

# 3875 Atherton Road

Rocklin, CA

OFFERING MEMORANDUM



**Ken Turton**  
D.R.E. Lic. 01219637

**916.468.0187**  
[kenturton@turtoncom.com](mailto:kenturton@turtoncom.com)

**Aaron Marchand**  
D.R.E. Lic. 01711650

**916.468.0193**  
[aaronmarchand@turtoncom.com](mailto:aaronmarchand@turtoncom.com)



1050 20th Street, Ste. 220  
Sacramento, CA 95814

# 3875 Atherton Road

Rocklin, CA

## THE OFFERING

### GENERAL DESCRIPTION

Turton Commercial Real Estate is pleased to present an outstanding investment opportunity in Rocklin, South Placer County, CA, regarded by many as one Northern California's most affluent and fastest growing real estate submarkets.

The Stantec Building in the Atherton Tech Center, more specifically located at 3875 Atherton Road, Rocklin, CA (parcel number 017-282-007), the "Subject Property", is the Sacramento Regional office for Stantec, Inc., a publicly traded, \$1.68 Billion company headquartered in Edmonton, Alberta, Canada. With more than 10 years remaining on the current lease, Stantec, Inc. maintains over 11,000 employees and 170 locations throughout North America, Stantec, Inc. is by all accounts considered an AAA credit corporation.

### PRICING

The asset is being offered for sale at \$4,280,000 representing an initial Capitalization Rate of 7.00%. The modified gross Lease contains annual rent increases equal to the increase in the Consumer Price Index ("CPI") All Items Index, All Urban Consumers, San Francisco-Oakland-San Jose, thereby protecting investor return relative to market inflation. Tenant is responsible for gas, electricity, janitorial and security. Upon sale, Stantec, Inc. will also establish 2012 as the Operating Expense Base Year, thereby paying any Operating Expenses in future years in excess of those established during the Base Year.

## 3875 ATHERTON ROAD, ROCKLIN, CA

### 10 Year Pro-Forma Analysis

(assumes an annual CPI increase average of 3% annually)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10 Year Average
Rental Income	\$378,328	\$389,678	\$401,368	\$413,409	\$425,811	\$438,586	\$451,743	\$465,296	\$479,255	\$493,632	\$433,710.65
Operating Expenses	\$(81,224)	\$(81,224)	\$(81,224)	\$(81,224)	\$(81,224)	\$(81,224)	\$(81,224)	\$(81,224)	\$(81,224)	\$(81,224)	\$(81,224)
Net Operating Income	\$297,104	\$308,454	\$320,144	\$332,185	\$344,587	\$357,362	\$370,519	\$384,072	\$398,031	\$412,408	\$352,486.65
Non-Leveraged Return	7.00%	7.27%	7.54%	7.83%	8.12%	8.42%	8.73%	9.05%	9.38%	9.72%	8.30%



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### PROPERTY CONDITION

The Subject Property is a 19,386 square foot single story building of concrete tilt construction built in 1991. The property shares a large parking area with five other buildings as part of the Atherton Tech Business Center. The parking lot located within the boundaries of the parcel map provides approximately 80 spaces. The building is in excellent condition and features a three year old roof (with a 20 year guarantee\*) atop which sits a \$700,000 solar energy system (designed by Stantec) installed in 2008 and limiting annual tenant utility costs to virtually nothing.



### LOCATION

The asset is located at 3875 Atherton Road in Atherton Tech Center, Rocklin, CA, one-half mile from Highway 65, 5 miles from Interstate 80. Since 1990, the South Placer Market consisting of Rocklin, Roseville and Lincoln has been one of California's fastest growing markets. During that time, the estimated population has grown nearly 300% (approximately 73,500 to 219,000) and expected to exceed 260,000 in 2016. Highway 65 has been the target of some of South Placer Counties' most notable growth featuring the Westfield Galleria and Fountains Shopping Center (both 5 minutes south). The property is surrounded by many of the region's best tenants including UC Davis Medical Center, William Jessup University, Allied Electronics,

### OCCUPANCY

Stantec, [www.stantec.com](http://www.stantec.com), founded in 1954, provides professional consulting services in planning, engineering, architecture, interior design, landscape architecture, surveying, environmental sciences,

project management, and project economics for infrastructure and facilities projects. Continually striving to balance economic, environmental, and social responsibilities, they are recognized as a world-class leader and innovator in the delivery of sustainable solutions. They support public and private sector clients in a diverse range of markets, at every stage, from initial concept and financial feasibility to project completion and beyond.



