

**201 Baden Avenue: The Old Firehouse  
A Landmark South San Francisco Office Redevelopment**

**Proposal Submitted by  
“Old Firehouse Partners”  
A Joint Venture Between  
M<sup>2</sup> Realty Partners and OTRE Investments**

**November 14, 2017**

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# **Redevelopment of 201 Baden Avenue “The Old Firehouse”**

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**Primary Contact**

**Will Marks**

**Old Firehouse Partners**

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**(415) 385-1163**

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## **Proposal Concept**

201 Baden (“The Old Firehouse”) is an attractive building in a prime location, just steps from the center of downtown South San Francisco. Given that it is surrounded by Grand Avenue’s compelling retail corridor, multiple planned and under construction residential projects, Highway 101 and the new CalTrain station, The Old Firehouse presents an unparalleled opportunity to create a unique and landmark office/tech building. We believe that our development will help achieve the City’s vision of revitalizing downtown, by expanding the workforce on the west side of 101 perhaps leading to future projects in the same vein, preserving interesting if not historic architecture, and serving to incubate companies that will demand further expansion within South San Francisco.

Specifically, we will renovate the existing approximately 10,000 square foot building within its walls, allowing for single-tenant or multi-tenant use. Our plans (included in Addendum A) detail a design of three separate spaces of 3,500 square feet and 2,000 square feet on the ground floor, and 3,300 square feet on the second floor, each with a separate entry and restrooms. It is very possible that one of the spaces will be a “co-working” space. For one, there is significant demand for this. In addition, a shared space allows the building to help launch small businesses that have the potential to expand outside the property but inside the South San Francisco market.

While the parking lot will be repaved with 24 spaces as per our plan, we believe that the building will eventually be expanded into the lot when warranted by demand, not to mention the possibility of lower parking requirements/demand over time. In fact, given the 22,508 square foot lot and a minimum FAR of 2.0, we will continuously be evaluating an expansion. The initial renovation of the Old Firehouse building will be designed so that it can accommodate such an expansion.

Our plan assumes that the existing building footprint, exterior façade, watchtower and all associated historical architectural features will be retained. While we note in our plan that the watchtower will be closed off, we will explore the possibility of some level of use by tenants. We will repaint the building exterior largely in the existing color scheme and will replace all existing exterior windows and doors to meet title 24 requirements.

We intend to move forward with the project as quickly as possible. Our team in full is available and almost all of us are located in San Francisco. Given the high demand and low supply of contractors, it is helpful that our Architect and General Contractor are an existing team. After receiving any required entitlements and approvals from the City, we estimate that after renovations begin, our project will be completed within four months.

Our Development Team has significant leasing expertise with tenant relationships not only in the Bay Area but across the country. We will be working to “pre-lease” the property during the permitting and construction periods so as to have tenants in the building soon after completion. While we are expecting to create a multi-tenant building, during the planning and construction phases of development we will also be exploring single-tenant uses.

Lastly, we believe that by officially branding 201 Baden as “The Old Firehouse” (through signage, marketing, etc.) we will add value to the property, and the City. With the powerful name combined with a striking newly renovated Class A office building, we expect this will lead to ongoing prestige for The Old Firehouse and surrounding properties. In addition, the completed landmark building will bring new workers to the west side of Highway 101 which will increase commerce in the area.

## **The Development Team**

### **Developer**

“Old Firehouse Partners” represents a joint venture of two entities, each with two principals who individually have 20-30 years of real estate and finance experience. The development entities are M<sup>2</sup> Realty Partners (Will Marks and Mike House) and OTRE Investments (Brad Marks and David Boudreau). Will and Brad Marks are brothers and have together worked on numerous projects over the past 20 years. Combined, the team owns more than one million square feet of commercial space.

#### *Will Marks*

Will is a founder and principal of M<sup>2</sup> Realty Partners, business focusing on development, acquisitions, dispositions, and management of a commercial real estate portfolio, in the industrial and office sectors. From 1994 to 2013, Will was an equity research analyst, first at Montgomery Securities (which became Banc of America Securities) and later at JMP Securities. His focus areas were the commercial real estate and hotel sectors. Will was widely quoted in local and national publications such as the San Francisco Chronicle, Barron’s and the Wall Street Journal, and he was often interviewed on television networks including Bloomberg and CNBC. He was twice ranked as the top real estate or lodging analyst in the Wall Street Journal’s annual Best on the Street survey. Earlier in his career, Will worked for several years as a leasing broker at Iliff Thorn in San Francisco. Will received his Bachelor of Arts from University of California at Davis in 1988 and his MBA from Northwestern University’s Kellogg Graduate School of Management in 1994.

#### *Brad Marks*

Brad is the founder and principal of OTRE Investments, a real estate investment firm established in 2004 that acquires, repositions, and manages retail, industrial, and office properties. Brad’s prior experience includes working for Village Properties, a real estate development company, where he specialized in acquisitions and development of retail properties which included build to suits for national drugstores. Prior to Village Properties, he worked for Olympus, Hicks Muse Tate and Furst’s real estate opportunity fund, based out of Dallas, Texas. Brad also worked for Bank of America in their real estate workout loan group and loan origination departments. Brad received his Bachelor of Arts from Northwestern University and his MBA from Northwestern University’s Kellogg Graduate School of Management.

