



McClellan Park at Base Closure

Largest Industrial Facility in Northern CA
Operated 60+ years as AF depot
Critical to Sacramento Economy
Closed 2001, County Lost

13,500 Jobs

\$200M income

\$1.5B Loss to Regional Economy

Key Assets



Airfield
Rail
Hotel
Housing
Industrial
Office
Supportive
Community



Challenges

- No fee title
- Superfund
- No certainty of schedule for clean up
- 50 year old buildings Asbestos / Lead /Rad
- Wetlands
- Historic District & Properties
- Surrounding community is significantly blighted
- Transition Military to private - too complex for typical tenant
- Inadequate infrastructure
 - Frequent flooding
 - Power outages
 - Sewer back ups
 - No fiber optics
 - No accurate maps of infrastructure

McClellan Park Today



Entitled for 16.6MM Square Feet of space
10MM Square Feet of existing useable space
6.25MM Square Feet of Space Leased
1.25MM Square Feet of Federal and Local
75% Occupied
Over 15,000 Daily Visitors

How Did We Transition?

Planned For Success - Partnership

Master Developer/Owner - Local Government

- . What does private developer bring?
 - a. Entrepreneurial Abilities
 - b. Equity / Capital
 - c. Vision
 - d. Risk tolerance
 - e. Quick response time
 - f. Planning

- . What does government bring?
 - a. Process
 - b. Standards
 - c. Access to federal programs



Honor Air Force Heritage - Aerospace Museum of California, VA Clinic, Commissary

Planned For Success - Developer Strategy

Capacity to operate on multiple fronts simultaneously

- i. Adaptive Reuse plan
- ii. Marketing / Leasing Plans
- iii. Construction plans
- iv. Program management plans
- v. Form Operating Companies
- vi. Financial plans
- vii. Implementation plans

Phases of Closure & Redevelopment

- You are on the list - They are really gone - Now what?
- Coordinate With Community
- Coordinate With Air Force
- Hot Turnover
- Adaptive reuse Phase 1
 - Create lease documents that deal with being on a superfund site at a closing base.
 - Put users into buildings
 - Stabilize infrastructure
 - Stabilize cashflow

Phases of Closure & Redevelopment

Turn reuse plan into legal zoning. Be as flexible as possible.

- Put Zoning / Entitlements Into Place
 - EIR/ Infrastructure Master Plan
 - Development agreement
 - Grandfather existing and past uses within last 10 years
 - Make existing buildings exempt / non conforming for planning required parking/ landscape/ etc
 - Fee credits or exemptions
 - Phase requirements for full building code compliance
 - Phase requirements for upgrades of deferred planning items

Funding

Partnerships, Leveraging and Cooperative Cost-Sharing

Sources

Office of Economic Adjustment

US Dept of Commerce (EDA)

Redevelopment Agency

Air Force - ESCA

Reinvestment of No cost EDC (Q/I)

McClellan Business Park - Equity / Debt

Tenants

California Public Utilities Commission

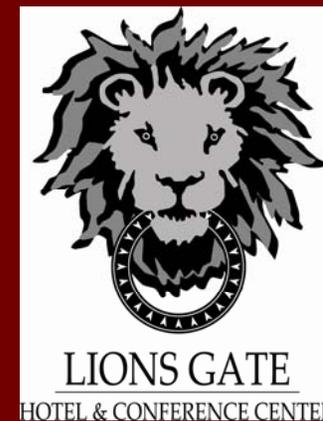
Western Area Power Administration



Implementation

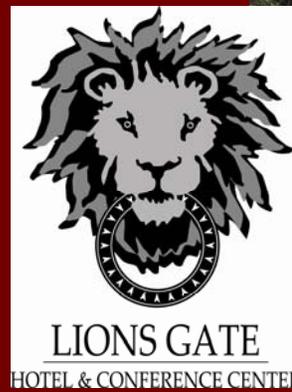
To make it work you have to start or JV certain Core businesses

- Lions Gate Hotel
- McClellan Jet Services
- Property Management
- McClellan Facility Services
- Short Line Rail
- McClellan Construction Services
- McClellan Environmental



Lions Gate Hotel

Recently Remodeled Hotel Rooms
Conference, Meeting Rooms, &
Wedding Venue
Upscale Dining at The O Club