In simple terms, the world of Stantec is the water we drink, the routes we travel, the buildings we visit, the industries in which we work, and the neighborhoods we call home.

Their services are provided on projects around the world through approximately 11,000 employees operating out of more than 170 locations in North America and 4 locations internationally. Stantec trades on the TSX and on the NYSE under the symbol STN.

\* Appendix A, Pg. 9

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## MARKET CONDITIONS

While considered for many years by investors and businesses to be the most desirable submarket in the Sacramento Region, the South Placer market discovered it was not immune to the economic challenges posed in the last five years. The third largest office market in the region in terms of total square feet, the market became over-built and now suffers with vacancy rates in excess of 20%. That said, the region is surrounded by some of the finest executive and middle-management housing and demographics in the region and is still considered by most to represent one of the safest long term investment opportunities in the commercial market provided one can identify a long term leased asset with a strong credit tenant such as the Subject Property. The region has demonstrated three straight quarters of positive absorption and most feel pricing will never be more attractive than today, particularly in light of current financing opportunities.

## INVESTMENT OPPORTUNITY

The Stantec Building in Atherton Tech Center, Rocklin, CA represents a very attractive investment opportunity for several reasons:

**Attractive Yields:** The property provides a 7.00% Capitalization Rate based upon the asking price of \$4,280,000. Based on estimated average CPI increases of 3% annually and fixed Operating Expenses as of 2012, an investor will receive an average unleveraged yield of 8.30% over the 10 year term of the Lease.

**Rent Stability:** Very few investment offerings available in the current market offer a long term lease with a strong credit tenant. Stantec, Inc., with over 170 locations throughout North America and over 11,000 employees, provides a highly reliable tenant for the duration of the lease.

**Likelihood of Renewal:** Of course, no one can predict the future and nor can anyone assure that a tenant will not relocate at the end of their lease term, however, the 10 year lease term is what remains of a 20 year lease and with a \$700,000 investment in a 25 year signature sustainable solar system in 2008 (resulting in near zero energy costs for the tenant) continued tenancy would seem highly plausible.

**Replacement Cost:** The asset is being offered at a price of \$239.00 per square foot. The solar system alone is \$35.00 per sf. In today's market with rising commodity, transportation, energy and permit costs, one would be hard pressed to build a comparable product for less than the asking price.





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## OPERATING STATEMENT 3875 ATHERTON ROAD, ROCKLIN, CA

	Suite	Start	End	Pro-Forma (Monthly)				
				USF	RSF	Rent/RSF	Rent	Total
Stantec Engineering	100	7/1/2001	6/30/2022	19,866	19,866	\$1.59	\$ 31,527	\$ 31,527
<b>Sub Total</b>					<b>19,866</b>		<b>\$ -</b>	<b>\$ 31,527</b>
Additional Income								
<b>Total</b>								<b>\$ 31,527</b>

INCOME AND EXPENSE STATEMENT					
<b>Annual Income</b>				\$	378,328
<b>Annual Expenses</b>					
Utilities					
Water, Sewer/Storm Drainage				\$	(1,987)
Property Taxes				\$	(47,000)
Insurance Expense				\$	(1,921)
Trash				\$	(7,588)
Pest Control				\$	(911)
Building Maintenance				\$	(19,317)
Total Expenses				\$	(78,724)
<b>Net Operating Income</b>				\$	<b>299,604</b>
<b>Cap Rate</b>					<b>7.0%</b>
<b>Stabilized Value</b>				Sale Price:	<b>\$4,280,060</b>
<b>Price Per RSF</b>					<b>\$215.45</b>
<b>Price Per Total Lot SF</b>					
<b>Debt Service</b>					
Down Payment					\$1,712,024
Annual Pymnts with					\$171,288
for					
<b>Cash Flow</b>					
<b>Cash on Cash Return</b>					<b>7.50%</b>
<b>Debt Coverage Ratio</b>					<b>1.75</b>