#### *David Boudreau*

David has been a principal of OTRE Investments since 2006. David’s prior experience includes working for Jones Lang LaSalle as a vice president for three years managing the real estate office portfolios of Cisco Systems, Sprint/Nextel, and Microsoft. During this time, David represented Cisco Systems on all of its domestic leasing and investment sales transactions, including the sale of approximately one million square feet of office and warehouse space. Prior to Jones Lang LaSalle, David practiced corporate, securities, and real estate law with Orrick, Herrington & Sutcliffe. David also worked for Litchfield Advisors, a real estate investment fund, based in Los Angeles, California. David holds a JD degree from U.C. Hastings College of the Law (admitted to CA bar) and a MBA degree from Pepperdine University.

#### *Mike House*

Mike House is a founder and principal of M<sup>2</sup> Realty Partners and House Properties, a private real estate investment company established in 1989 to acquire, reposition, and develop commercial, residential, retail, hotel, self-storage and industrial real estate. Mike is also founder and Managing Partner of Wayfare Tavern, which opened in 2010 and is one of the most exciting restaurants on the San Francisco dining scene. Prior to launching House Properties and M<sup>2</sup> Realty Partners, Mike completed Union Bank's Uniform Credit Training Program, where he specialized in Commercial Real Estate Lending. Mike graduated from the University of Southern California in 1985 with a Bachelor's of Science degree in Real Estate Finance and earned his Masters in Business Administration from Santa Clara University in 1987. Mike is also a licensed California Real Estate Broker, a member of the Urban Land Institute, the USC Associates, the NAIOP Commercial Real Estate Development Association, and a Board Trustee for San Francisco University High School.

#### **Architect/Design Builder**

BCCI is a full-service design builder with offices in San Francisco and Palo Alto. For 31 years, the company has worked to support its clients' visions through the built environment by providing a range of professional services including preconstruction, architecture, construction management, structural renovation, historic restoration, seismic upgrade, commercial interiors, sustainable construction and LEED management.

#### *Naveen Mathur*

Naveen brings over 24 years of experience in the field of architecture to his role as a senior member of Professional Services Group (PSG) at BCCI. He is a licensed architect in the state of California and has extensive experience with preparing, reviewing and coordinating construction documents at various stages of design and construction. Naveen has been a lead architect on several successful 'design-build' tenant improvement projects that required developing a coordinated set of documents based on Owners' Program Requirements (OPR) and Basis of Design (BOD) criteria. Naveen combines years of construction expertise with his in-depth knowledge of the California Building Code, which makes him a valuable resource at BCCI. His commitment to design excellence and a keen eye to details and quality control ensures client's design goals are not only met but exceeded.

#### **Engineer (Mechanical and Electrical)**

##### *Gary Tetrault*

Gary is a Senior Mechanical Engineer with Innovative Mechanical who has over 20 years of design experience. Innovative Mechanical is a 30-year old Bay Area company focused on heating, AC and indoor air quality repair and installation. Gary's expertise includes the design of HVAC systems for commercial buildings, retail centers, hotel/motel and multi-family housing. Recent office building projects include a 44,000 square foot renovation and an 11,000 square foot renovation, both located at 650 California Street in San Francisco. His expertise encompasses equipment selection and layout, specifications and drafting. Gary received his Bachelor's degree in Mechanical Engineering from Rochester Institute of Technology in Rochester, NY.

### *Bradley Onstad*

Bradley is a Senior Project Manager at CBF, which he joined 10 years ago. CBF is a 65-year old Bay Area company which specializes in tenant improvement design/build projects for commercial office buildings. Bradley holds a Construction Engineering degree from Cal Poly and has been managing electrical projects for over 15 years. His diverse management experience spans from highly detailed multi-million dollar projects to time sensitive service projects. His vast knowledge of lighting controls and systems integration has been one of the key elements to the company success in the highly competitive LED driven market.

### **Ownership Entity**

The ownership entity will consist of the four listed developers (Will Marks, Brad Marks, David Boudreau, Mike House) who will be the “general partners” and who will each be contributing a significant amount of capital. The general partners may raise some amount of third party equity and have a history of working with multiple limited partners. In addition, the ownership entity will seek construction financing for the project.

### **Principal Party/Project Manager**

Will Marks will represent the Development Team during negotiations.

(415) 385-1163

wmarks@msquaredrp.com

## Past Experience

The Development Team has been responsible for numerous commercial property renovations during the past 20 years.

The Developer has completed renovation work on San Francisco properties including 132 Hawthorne Street, 558 Sacramento Street, 221 Pine Street and 332 Pine Street. The Architect's renovation work has included 436 Bryant Street and 1045 Bryant Street.

We have highlighted two projects that the Developer has completed followed by two projects that the Architect and Engineer together have completed.