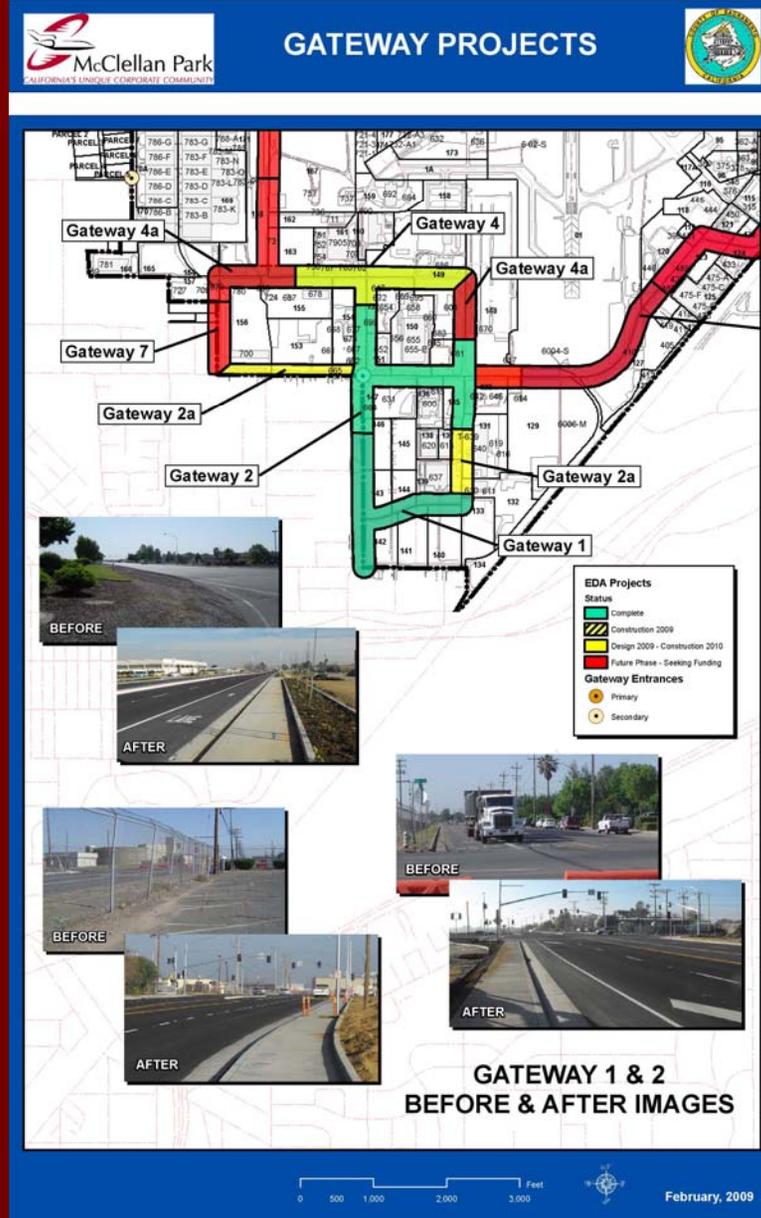
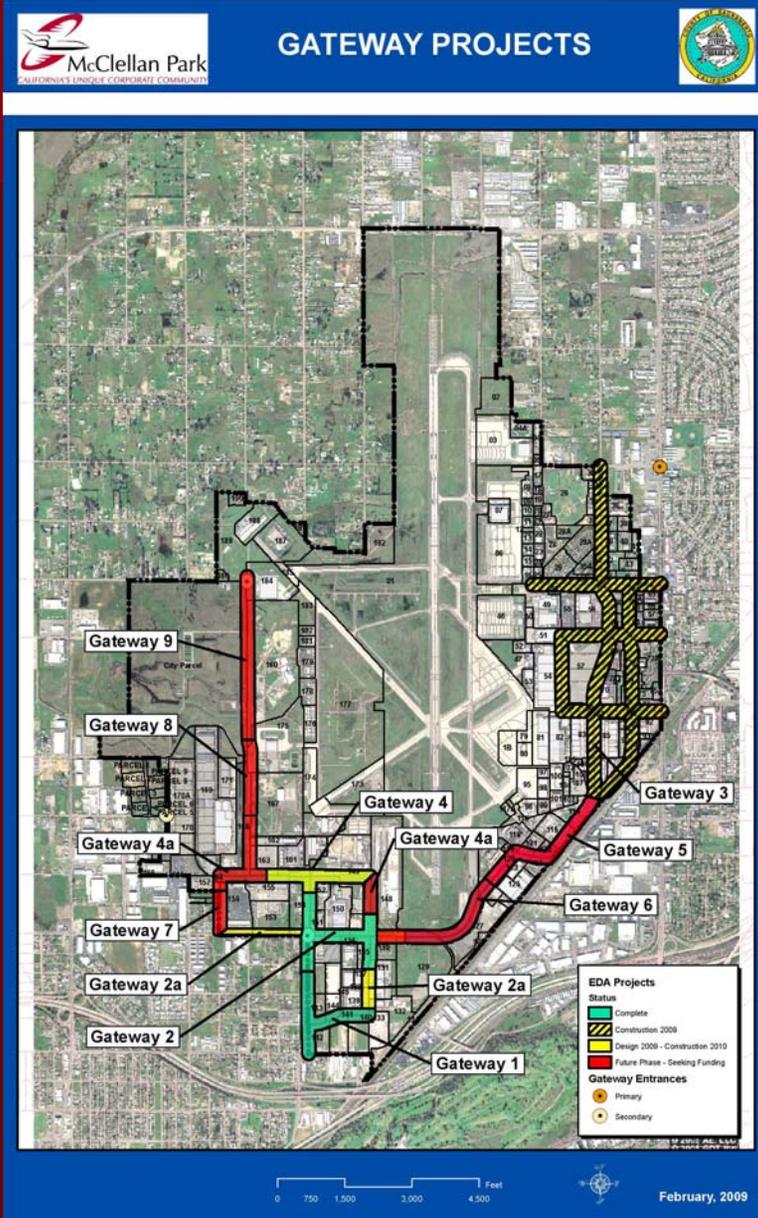
McClellan Jet Services