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## STANTEC SOLAR PROJECT:

This project involved designing and installing a 75 kW Photovoltaic (PV) system at the Stantec office on Atherton Road in Rocklin, California. Stantec researched available grants, incentives and rebates, provided all design including structural for the building and the panel support system, performed all necessary permitting, provided all plans and specifications, designed and implemented a SCADA-based/web-based monitoring system, and applied for the California Solar Initiative (CSI) and the Federal Tax Credit. Stantec was responsible for the complete installation of the system. Stantec continually operates and maintains the PV system, which can be monitored from the internet website. An energy audit was also performed which allowed the group to reduce power consumption by 20 percent by upgrading to more efficient lighting fixtures. The project was completed and put into operation December 2008 and has a 25 year energy production guarantee, that is, they guarantee the panels won't lose more than 5% of their capacity in 25 years.





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## RELEVANT COMPARABLE SALE TRANSACTIONS:

### **2295 Fieldstone Road, Lincoln, CA 95648**

Multi Property sale of 7 properties

Sale Date:	April 8th, 2011
Square Feet:	86,930
Purchase Price:	\$10,200,000
Capitalization rate:	7.2%

### **1201 Alhambra Boulevard, Sacramento, CA 95816**

Alhambra Medical Plaza

Sale Date:	September 19th, 2011
Square Feet:	101,133
Purchase Price:	\$43,200,000
Capitalization rate:	6.6%

### **255 Elm Street, Auburn, CA 95603**

Sale Date:	March 24th, 2011
Square Feet:	8,385
Purchase Price:	\$925,000
Capitalization rate:	6.1%

### **1520 Eureka Road, Roseville, CA 95661**

Sale Date:	November 23rd, 2010
Square Feet:	14,900
Purchase Price:	\$2,595,000
Capitalization rate:	5.6%

### **3063 Gold Canal Drive, Rancho Cordova, CA 95670**

Sale Date:	August 12th, 2010
Square Feet:	12,000
Purchase Price:	\$4,800,000
Capitalization rate:	7.5%