### 132 Hawthorne Street

In 2012, the Developer began the renovation of a 14,250 square foot warehouse in San Francisco that had most recently been used as a martial arts studio. Approximately \$1.5 million was invested in the project, to create the headquarters for Automattic, the parent company of WordPress, most known for its website design tools. The building was essentially brought back to "shell" condition and this was followed by construction of a distinctive lobby, a large open work area and mezzanine space that included private offices. The tenant began occupying the space in March 2013. In 2013, Automattic chose to consolidate (employees almost exclusively work from home) and the space is now leased to Sentry Software.

### 132 Hawthorne façade before and after renovation

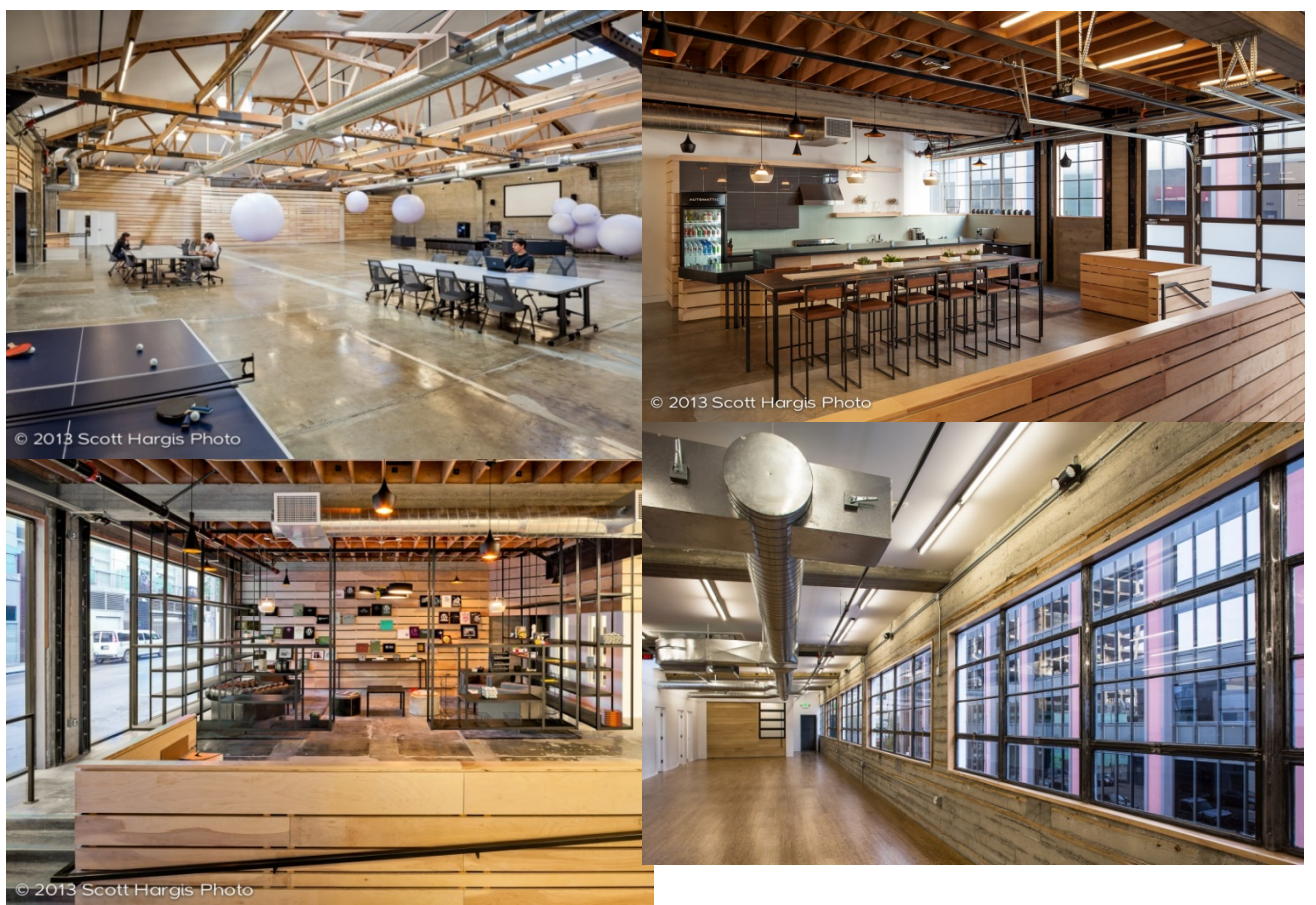




132 Hawthorne interior before renovation



132 Hawthorne interior after renovation



### **558 Sacramento Street/Wayfare Tavern**

In early 2009, the Developer began the renovation of a 12,000 square foot office and restaurant building in San Francisco. Approximately \$2 million was invested in the project, essentially transforming the property into 3 floors of new restaurant space with the top floor creative office. Wayfare Tavern opened for business in 2010 and is one of the most successful restaurants in San Francisco. Last year, the Developer converted the top floor's office space into a new "high end" lounge that is part of the restaurant.

### **558 Sacramento façade before and after renovation**





558 Sacramento interior before renovation



558 Sacramento interior after renovation



We have highlighted two renovation projects that the Architect and Engineer have completed.

