

List of Proposed County Acquisitions

Proposed Land Acquisitions

1. **Hilton Hotel parcel, subject to a ground lease (70 years remaining on the lease) held by West Hotel Partners (Matt and Rick Dinapoli)**
 - Valbridge Property Advisors/Hulberg and Associates (Valbridge/Hulberg) appraised the property for \$96,000
 - We dispute the appraised value based on staff's assessment that the discount rate of 9.5% is inappropriate for the type of asset proposed for purchase
 - On January 12, 2016, the County Board of Supervisors adopted a resolution of intent to purchase the real property and set a Public Hearing for February 9, 2016

2. **Market Gateway Apartments, subject to a ground lease (42 years plus four 10 year options remaining on the lease) to CORE Companies (David and Chris Neale)**
 - The County is preparing the contract to hire an appraiser

Proposed Participation Interest Acquisitions

1. **Marriott Hotel, owned by CBRE Global Investors (Dasa Mankova)**
 - Revenue is based a percentage of gross revenue (please refer to Attachment A)
 - Valbridge/Hulberg appraised the asset for \$12.4 million
 - We dispute the appraised value based on staff's assessment that the discount rate is inappropriate for the type of asset proposed for purchase
 - The County has not yet agendized the intent to acquire

2. **Sheraton Four Points Hotel (Montgomery) owned by Khanna Enterprises LTD III (Ash Khanna)**
 - Revenue is based a percentage of gross revenue (please refer to Attachment A)
 - Valbridge/Hulberg appraised the asset for \$1,960,000
 - We dispute the appraised value based on staff's assessment that the discount rate is inappropriate for the type of asset proposed for purchase
 - The County has not yet agendized the intent to acquire

The County Bard of Supervisors, on November 3, 2015, approved funding in the amount of \$27 million to acquire the San Jose Successor Agency assets. The funds were obtained from the RPPTF (TI) as payment on the Pass-through Agreement.

Attachment A

Revenue participation for the two properties is based on the following gross revenue formulas:

Marriott

<u>Years (Base Year 2000)</u>	<u>Percentage of Gross Revenue</u>
1 - 15	0.5%
16 - 25	2%
26 - 30	3%
31 - 50	4%

Sheraton Four Points

<u>Years (Base Year 2006)</u>	<u>Percentage of Gross Revenue</u>
1 - 4	0%
5 - 15	3%
16 - 30	4%
31 - 60	5%