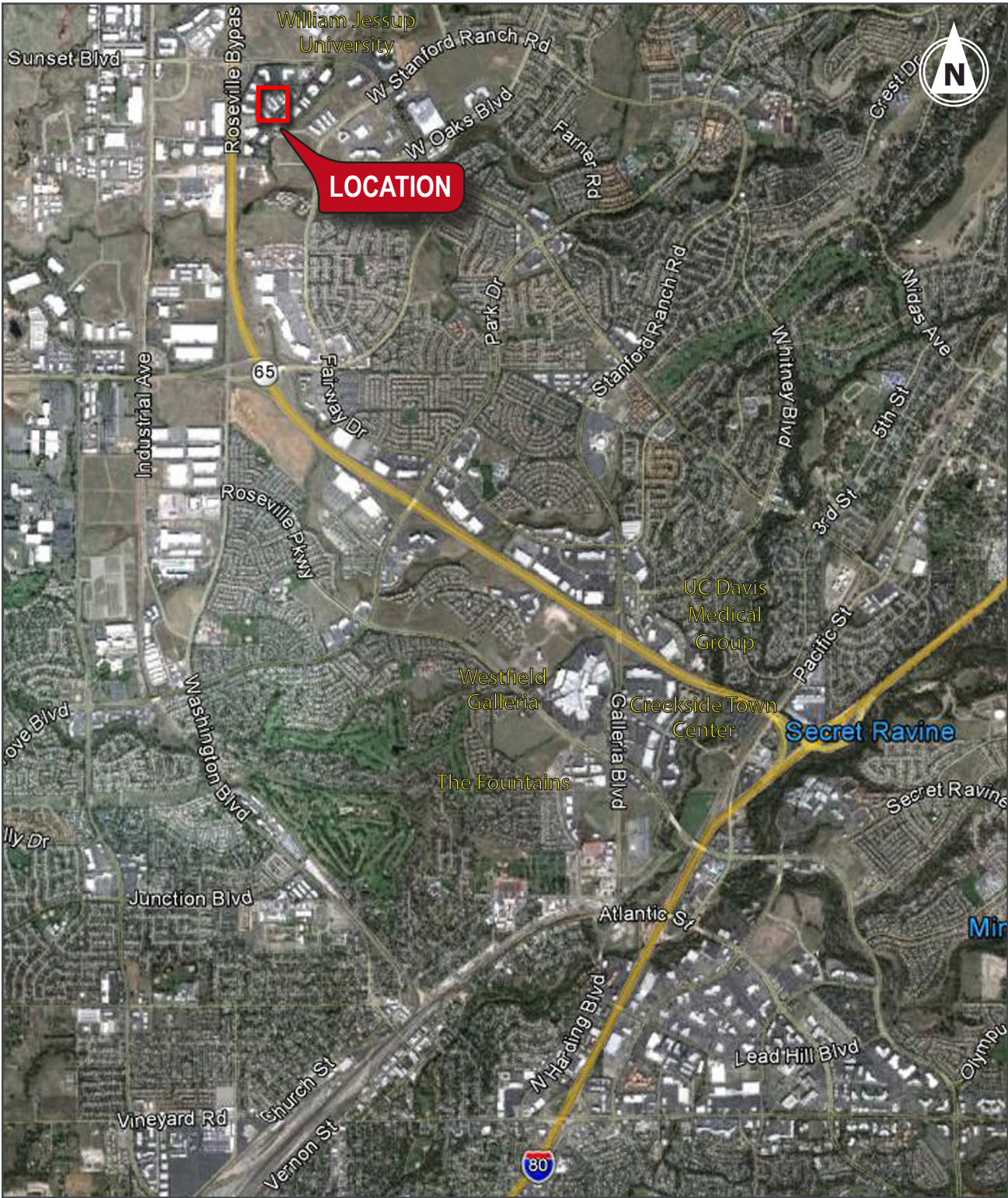
### **3071 Gold Canal Drive, Rancho Cordova, CA 95670**

Sale Date:	October 19th, 2011
Square Feet:	11,136
Purchase Price:	\$3,915,000
Capitalization rate:	6.5%

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## LOCATION AERIAL





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## APPENDIX A



### GAF Materials Corporation

1361 Alps Road Wayne, NJ

(800) 766-3411, Option 2

August 4, 2009

ECO-LOGIC  
3875 ATHERTON ROAD  
ROCKLIN, CA 95765

**RE: ECO-LOGIC OFFICE BUILDING**  
**3875 ATHERTON ROAD**  
**ROCKLIN, CA 95765**  
**Guarantee #: G2008-00007540**

### **SUBJECT: WE WOULD APPRECIATE YOUR FEEDBACK!**

Dear: ECO-LOGIC

#### **Congratulations...**

And thank you for choosing Anchor Roofing Inc. to install one of GAF's Integrated Commercial Roofing Systems on your property. Your EVERGUARD DIAMOND PLEDGE 20 YEAR GUARANTEE provides you with comprehensive system protection, so that if your roof leaks from either installation or material defects, the costs of repair are covered (see EVERGUARD DIAMOND PLEDGE 20 YEAR GUARANTEE for details). You can be certain that you've made the best and safest choice to protect your valuable property for years to come.

#### **Your Feedback Is Important . . .**

Anchor Roofing Inc. is committed to providing the best and safest choice for their customers and they know to be successful they must continuously improve. Your participation in a brief online quality survey will provide Anchor Roofing Inc. with a better understanding of their strengths and weaknesses, and as a result they will provide even better service for future customers.