### **436 Bryant Street**

The redevelopment project at 436 Bryant encompasses a complete building renovation down to the original concrete structure which dates back to 1908. The new interior finishes create an industrial-chic space with plenty of natural light and all the benefits of a completely new electrical and mechanical infrastructure. The renovation included seismic retrofit work to bring the structure up to current building code, making it infinitely safer in the event of an earthquake. Additionally, new energy efficient windows, an insulated roof, a new elevator, and new building systems to provide enough power distribution and cooling for dense office space were installed. The new entryway and lobby feature exposed concrete and unique Indonesian timber cladding. Access controls provide flexibility for single-tenant or multi-tenant building occupancy, while the new side-loaded core provides expansive, open space for future tenants as well as room for private offices or meeting spaces. The repositioning project has completely transformed this industrial property into a creative commercial office building.

### **436 Bryant façade before and after renovation**

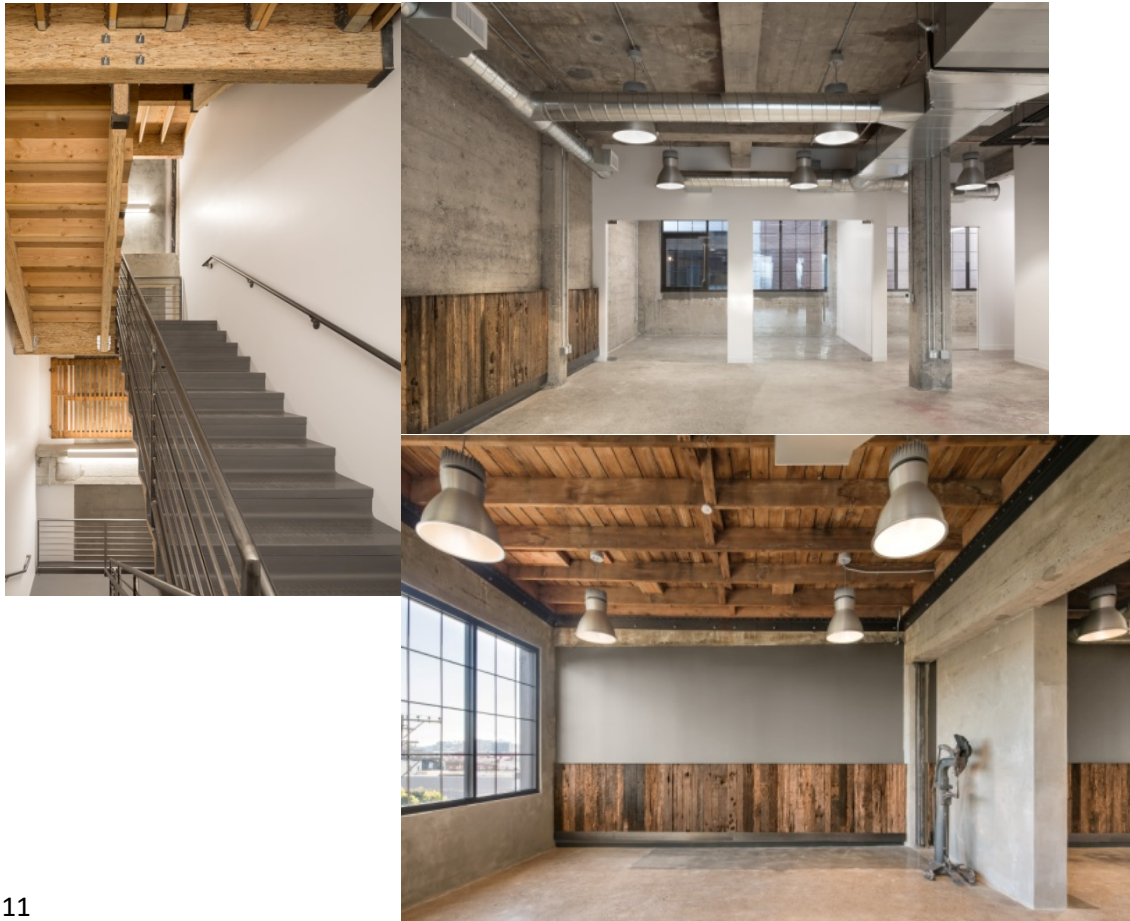




**436 Bryant interior before renovation**



**436 Bryant interior after renovation**



### **1045 Bryant Street**

BCCI completed the renovation of a three-story brick and timber building with a first floor mezzanine. The building was repositioned to accommodate both retail and office tenants. BCCI utilized a reverse engineering approach, designing to the developer's pre-set budget and taking into consideration code requirements to best position the property for asset return. BCCI provided turn-key design-build services including construction management, project management, architectural, and general contractor services. The existing Bryant Street exterior façade was removed to expose the original masonry brick elevation and new storefront windows were installed at all four ground floor elevations. The renovation includes a new elevator, interior stairs, roof access stairs, mechanical shafts, ADA compliant restrooms on each floor, heating and ventilation systems, electrical systems, rear patio, landscaping, and parking lot. Additionally BCCI completed the tenant build-outs for all of the tenant improvements in the building.