- Premier Sacramento Airport FBO providing full services twenty-four hours a day, seven days per week.
- Best Fuel Pricing in Northern California
- 220,000 Square Feet of Hangar Space
- An 80,000 Square Feet Executive FBO Building



Plan in Action

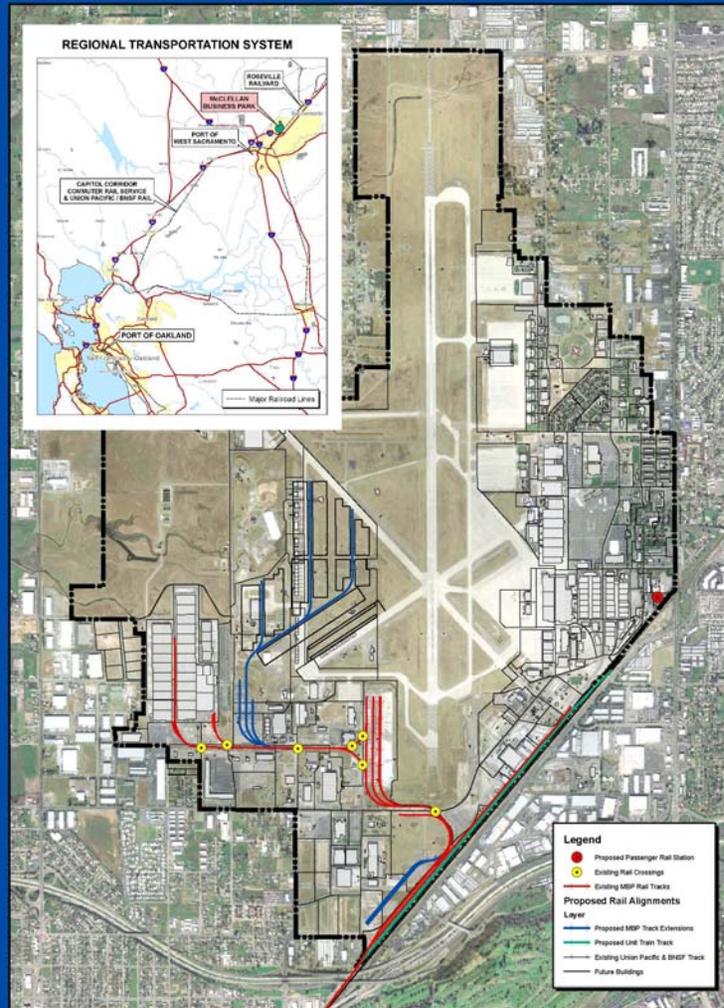
Master Plan Gateway Projects



Rail



RAIL ALIGNMENTS



0 750 1,500 3,000 4,500 Feet



February 2009

McClellan Park Transformation

Bldg 250 – Before



Bldg 250 & Courtyard – After



County Investment - \$2,250,000
Total Spent to Date Bldg 250 - \$8,849,128

Building 251



1939



1942



2008

Bldg 251 Renovation



County Investment - \$3,084,193

Total Spent to Date on building 251 -
\$6,586,302

Qualified investment funds were used to do tenant improvements for Sacramento City Archives, RAFT, FAB Shop, ASC Profiles, McClellan Jet Services and Alameda Auto Auction.



Building Demolition



County Investment - \$1,194,304
Total Spent to Date - \$3,095,068

Bldg 473 Demolition



Recycled Demolished Buildings 200,000 tons to date

Infrastructure Improvements



Completed in 2008

McClellan Airport Entrance



BEFORE



AFTER

New Entrances Replace Gates and Guards



Retail Concept at Peacekeeper Way Entry



Signage at Palm Avenue Entry – Lions Gate Hotel

Coming in 2009

Signage & Monumentation



BEFORE



AFTER

McClellan Park in the News

McClellan Park names Patriot Rail as New Short-Line Operator



March 4, 2008
Press Release

PATRIOT RAIL CORP. AND MCCLELLAN BUSINESS PARK ANNOUNCE RAIL PARTNERSHIP

**Sacramento Valley Railroad to Provide Freight Rail Services to California's
Largest Master Planned Business Park**

Boca Raton, FL and McClellan Park, CA (March 4, 2008) – Patriot Rail Corp. ("Patriot"), a short line and regional freight railroad holding company, and McClellan Business Park, LLC, a 3,000-acre business park located near Sacramento, California, today announced that Patriot's newly-formed, wholly-owned rail subsidiary, Sacramento Valley Railroad ("SAV"), has been awarded a long-term contract to provide exclusive rail freight services at McClellan Business Park.

McClellan Business Park is one of California's largest redevelopment projects, strategically situated within minutes of downtown Sacramento and in close proximity to San Francisco, the Port of Sacramento, Central Valley and the Pacific Rim. The park has more than 2.4 million square feet of rail-served facilities, including 155 industrial buildings, 35 warehouses and a 10-acre rail transloading yard. Built on the former McClellan Air Force Base, McClellan Park also has an airfield with a 10,600-foot runway.

