in value due to subsequent sales.

**Painting and Carpet:**

Lessor agrees at Lessor's sole cost and expense to repaint all interior painted surfaces upon or after the sixtieth ( $60^{\text{th}}$ ) month of the Lease Term and every sixty (60) months thereafter. Further, Lessor shall replace all carpet and floor covering upon or after the one hundred twentieth ( $120^{\text{th}}$ ) month of the Lease Term and every one hundred twenty (120) months thereafter.

**Assignment and Subletting:**

No assignment of Lease without prior written consent of the Lessor, which shall not be unreasonably withheld; State may sublet the premises, or any portion thereof.

**Insurance:**

Lessor shall furnish to the State a certificate of insurance as evidence of insurance as fully set forth in the Lease paragraph 33 and briefly to include: (1) Commercial General Liability of not less than \$1,000,000 combined per occurrence and \$10,000,000 General Aggregate with State as additional insured; (2) commercial property insurance for full replacement cost (max deductible \$100,000) to include business income coverage equal to 24 months Rent and with State as additional insured; (3) Automobile Liability with State as additional insured; (4) Workers Compensation Insurance with Waiver of Subrogation in favor of State; (5) Employee Dishonesty blanket insurance with limit of not less than \$1,000,000 and

with State named as loss payee; and (6) for demolition and construction activities, Pollution Liability coverage of not less than \$3,000,000 per occurrence and Builder's Risk/Installation Floater covering labor, materials and equipment.

**Property Taxes:**

The State, as part of its rent, shall pay any property taxes assessed against the leased premises as a result of the sale of same from the State to a subsequent purchaser. In the event that an obligation to pay property taxes does not exist, the State shall be provided with an annual credit against its Rent equal to the amount of the taxes not assessed.

**Right of First Refusal:**

At any time that is ninety (90) days or more prior to the then scheduled lease termination date, if Lessor receives bona fide offer from unaffiliated third party to purchase Lessor's interest in Property, State shall have up to thirty (30) days from receipt of Lessor's written notice of receipt of such offer to respond in writing advising Lessor of State's election to acquire Lessor's interest in Property under same terms and conditions as those set forth in such third party offer.

**Option to Renew Lease:**

State shall have the option to extend the term of this Lease for six (6) additional terms of five years each, on the same terms, conditions and covenants as are set forth in this Lease, with the exception of Basic Rent and CPI escalator operating expenses. State shall provide written notice of its intention to extend this Lease at least twenty four (24) months prior to the expiration of the then applicable term of its Lease. Rent during the then applicable renewal term shall be set on the basis of the same schedule of ten percent (10%) increases at the end of each five years that applied to the Initial Term, thus the monthly Rent during the applicable renewal term shall be equivalent to one hundred and ten percent (110%) of the monthly Rent payable during the immediately preceding year of the Lease. Further, the amount of the base amount for the CPI Escalator Operating expenses shall be equivalent to the amount applicable to the immediately preceding twelve month period (the last twelve months of the immediately preceding lease term) and increased or decreased by the percentage in the applicable CPI Index and the base period shall be the first twelve (12) months of the applicable renewal term. The parties shall enter into a brief lease amendment incorporating the applicable rent and the revised CPI escalator operating expense provision.

**Onsite Management:**

Lessor agrees to furnish the services of an onsite professional property management company at Lessor's sole cost and expense. Said duties shall be more particularly described in exhibits to the lease attached thereto.

**Operating Lease:**

The Lease is intended to be treated as an Operating Lease on behalf of the State, under current FASB/GASB rules governing Operating Lease standards (i.e. FAS 13, FAS 66 and FAS 98). Bidders will be responsible for demonstrating that their purchase offers will comply with these standards.



# FINANCIALS

Included in the following section is the Financial Analysis to assist investors in their underwriting:

- Cash Flow Assumptions
- Expense Detail
- Rent Roll
- Cash Flow Projections

## Cash Flow Assumptions

For purposes of our analysis the cash flow period begins July 1, 2010 and has been prepared using ARGUS v14. A copy of the ARGUS file is available on the website.