### **1045 Bryant façade before and after renovation**

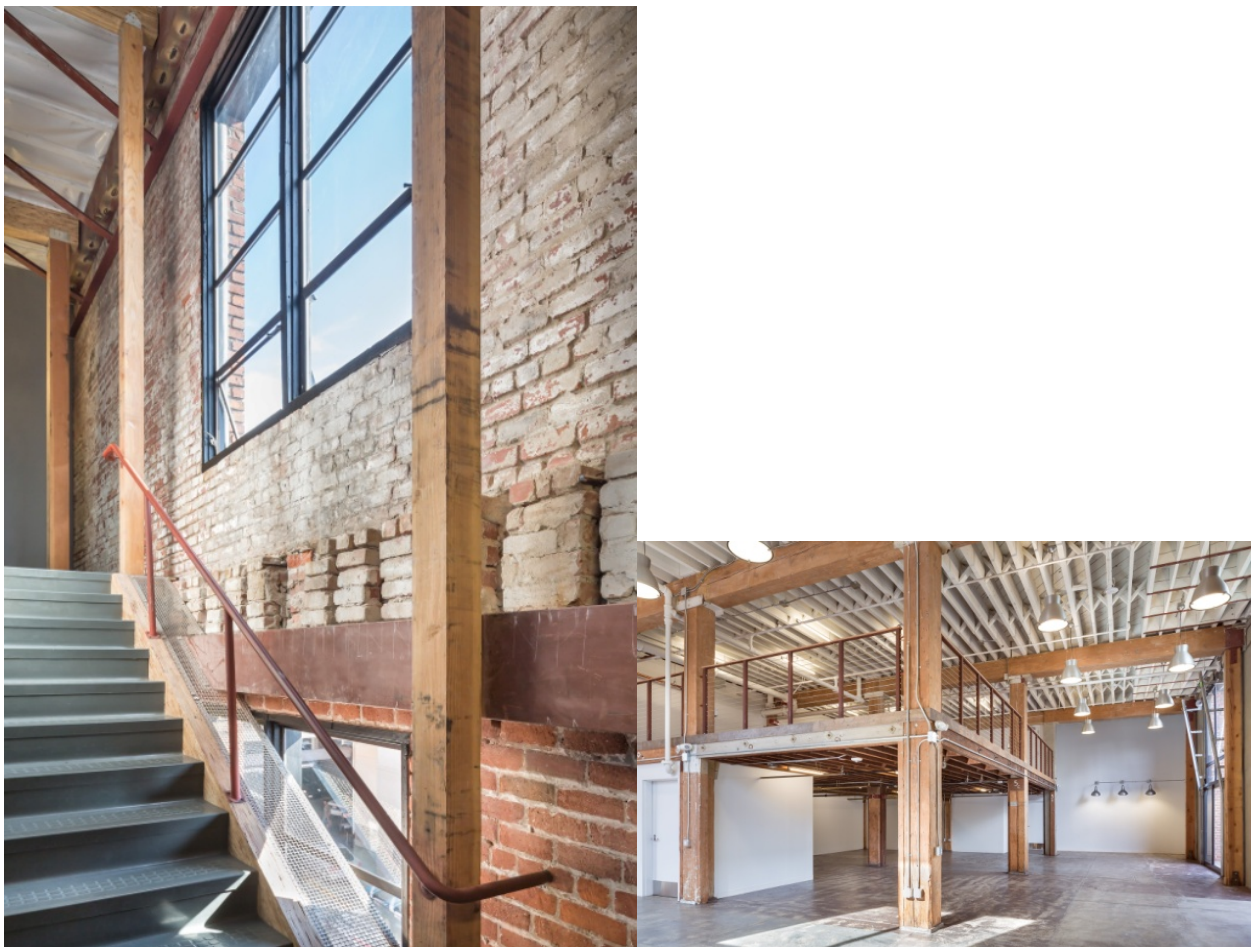




**1045 Bryant interior before renovation**



**1045 Bryant interior after renovation**



## **Prevailing Wages**

We plan to pay prevailing wages.

## **References**

Bill Banker (real estate partner in multiple projects)  
billbanker@comcast.net  
(510) 604-6080

Kenneth Mesker (broker)  
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(415) 865-6107