Simply go to [www.GAF.com/survey](http://www.GAF.com/survey) and enter your personal survey code (all letters): **csiaalaUjRWjicb**. When you complete the survey, you will automatically be entered in the GAF Market Pulse™ Survey monthly sweepstakes. See the details on the website and below.

#### **Questions?**

Please feel free to call us if you have any questions about your new roof. And again, thanks for choosing GAF, your best and safest choice in roofing!

Very truly yours,

GAF Guarantee Services Team

#### **GAF MarketPulse™ Survey Monthly Sweepstakes -Rules Summary-**

**NO PURCHASE NECESSARY.** Void where prohibited by law. Subject to all federal, state, local laws, regulations and ordinances. Open to recent purchasers of either a GAF Diamond Pledge™ Limited Guarantee or System Pledge™ Ltd. Guarantee from a GAF Certified Contractor, who are legal residents of the 50 United States and the District of Columbia 18 years of age or older as of the date of entry. Employees and Directors of GAF Materials Corporation, or any of its parents, subsidiaries, affiliates, consultants, contractors, legal, advertising, public relations, promotional, fulfillment/marketing agencies and web providers and their immediate family/household members are not eligible to participate. Monthly contests begin 12:00 AM ET at the first of every month and ends 11:59 PM ET at the last day of every month. To enter, go to [www.gaf.com/survey](http://www.gaf.com/survey), enter the personal survey code you received with notification of registration of either your GAF Diamond Pledge™ Limited Guarantee or System Pledge™ Ltd. Guarantee, and then complete the on-line quality survey.

Monthly sweepstakes winners will each receive a \$100 American Express Gift Cheque. Odds of winning based on the number of eligible entries received.

To enter and to see the complete rules and eligibility requirements, visit [www.gaf.com/survey](http://www.gaf.com/survey). Sponsored by GAF Materials Corporation, 1361 Alps Road, Wayne, NJ 07470

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## APPENDIX A



*"Quality You Can Trust Since 1886...  
From North America's Largest Roofing Manufacturer"*

**Guarantee Services**  
1361 Alps Road  
Building 11-2  
Wayne, NJ 07470  
(800) 766-3411, Option #2

August 4, 2009

ECO-LOGIC  
3875 ATHERTON ROAD  
ROCKLIN, CA 95765

**Re: ECO-LOGIC OFFICE BUILDING**  
**3875 ATHERTON ROAD**  
**ROCKLIN, CA 95765**  
**Guarantee #: G2008-00007540**

Dear ECO-LOGIC:

Thank you for choosing a GAF Materials Corporation EVERGUARD DIAMOND PLEDGE 20 Year Guarantee for your roofing system. We believe that you've made the best and safest choice to protect your property for years to come.

We've enclosed the following items in this package:

- ☐ Your Guarantee - please keep this in your files. You'll need it in the unlikely event that there is a problem with your roof, or if you should sell the property.
- ☐ Well Roof™ Advantage Information Sheet - we can help you extend your Diamond Pledge Guarantee coverage length for an additional 25% at no charge! This sheet gives you a quick explanation of the Well Roof program, requirements, and benefits. Contact us for more details!
- ☐ Roofing Solutions Reference Manual - explains the importance of regular roof maintenance, and can help you get started on setting up a roof maintenance program. Remember, regular inspections and maintenance are a requirement of any roofing system guarantee. After you've had a chance to read the manual, we suggest that you set up a time to discuss a maintenance program with Anchor Roofing Inc., the GAF Master Commercial Roofing Contractor that installed your new roofing system.
- ☐ Scheduled Maintenance Checklists Booklet - provides you with suggested inspection checklists that you and your contractor can use for the life of your guarantee - and beyond.
- ☐ Stop Sign - attach this sign to the main point of entry to your roof system. It helps remind other trades that may need to access the roof about the importance of being careful with your investment. Your contractor can provide you with more if needed.