### Year One Rents:

	Annual	Type of Lease	Total RSF	% Total
<b>State of California</b>	\$23.40	Modified Gross	90,868	98.38%
<b>Property Management Office</b>	\$23.40	Modified Gross	1,500	1.62%

### Market Rent Growth:

3% - Fiscal Year Ending June Inflation

### Expense Recoveries:

Modified Gross – Electricity and Gas are paid directly by the State of California.

### Lease Term:

20 years initial term with six (6), five (5) year options to renew

### Rent Increase Over Term:

10% Every 5 Years on base rent

	Annual Rent	\$/SF/Year*
Current	\$2,126,311	\$23.40
July 2015	\$2,338,942	\$25.74
July 2020	\$2,572,836	\$28.31
July 2025	\$2,830,120	\$31.15

\*Rounded to two decimal places

### Capital Reserves:

\$0.15 PSF, per year

### General Vacancy Loss:

0.0%

### Consumer Price Index (CPI):

3%

### Operating Expense Growth Rate:

3%

### Property Tax Growth Rate:

2%

### Property Tax Millage Rate:

1.1065%

Note: Buyer is responsible for adjusting property taxes bases upon offer price.  
All inflation is Fiscal Year ending in June.

## Revenues

### Expense Reimbursement Revenue:

State of California shall pay increases for operating expenses and property taxes annually. On the first anniversary date of the Lease, and each twelve (12) months thereafter, the monthly Rent will automatically increase or decrease by one-twelfth (1/12<sup>th</sup>) of an amount that will be determined by multiplying the base amount of \$998,930 by the percentage that the applicable CPI index for the preceding 12 months increased over or decreased under the same index, for the month of June, 2010, which shall be the base period.

Management Office pays no reimbursements.

### Parking Revenue:

The structure provides for a total of 54 parking spaces. Current market rates are \$85 per space per month. It is assumed parking is 100% variable based on occupancy, and the parking rate shall increase by ten percent (10%) on the fifth (5<sup>th</sup>) anniversary of the Commencement Date and on each fifth (5<sup>th</sup>) anniversary thereafter.

## Expenses

Note: Year One Operating Budgets have been developed by CB Richard Ellis' Asset Services based upon building inspections, operating cost history from similar assets managed in the subject markets, operating expense data published by industry associations and competitive bids from selected third party vendors and is conformed to the State of California detailed specifications in the lease.

### Insurance Calculation:

Property Insurance (including earthquake coverage) = \$.26 per each \$100 of hard cost building value (building replacement hard cost value (less land)/100 then multiplied by .26)

Liability (Office) = \$.03 per building square feet

Umbrella = 60% of the Liability premium

This above quote is based on the CBRE large pool discount, includes earthquake coverage up to the first \$100 million within the pool, and requires CBRE Asset Services to manage the property.

### Management Fee Expense:

\$48,000.

Please note that the Management Fee the Year One budget is based upon a portfolio sale and will vary on a one-off sale basis, and requires CBRE Asset Services to manage the property.

### Refurbishment Allowances:

Landlord shall be responsible to repaint interior premises every five (5) years and carpet every ten (10) years for the State of California.

## Rent Roll

as of 7/1/2010

Suite	Tenant Name	Square Feet	% of Property	Lease Term		Rental Rates					Recovery Type	Comments/Options
				Begin	End	Begin	Monthly	PSF	Annually	PSF		
100	State of California	90,868	98.38%	Jul-2010	Jun-2030	Current	\$177,193	\$1.95	\$2,126,311	\$23.40	See Abstract	Tenant has six (6) 5-year options to renew at 10% increases over prior rent.
						Jul-2015	\$194,912	\$2.15	\$2,338,942	\$25.74		
						Jul-2020	\$214,403	\$2.36	\$2,572,836	\$28.31		
						Jul-2025	\$235,843	\$2.60	\$2,830,120	\$31.15		
Mgt	Management Office	1,500	1.62%	Jul-2010	Jun-2030	Current	\$2,925	\$1.95	\$35,100	\$23.40	None	-
						Jul-2015	\$3,218	\$2.15	\$38,610	\$25.74		
						Jul-2020	\$3,539	\$2.36	\$42,471	\$28.31		
						Jul-2025	\$3,893	\$2.60	\$46,718	\$31.15		
<b>Totals / Averages</b>		<b>92,368</b>					<b>\$180,118</b>	<b>\$1.95</b>	<b>\$2,161,411</b>	<b>\$23.40</b>		
Occupied sq. ft.		92,368	100.0%									
Vacant sq. ft.		0	0.0%									
<b>Total sq. ft.</b>		<b>92,368</b>	<b>100.0%</b>									