Margo Maxey (banker)  
maxeym@wellsfargo.com  
(415) 396-6149



# Proposed Development of the Old Firehouse Building

201 Baden Avenue  
South San Francisco, California

Schematic Plans

November 14, 2017

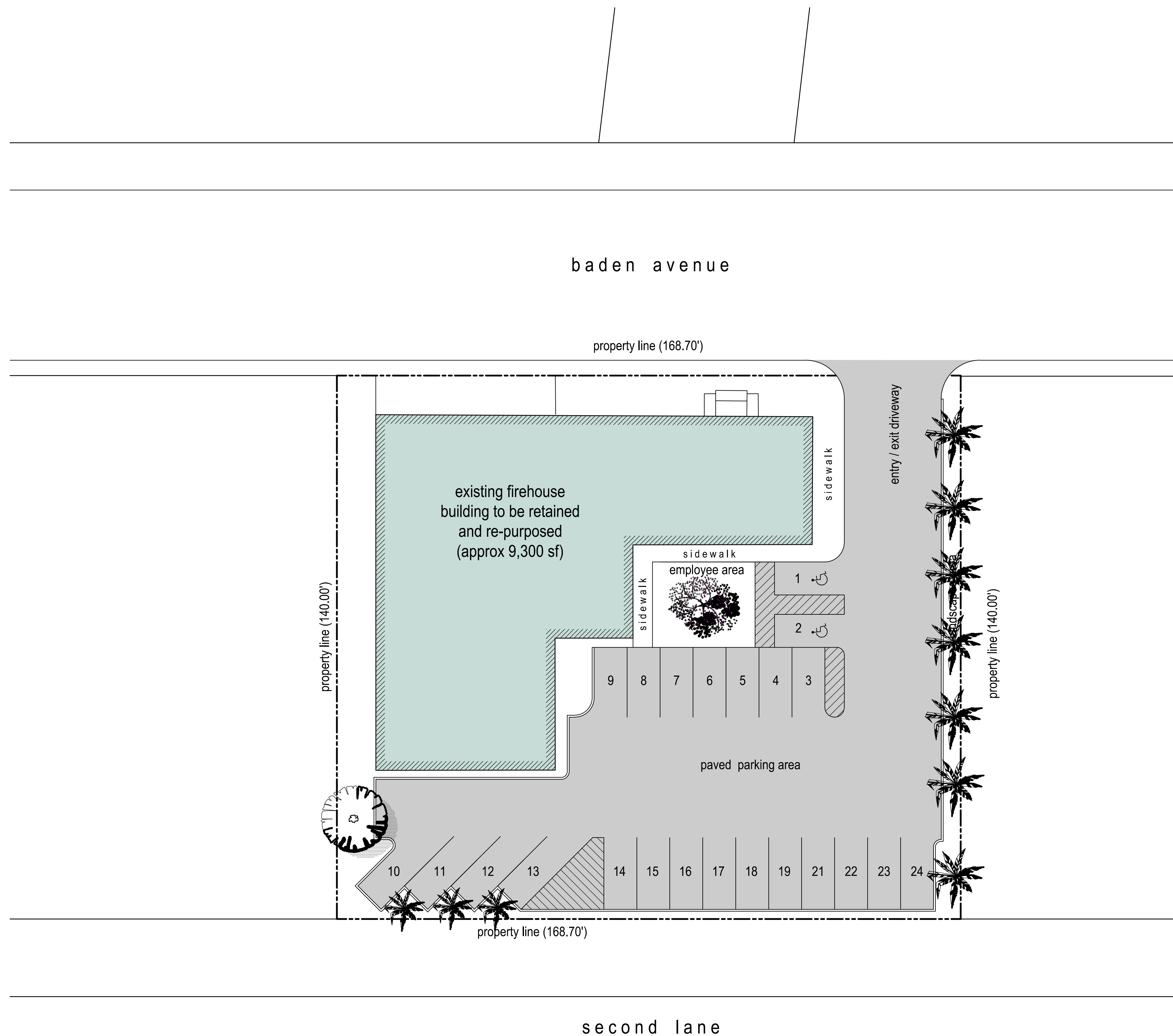
A JOINT VENTURE  
BETWEEN

M2 REALTY PARTNERS

&

OTRE INVESTMENTS



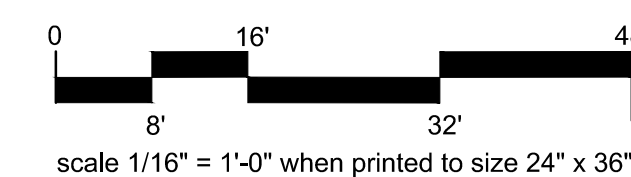


## Proposed Site Plan

zoning:	downtown transit core (DTC)
parking ratio:	1 per 400 sf (office/business)
parking requirement:	9,300 / 400 = 24 stalls
parking provided:	24 stalls (inclusive of 1 van accessible and 1 handicapped parking stall)