The contract, which commenced March 1, 2008, calls for Sacramento Valley Railroad to provide all rail switching, transloading and other rail-related services on 7 miles of rail line within the McClellan Park facility. SAV will interchange rail traffic with the Union Pacific and Burlington Northern Santa Fe railroads. In 2007, approximately 3,500 carloads of freight were shipped to/from the McClellan Park facility.

Larry D. Kelley, President of McClellan Business Park, said, "We are excited about this new relationship with Patriot Rail and the Sacramento Valley Railroad. As business continues to grow at McClellan, there is a significant opportunity to increase the usage of rail within the park and throughout the region. In addition, we hope to make a positive environmental impact as utilizing railroads results in greater fuel efficiency versus trucks and reduced traffic congestion on highways."

"We look forward to Sacramento Valley, Patriot Rail's fourth railroad, providing McClellan Park customers with consistent and reliable rail service over the next several years," said Gary O. Marino, Chairman, President and CEO of Patriot Rail Corp. "SAV will work jointly with McClellan, shippers and state and local government entities to identify new business initiatives that should result in new rail traffic for the park, as well as increased



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McClellan Park Leases over 1 Million Square Feet by end of 2nd Quarter



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June 6, 2008
Press Release

McCLELLAN BUSINESS PARK CONTINUES TO LEAD REGION IN LEASING AND JOB GROWTH

McClellan, CA –2008 is off to a strong start at McClellan Park with approximately 1,000,000 square feet of industrial and office space already leased. This industrial and office space provides approximately 2,000 new jobs to the Sacramento region. With accessibility to 3 major freeways, rail services, an airfield, large floor plates, and close proximity to downtown Sacramento, the attraction and value of McClellan Park continues to grow. In total, more than 200 companies in 6.2 million square feet have found that the quality facilities and wide array of amenities at McClellan Park cannot be found anywhere else in the region. The newly occupied facilities include some of the following:

- OptiSolar – 655,000 square feet
- AAR-ARTICS – 240,000 square feet
- Intellitec – 28,659 square feet
- Americorps – 25,380 square feet
- Twin Rivers School District – 21,507 square feet
- Northrup Grumman – 18,881 square feet
- Furniture World – 11,336 square feet
- Sierra Single Ply – 10,396 square feet
- Sac Valley Railroad – 5,333 square feet
- Aqualitat – 4,592 square feet
- Fence Supply – 3,854 square feet
- Ross Magnuson – 3,666 square feet
- Cal Star – 3,050 square feet

The leasing effort has been supported by major investments in new infrastructure and improvements to the major road corridors serving McClellan Park as well as several on-site road improvement projects. Many of these projects are being completed in summer 2008 at a cost of approximately \$20 million.

The County of Sacramento selected McClellan Business Park, LLC (MBP) in 1999 to acquire and redevelop McClellan Air Force Base. McClellan Air Force Base was renamed McClellan Business Park (McClellan Park) in 2001. Since that time MBP has actively managed and leased buildings to both large and small companies at the former base. McClellan Park, California's Unique Corporate Community, boasts a fully-operational airfield, full-service hotel, fitness facility, rail system, office, industrial, retail and

McClellan Shuttle links business park with light-rail station



Feb 12, 2009
Press Release

MCCLELLAN PARK LINKS BUSINESS PARK WITH LIGHT-RAIL STATION

McClellan, CA – There is such thing as a free ride at McClellan Business Park (MBP). The McClellan Park Transportation Management Association (TMA) offered free rides on the new McClellan Park Shuttle to employees during the week of February 2 – 6.

Contracted with Regional Transit, the McClellan Park TMA greeted riders with breakfast to thank them for riding public transportation and trying the new Shuttle. Making its debut on Dec 1, 2008, the new shuttle has provided connectivity from the Roseville Road light rail station to all districts of McClellan Park, a connection that has formerly not existed.

"The secret to a successful transit system is to link destinations such as jobs and housing. The McClellan Park Shuttle closes a big gap in Sacramento's transit network by linking a major employment center to RT. Employees at McClellan Park will have a safe and efficient alternative to driving," said SHRA Commissioner, Mark Stivers.

The McClellan Park Shuttle is partially funded by the McClellan Park TMA, from a grant awarded by the Sacramento Area Council of Governments (SACOG) and recently recommended by the Sacramento Housing Redevelopment Agency (SHRA) for additional funding by the County of Sacramento. The SHRA's proposal will go before the Sacramento County Board of Supervisors in an upcoming hearing in March. This project promotes the use of alternative transportation, supports the McClellan Park TMA transit subsidy, reduces parking demand and improves air quality in the Sacramento Region by decreasing traffic congestion.

"McClellan Park is thrilled to be getting more cars off the road and bringing more people into McClellan Park. We would like to thank SACOG for partial funding and SHRA for endorsements of additional funding from the County of Sacramento," said Alan Hersh, Senior Vice President of McClellan Park.

With more than 200 tenants, the 2,880-acre McClellan Park has become a center of economic activity in dire need of a transit system. The McClellan Park TMA encourages tenants to use the public transportation by subsidizing 50% of Regional Transit monthly passes for all McClellan Park leased tenants.



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SACRAMENTO BUSINESS JOURNAL | FEBRUARY 20, 2009

McClellan shuttle links business park with light-rail station

Public-private partnership is first of many in region, RT estimates

MELANIE TURNER | STAFF WRITER

A new shuttle bus operating during peak commute hours at McClellan Park closes a gap in Sacramento's transit network by linking a major employment center to light rail and a bus stop.

Home to about 230 tenants and 12,000 employees, McClellan Park has had limited transit services. Sacramento Regional Transit District's Route 1 makes a small loop off Watt Avenue on to Peacekeeper Way, said Bev Rager, executive director of the McClellan Park Transportation Management Association. The association promotes transit and alternative commute options for employers and employees throughout the business park.

And the walk into the park from the nearby Roseville Road light-rail station meant, at times, crossing railroad tracks early in the morning in the rain. Krystina Richardson, who works at Sears Home Services, said in a news release.