Remember, if you ever have any questions or concerns regarding your roofing system, we're here to help you at (800) 766-3411, Option #2 - or contact us at the e-mail address below. And thanks for choosing GAF!

Cordially,

**Guarantee Services**

**E-mail:** wguarantee@gaf.com

**cc:** Project File



APPENDIX A

	<b>EVERGUARD® DIAMOND PLEDGE™ ROOF GUARANTEE</b>	No. <b>G2008-00007540</b>
<b>OWNER: ECO-LOGIC, ROCKLIN, CA 95765</b> PERIOD OF COVERAGE: <b>20</b> YEARS		
NAME AND TYPE OF BUILDING: <b>ECO-LOGIC OFFICE BUILDING</b>		
ADDRESS OF BUILDING: <b>3875 ATHERTON ROAD, ROCKLIN, CA 95765</b>		
SPECIFICATION: <b>TMATN60</b>	AREA OF ROOF: <b>200.00</b>	SQUARES
APPLIED BY: <b>ANCHOR ROOFING INC. / AUBURN, CA</b>		
DATE OF COMPLETION: <b>02/11/2009</b>	EXPIRATION DATE: <b>02/11/2029</b>	

**THE GUARANTEE**  
GAF MATERIALS CORPORATION ("GAFMC") guarantees to you, the original owner of the building described above, that GAFMC will repair leaks through the EverGuard® roofing membrane, base flashing, high wall waterproofing flashings, insulation, expansion joint covers, prefabricated accessories and coated edge metal (the "EverGuard® Roofing Materials") resulting from the causes listed below while this guarantee is in effect.

**Scope Of Coverage - Leaks Caused by:**

1. Natural deterioration of the EverGuard® Roofing Materials	3. Ridges
2. Spills not caused by structural failure or movement of or cracks in substrate roof base or non-GAFMC insulation over which the EverGuard® Roofing Materials are applied	4. Buckles and wrinkles
	5. Workmanship in applying the EverGuard® Roofing Materials

There is no dollar limit on covered repairs. Leaks caused by any materials other than those listed above, such as the roof deck, non-GAFMC insulation, or any other materials used in the construction of the roof system, are not covered.

**GUARANTEE PERIOD**  
This guarantee ends as of the date listed above. **Note:** some systems require the use of specialized accessories in the roofing system. Where Lexsuo flashings are used, they are covered by this guarantee **only** for the first ten years.

**OWNER'S RESPONSIBILITIES**  
In the event of a leak through the EverGuard® Roofing Materials, you must notify the GAFMC Guarantee Services Department, 1361 Alps Road, Bldg. 11-1, Wayne, New Jersey 07470 in writing about the leak within 30 days after its discovery or GAFMC will have no responsibility for any repairs. **NOTE:** the roofing contractor is NOT an agent of GAFMC; notice to the roofing contractor is NOT notice to GAFMC. By notifying GAFMC, you authorize GAFMC to investigate the cause of the leak. If the investigation reveals that the leak is not covered by this Guarantee, you agree to pay an investigation cost of \$500. This Guarantee will be cancelled if you fail to pay this cost within 30 days of your receipt of an invoice for it.

You must perform regular inspections and maintenance and keep records of this work. Any equipment or material that impedes any inspection must be removed at your expense so that GAFMC can perform inspections. You must make repairs to the building or roof components not covered under the guarantee that are identified by GAFMC during an inspection as necessary to preserve the integrity of the EverGuard® Roofing Materials. This guarantee will be cancelled if you fail to do so in a timely manner.

You may make temporary repairs to minimize damage to the building or its contents in an emergency, at your sole expense. These repairs will not result in cancellation of the guarantee as long as they are reasonable and customary and do not result in permanent damage to the EverGuard® Roofing Materials.