# Proposed Development of the Old Firehouse Building 201 Baden Avenue, South San Francisco, CA 94080

November 14, 2017

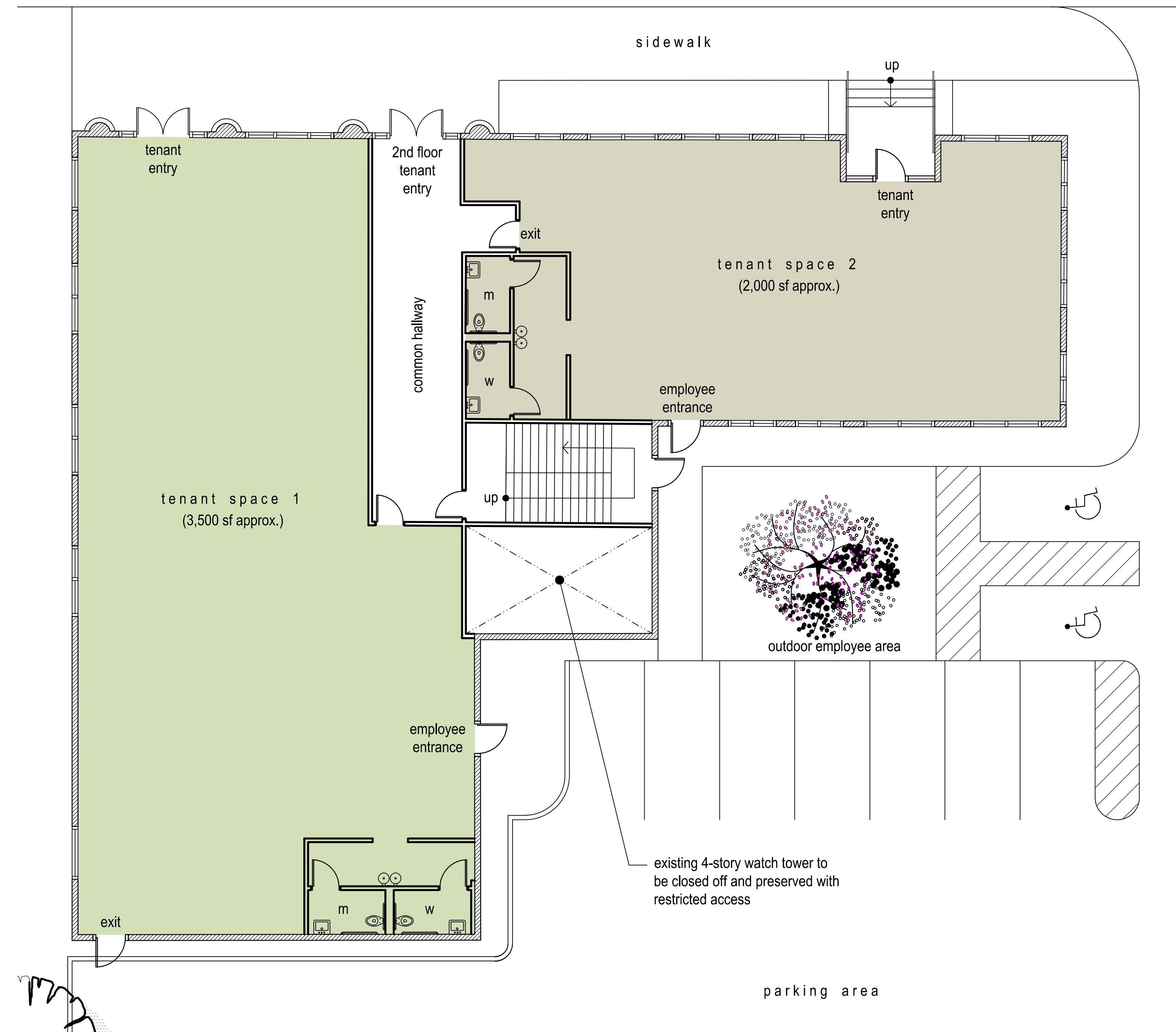


**bcci**  
builders

M2 REALTY PARTNERS  
OTRE INVESTMENTS

JOINT VENTURE

baden avenue

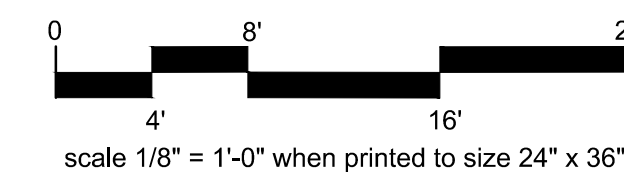


## Proposed Floor Plan - 1st Level

note: existing building footprint, exterior facade, watch tower and all associated historical architectural features will be retained. the building exterior will be power washed and repainted largely in the existing color scheme. all existing exterior windows and doors will be replaced to meet title 24 requirements.