"I'm grateful for the new shuttle," she said. "It has made getting to and from work a lot safer."

Rager said over the years employees have expressed an interest in riding light rail if there was a shuttle to the park.

The McClellan Park TMA approached Sacramento RT about launching a shuttle bus service last year. The TMA contracted with RT, and the shuttle debuted Dec. 1. Shuttle ridership is up 25 percent since it started, Rager said, though she declined to offer specific numbers.

McClellan Park shuttle route



"The hope is that more people would start taking light rail and this would encourage them," she said.

The project was privately funded by the TMA and a \$60,000 grant from the Sacramento Area Council of Governments. The SACOG grant will cover the cost of the shuttle for one year. The Sacramento Housing and Redevelopment Agency is recommending the county also help fund the project, Rager said. The county is expected in March to consider funding it for an additional two years.

The shuttle bus operates in a 30-minute loop throughout the park between 6 and 9 a.m. and 2:30 and 5:30 p.m. The shuttle leaves the Roseville Road light-rail station and circulates through the park using mainly Winters Street and Dudley Boulevard and connecting with RT Route 1 at Palm Street.

The term of the contract is through June 30, at which time the rate and service levels will be re-evaluated.

The McClellan Park TMA subsidizes half the cost of a monthly RT pass for McClellan Park employees and tenants, meaning they pay \$50 instead of \$100. With a monthly pass, tenants and employees ride the shuttle for free. Otherwise, it costs \$1.10 per ride. Employees also can use it to get across the park to other businesses.

The public-private partnership between RT and the McClellan TMA is possibly a first of its kind, said Mike Wiley, general manager and chief executive officer for Sacramento RT.

The transit district operates nine other community-based shuttle routes, called Neighborhood Ride, in coordination with other public agencies. Funding for the routes is included in RT's operating budget.

The McClellan Park shuttle is the only privately funded route.

RT sees a need for these shuttles to transport people between light rail and bus stops, and neighborhood shopping centers and schools, for example, Wiley said.

"We're still developing the update to our master plan," Wiley said. "As it's developing we have heard throughout Sacramento a tremendous interest in many neighborhoods and communities for neighborhood circulator-type services."

The service cost for a small shuttle bus is about 30 percent to 40 percent less than a big bus, he said, adding that he thinks there will be more private businesses and organizations that might step up to fund transit in the future.

"Clearly, if the Sacramento community is going to significantly expand transit service then we locally are going to have to pay for it," he said.



NEWS PHOTO: SACRAMENTO BUSINESS JOURNAL
McClellan Park and Sacramento Regional Transit together provide a shuttle from the Roseville Road light-rail station to the park.

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Advanced Data Centers: the Industry's first LEED Platinum Certified Data Center at McClellan Park



June 30, 2008
Press Release

ADVANCED DATA CENTERS INTRODUCES INDUSTRY'S FIRST LEED PLATINUM CERTIFIED DATA CENTER

SAN FRANCISCO, Calif., June 30, 2008 - Advanced Data Centers (ADC), a leading owner and developer of corporate data centers, announced today that its McClellan Park data center has received Platinum Pre-Certification from the U.S. Green Building Council under the LEED® Green Building Rating System™. Located in Sacramento, California, the McClellan Park facility is the industry's first and only United States based LEED Platinum data center.

The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. LEED gives building owners and operators the tools they need to have an immediate and measurable impact on their buildings' performance. LEED promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality.

"ADC is redefining the design and construction of highly efficient data centers. At a time when data center energy demand is accelerating, we are significantly reducing energy usage and impact on the utility grid at the McClellan Park facility," said Michel Cohen, President of Advanced Data Centers. "We will continue to design environmentally responsible data centers and consider LEED as a baseline for our facilities going forward."