## Cash Flow Projections

Fiscal Year Ending - June 30

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Physical Occupancy		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Overall Economic Occupancy <sup>[1]</sup>		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Operating Expenses PSF Per Year		\$12.73	\$13.09	\$13.47	\$13.85	\$14.25	\$14.65	\$15.07	\$15.50	\$15.95	\$16.40	\$16.87
<b>Revenues</b>	FY 2011 \$/SF/YR <sup>[2]</sup>											
Scheduled Base Rent												
Gross Potential Rent	\$23.40	\$2,161,411	\$2,161,411	\$2,161,411	\$2,161,411	\$2,161,411	\$2,377,552	\$2,377,552	\$2,377,552	\$2,377,552	\$2,377,552	\$2,615,307
Absorption & Turnover Vacancy	0.00	0	0	0	0	0	0	0	0	0	0	0
Base Rent Abatements	0.00	0	0	0	0	0	0	0	0	0	0	0
<b>Total Scheduled Base Rent</b>	<b>23.40</b>	<b>2,161,411</b>	<b>2,161,411</b>	<b>2,161,411</b>	<b>2,161,411</b>	<b>2,161,411</b>	<b>2,377,552</b>	<b>2,377,552</b>	<b>2,377,552</b>	<b>2,377,552</b>	<b>2,377,552</b>	<b>2,615,307</b>
Expense Reimbursements	0.00	0	0	0	0	0	0	0	0	0	0	0
Parking Revenue	0.60	55,080	55,080	55,080	55,080	55,080	60,588	60,588	60,588	60,588	60,588	66,647
State of CA Expense Increases	(0.00)	(1)	32,965	66,886	101,788	137,701	174,654	212,679	251,806	292,067	333,496	376,127
<b>Total Gross Revenue</b>	<b>24.00</b>	<b>2,216,490</b>	<b>2,249,456</b>	<b>2,283,377</b>	<b>2,318,279</b>	<b>2,354,192</b>	<b>2,612,794</b>	<b>2,650,819</b>	<b>2,689,946</b>	<b>2,730,207</b>	<b>2,771,636</b>	<b>3,058,081</b>
General Vacancy Loss	0.00	0	0	0	0	0	0	0	0	0	0	0
<b>Effective Gross Revenue</b>	<b>24.00</b>	<b>2,216,490</b>	<b>2,249,456</b>	<b>2,283,377</b>	<b>2,318,279</b>	<b>2,354,192</b>	<b>2,612,794</b>	<b>2,650,819</b>	<b>2,689,946</b>	<b>2,730,207</b>	<b>2,771,636</b>	<b>3,058,081</b>
<b>Operating Expenses</b>												
Security	(0.39)	(36,000)	(37,080)	(38,192)	(39,338)	(40,518)	(41,734)	(42,986)	(44,275)	(45,604)	(46,972)	(48,381)
Cleaning	(2.92)	(269,400)	(277,482)	(285,806)	(294,381)	(303,212)	(312,308)	(321,678)	(331,328)	(341,268)	(351,506)	(362,051)
Repairs & Maintenance	(2.68)	(247,430)	(254,853)	(262,498)	(270,373)	(278,485)	(286,839)	(295,444)	(304,308)	(313,437)	(322,840)	(332,525)
Utilities	(0.23)	(21,300)	(21,939)	(22,597)	(23,275)	(23,973)	(24,693)	(25,433)	(26,196)	(26,982)	(27,792)	(28,625)
Management Fee	(0.52)	(48,000)	(49,440)	(50,923)	(52,451)	(54,024)	(55,645)	(57,315)	(59,034)	(60,805)	(62,629)	(64,508)
Onsite Office Expense	(0.44)	(41,100)	(42,333)	(43,603)	(44,911)	(46,258)	(47,646)	(49,076)	(50,548)	(52,064)	(53,626)	(55,235)