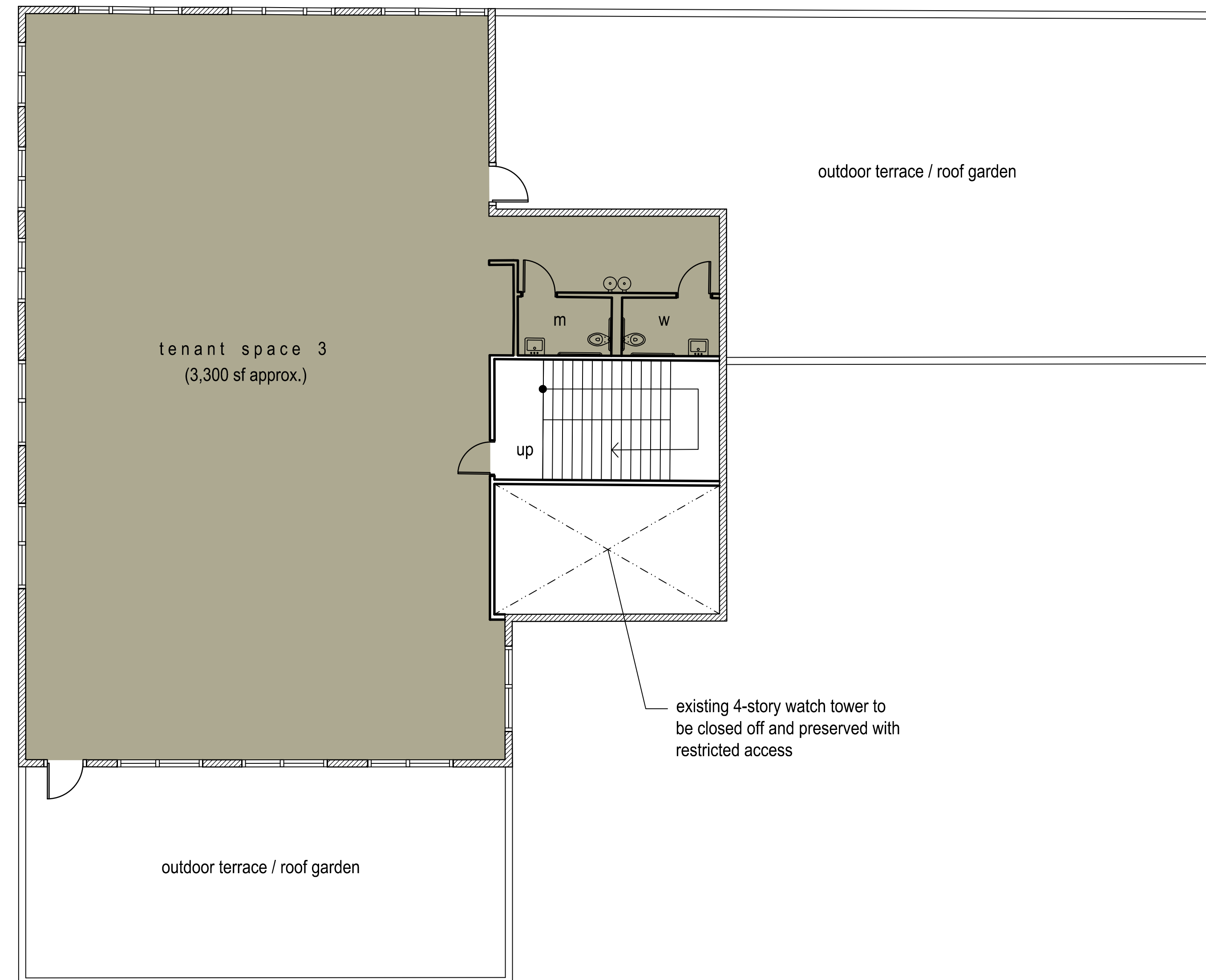
# Proposed Development of the Old Firehouse Building 201 Baden Avenue, South San Francisco, CA 94080

November 14, 2017



**bcci**  
builders

M2 REALTY PARTNERS  
OTRE INVESTMENTS  
JOINT VENTURE

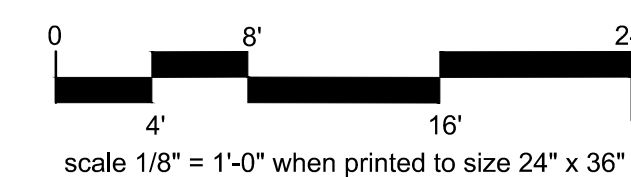


## Proposed Floor Plan - 2nd Level

note: existing building footprint, exterior facade, watch tower and all associated historical architectural features will be retained. the building exterior will be power washed and repainted largely in the existing color scheme. all existing exterior windows and doors will be replaced to meet title 24 requirements.

# Proposed Development of the Old Firehouse Building 201 Baden Avenue, South San Francisco, CA 94080

November 14, 2017



**bcci**  
builders

M2 REALTY PARTNERS  
OTRE INVESTMENTS

JOINT VENTURE



Michael McCool  
Client Manager  
Commercial Term Lending

Will,

Congratulations on your upcoming real estate acquisition in South San Francisco. Chase has enjoyed working with you in the past for commercial real estate lending and we recognize the strength and expertise that you and your partners bring to each transaction.

I look forward to working with you on this acquisition. Please let us know how we can help meet your financing needs.

Thanks,

Michael McCool  
Executive Director / Client Manager  
JP Morgan Chase Commercial Term Lending  
560 Mission Street 3<sup>rd</sup> Floor  
San Francisco, CA 94105



West Coast Commercial Lending Division/Business Banking  
333 Market Street, San Francisco, CA 94105

Credit Proposal for  
**William C. Marks and Bradford F. Marks**

William Marks and Bradford Marks  
1037 CHURCH ST  
San Francisco, CA 94114

RE: Commercial Real Estate Loan – 201 Baden Ave, South San Francisco, CA  
94080

To whom it may concern:

Wells Fargo Bank, National Association is pleased to present the following letter of interest to provide financing for the renovation, as well as the potential expansion of 201 Baden Ave, South San Francisco, CA 94080. Should there be any questions regarding William Marks and Bradford Marks financial capability and industry experience to support, oversee and complete such a project, please contact me directly to validate their financial wherewithal and credibility.

By: *Gio Mahmoud*

**Gio Mahmoud**  
**Senior Commercial Loan**  
**Officer**

Date: November 10<sup>th</sup>, 2017

The undersigned hereby confirms its interest in pursuing further discussion of the above preliminary credit proposal:

Borrower or Borrower's  
Representative:

\_\_\_\_\_

By: \_\_\_\_\_

(signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_