The McClellan Park data center will have a Power Usage Effectiveness (PUE) of less than 1.20, while the average data center typically ranges from 1.5 to 2.0. A PUE of 1.2 not only dramatically lowers the cost of data center ownership to the customer, but reduces the energy required to operate the data center by 25-30 percent. "This reduction in energy usage significantly reduces the facilities carbon footprint and impact on the utility grid," added Bob Seese, ADC's Chief Data Center Architect. Key environmental performance characteristics that contribute to the McClellan Park data center include:

- Sustainable site development: Built on a "brownfield" site; capturing 100% of rainwater runoff from building; use of shade and reflective materials to reduce "heat island" effects; commuter alternatives program for building occupants
- Water savings: Utilizes recycled (gray) water and captured rainwater for landscaping, restrooms and cooling tower backup; installing low- and no-water fixtures in restrooms; reuse of cooling tower "blow-down"
- Energy efficiency: 50% reduction in cooling costs through careful airflow, and water-flow design and the use of outside air to cool 75% of year
- Materials selection: Use of recycled non-toxic, and locally sourced/manufactured materials; recycled 95% of demolition debris

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McClellan Jet Services Teamed Up with Cal Fire



**McClellan Park**
CALIFORNIA'S UNCLE CORPORATE COMMUNITY
July 1, 2008
Press Release

COORDINATED FIRE EFFORT AT MCCLELLAN AIRPORT

McClellan, CA – For the first time in 20 years, eight fully-loaded DC-10s deployed to battle wildfires are mobilized at one time. This is in response to the Governor's call for assistance from the National Guard to fight the many recent fires in California.

Stationed at McClellan Airport, MAFFS (Modular Airborne Fire Fighting System) are self-contained aerial fire retardant dispersal systems that can hold up to 3000 gallons of retardant and are installed on military C-130 aircraft. They are designed to slow the rate of spread of a wildfire to allow ground crews time to establish containment lines around the fire perimeter. The MAFFS operations at McClellan Airport are being supported by Air National Guard and Air Force Reserve Units from California and three other states including Colorado, North Carolina and Wyoming. Civilian personnel from Cal Fire and the USDA Forest Service are coordinating logistical and other needs of the military operations.

"McClellan Airport is an ideal location for us. We have been able to utilize the abundant ramp space and 10,700 ft runway at McClellan Airport. McClellan Jet Services (MJS) has made the MAFFS Operation possible," said Mike Padilla, Chief of Aviation, Cal Fire. "McClellan Airport's mid-state location has offered operational flexibility for going North and South, providing great coverage."

As a former air force base, McClellan Airport is well-suited to handle the aircraft's continuous operations and allows for more efficient military operations. The MAFFS Operation at McClellan Airport features numerous mobile fire retardant jats and takes advantage of a two mile runway with plenty of space for eight aircraft.

In addition to leasing space and supplying ground support equipment, MJS is also providing fuel and cleaning services after missions.

"Cal Fire is excited about the partnership with MJS to provide fire suppression support in this unprecedented fire season. MJS has been able to provide us with every piece of infrastructure we've needed to complete this operation. This is one of the worst starts to a fire season we've seen with a number of lightning strikes spread out over a large geographic area than previous years," said Tom Hoffman, MAFFS Liaison Officer.

Since airborne missions began June 26, Aircrews have dropped approximately 117,000 gallons of fire retardant. Members and aircraft of the 302nd Air Expeditionary Group are now based at the McClellan Airport, which allows these military transport aircraft to fly with maximum fuel loads and MAFFS to operate with full fire retardant capability.

Beginning last year during the fire season, McClellan Airport began serving as a staging base providing services for and facilitating fire retardant reloading for Cal Fire's contract DC-10 Air Tankers. Cal Fire

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McClellan and plays an
as become the Gateway
It features a 10,700 ft
Sacramento Valley with
acquire and redevelop
business Park (McClellan
steel fitness facility, rail
access with approximat
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ellanpark.com.



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- Mike Padilla, Chief of Aviation, Cal Fire.



World's Largest and Fastest Firefighting Aircraft Demonstration at McClellan Park



Relevant

1. Stabilization – Positive cash flow – tenants in buildings – infrastructure upgrades more than 50% complete.
2. Transition from Micro project benefits to Macro regional benefits
 - a. Attract users and technology that reduce impacts on regions air quality / roads and creates jobs.
3. Stabilization does not keep you relevant.
4. Relevant equals planning and innovation that results in continued growth / jobs
 - a. Reexamine zoning – make changes to
 - i. Rezone uses that will not be in demand for next ten years
 - ii. Bring in infrastructure for new industries
 1. Industrial Rail
 2. Passenger Light Rail
 3. Energy Incubation

McClellan Park Future

Continued Substantial Job Growth

Transformative Redevelopment

Projects on Schedule and on Budget

California's Premiere Industrial Business Park

Thank You