**EXCLUSIONS FROM COVERAGE**  
This Guarantee does NOT cover leaks caused by the following or conditions other than leaks:

1. Lack of roof maintenance.	4. Traffic of any nature on the roof.
2. Unusual weather conditions or natural disasters including, but not limited to, windstorms, hail, floods, hurricanes, lightning, tornadoes, and earthquakes.	5. Changes in the use of the building unless approved in writing in advance by GAFMC.
3. Damage to the roof constructed of the EverGuard® Roofing Materials due to: (a) movement or cracking of the roof deck or building; (b) improper installation or failure of any non-GAFMC insulation or materials; (c) infiltration or condensation of moisture through or around the walls, copings, building structure or surrounding materials; (d) chemical attack on the membrane, including, but not limited to, exposure to grease or oil; or (e) failure of the wood nailers to remain attached to the structure.	6. Any repairs, modifications or additions to the EverGuard® Roofing Materials after the roof is completed, unless approved by GAFMC in writing in advance.
	7. Any condition (e.g., base flashing height or lack of counterflashing) that is not in accordance with the EverGuard Application and Specifications Manual unless specifically accepted by GAFMC in writing.

No representative, employee or agent of GAFMC has the authority to assume any additional liability or responsibility for GAFMC unless approved in writing by an authorized Contractor Services Manager. GAFMC shall not be responsible for or liable for any change or amendment to the EverGuard® roof specifications in regard to the construction of the roof described above, unless the change and/or amendment to the specifications is approved in writing by an authorized GAFMC Contractor Services Manager. **NOTE:** Any inspections made by GAFMC are limited to a surface inspection only, are for GAFMC's sole benefit, and do not constitute a waiver of any of the terms and conditions of this guarantee.

**ASSIGNABILITY**  
You may assign this guarantee to a subsequent owner of this building for the remaining term only if: 1) the request is in writing within 60 days after ownership transfer; 2) you make any repairs to the EverGuard® Roofing Materials or other roofing or building components that are identified by GAFMC after an inspection as necessary to preserve the integrity of the EverGuard® Roofing Materials; and 3) you pay an assignment fee of \$500. This Guarantee is NOT otherwise assignable by contract or operation of law, either directly or indirectly.

**LIMITATION OF DAMAGES; MEDIATION; JURISDICTION; CHOICE OF LAW**  
THIS GUARANTEE IS EXPRESSLY IN LIEU OF ANY OTHER GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED GUARANTEE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, and of any other obligations or liability of GAFMC, whether any claim against it is based upon negligence, breach of guarantee or any other theory. In NO event shall GAFMC be liable for any CONSEQUENTIAL OR INCIDENTAL DAMAGES of any kind, including, but not limited to interior or exterior damages and/or mold growth.

The parties agree that, as a condition precedent to litigation, any controversy or claim relating to this Guarantee shall be first submitted to mediation before a mutually acceptable mediator. In the event that mediation is unsuccessful, the parties agree that neither one will commence or prosecute any lawsuit or proceeding other than before the appropriate state or federal court in the State of New Jersey. This Guarantee shall be governed by the laws of the State of New Jersey, without regard to principles of conflicts of laws. Each party irrevocably consents to the jurisdiction and venue of the above identified courts.

**NOTE:** This Guarantee becomes effective only when all bills for installation and supplies have been paid in full to the roofing contractor and materials suppliers, and the Guarantee charge has been paid to GAF Materials Corporation.

This guarantee is applicable only in the U.S.A. and must have a raised seal affixed to be valid.

**GAF MATERIALS CORPORATION**  
1361 ALPS ROAD, BUILDING 11-1  
WAYNE, NJ 07470

By— Michael Rick Date 08/04/2009

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# 3875 Atherton Road

Rocklin, CA



**Ken Turton**  
916.468.0187  
[kenturton@turtoncom.com](mailto:kenturton@turtoncom.com)

**Aaron Marchand**  
916.468.0193  
[aaronmarchand@turtoncom.com](mailto:aaronmarchand@turtoncom.com)

 **TURTON**  
COMMERCIAL REAL ESTATE  
1050 20th Street, Ste. 220  
Sacramento, CA 95814

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