Admin (Excl Mgt Fee)	(1.63)	(150,500)	(155,015)	(159,665)	(164,455)	(169,389)	(174,471)	(179,705)	(185,096)	(190,649)	(196,368)	(202,259)
Lot & Landscaping	(0.32)	(30,000)	(30,900)	(31,827)	(32,782)	(33,765)	(34,778)	(35,822)	(36,896)	(38,003)	(39,143)	(40,317)
Parking	0.00	0	0	0	0	0	0	0	0	0	0	0
Real Estate Taxes	(1.92)	(177,116)	(180,658)	(184,271)	(187,957)	(191,716)	(195,550)	(199,461)	(203,451)	(207,520)	(211,670)	(215,903)
Insurance	(1.68)	(155,200)	(159,856)	(164,652)	(169,591)	(174,679)	(179,919)	(185,317)	(190,876)	(196,603)	(202,501)	(208,576)
<b>Total Operating Expenses</b>	<b>(12.73)</b>	<b>(1,176,046)</b>	<b>(1,209,556)</b>	<b>(1,244,034)</b>	<b>(1,279,514)</b>	<b>(1,316,019)</b>	<b>(1,353,583)</b>	<b>(1,392,237)</b>	<b>(1,432,008)</b>	<b>(1,472,935)</b>	<b>(1,515,047)</b>	<b>(1,558,380)</b>
<b>Net Operating Income</b>	<b>11.26</b>	<b>1,040,444</b>	<b>1,039,900</b>	<b>1,039,343</b>	<b>1,038,765</b>	<b>1,038,173</b>	<b>1,259,211</b>	<b>1,258,582</b>	<b>1,257,938</b>	<b>1,257,272</b>	<b>1,256,589</b>	<b>1,499,701</b>
<b>Capital Costs</b>												
Tenant Improvements	0.00	0	0	0	0	0	0	0	0	0	0	0
Leasing Commissions	0.00	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	(0.15)	(13,855)	(14,271)	(14,699)	(15,140)	(15,594)	(16,062)	(16,544)	(17,040)	(17,551)	(18,078)	(18,620)
State of CA - Paint & Carpet <sup>[3]</sup>	0.00	0	0	0	0	0	(181,736)	0	0	0	0	(363,472)
<b>Total Capital Costs</b>	<b>(0.15)</b>	<b>(13,855)</b>	<b>(14,271)</b>	<b>(14,699)</b>	<b>(15,140)</b>	<b>(15,594)</b>	<b>(197,798)</b>	<b>(16,544)</b>	<b>(17,040)</b>	<b>(17,551)</b>	<b>(18,078)</b>	<b>(382,092)</b>
<b>Operating Cash Flow</b>	<b>\$11.11</b>	<b>\$1,026,589</b>	<b>\$1,025,629</b>	<b>\$1,024,644</b>	<b>\$1,023,625</b>	<b>\$1,022,579</b>	<b>\$1,061,413</b>	<b>\$1,242,038</b>	<b>\$1,240,898</b>	<b>\$1,239,721</b>	<b>\$1,238,511</b>	<b>\$1,117,609</b>

[1] This figure takes into account vacancy/credit loss, absorption vacancy, turnover vacancy, and base rent abatements.

[2] Based on 92,368 square feet.

[3] State of California to have premises re-painted every 5 years (estimated to be \$2 PSF) and re-carpeted every 10 years (estimated to be \$2 PSF).





# JUDGE RATTIGAN BUILDING

50 D STREET  
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## GOLDEN STATE PORTFOLIO OFFERING MEMORANDUM

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20 year sale/leaseback portfolio  
3 California core metro markets

50  
STATE OF CALIFORNIA  
JUSTICE JOSEPH A. RATTIGAN BUILDING

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