

Dog's best friend: Dave and Cheryl Duffield put \$300M into family fund.

Big kitty funds 'animal think tank'

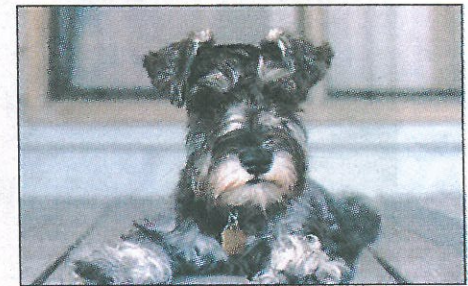
Billionaire Duffield buys huge HQ for pet project

BY BLANCA TORRES
San Francisco Business Times

Dave Duffield's influence in the Tri-Valley is now expanding from software to animal care.

The former PeopleSoft founder recently paid \$17 million, or about \$120 per square foot, for a vacant 141,000-square-foot office building in

Hacienda Business Park at 4280 Hacienda Drive in Pleasanton to house the headquarters, animal care and teaching facility for Maddie's Fund, the family foundation of Duffield and his wife, Cheryl. It plans spend up to \$30 million more building it out to eventually accommodate up to 500 employees — up from eight right now.



Dog gone: The Duffields' foundation is named after Maddie, the late Schnauzer.

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ANIMALS: Foundation buys Pleasanton HQ, expects to grow to 500 employees

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"We think of ourselves as venture philanthropists who will be pioneering new innovations in the status and well-being of companion animals," said Rich Avanzino, president of Maddie's Fund. "This facility will house that mission."

The seller in the deal was Ellis Partners LLC, which bought the building as part of a three-building deal totaling 272,000 square feet in October 2010. The properties are known as Britannia Business Center II.

The foundation is named after Maddie, a miniature Schnauzer, that belonged to Duffield while he was forming PeopleSoft. PeopleSoft was acquired by Oracle Corp. for \$10.3 billion in 2005, the same year the Duffield co-founded another software firm, Workday Inc., a growing enterprise that now has more than 1,000 employees.

After the dog died, Duffield and his wife started Maddie's Fund in 1999 with a \$300 million endowment to save dog and cat lives.

The foundation currently focuses on

giving grants and awards of about \$15 million per year. It now occupies about 3,000 square feet in Alameda with eight employees.

The new Pleasanton facility, expected to open in 2014, will allow the foundation to significantly increase its headcount — up to 500 within the next 20 years — and expand its work in addressing animal welfare issues such as medical treatment, rehabilitation and technological advances.

The facility will include an adoption center, conference center, teaching institute and rehabilitation wing.

"We think of ourselves as the developers of an animal think tank," Avanzino said.

The foundation expects to spend \$20 million to \$30 million to build out the animal center in about 90,000 square feet of the building. Avanzino said the remaining space might be subleased until the foundation can grow into it.

The deal took several months to complete while the city of Pleasanton approved additional uses besides office in the building.

The building has been sitting empty for several years after the former tenant, Nellcor, a medical device company, moved out. It was vacant at the time Ellis Partners bought it and while space in the other Britannia Business Center buildings filled up with new tenants, 4280 Hacienda Drive remained untouched.

That was until last fall, when Maddie's Fund approached Ellis Partners about buying the building. Ellis Partners agreed to sell 4280 Hacienda Drive and has since put the other two buildings, 5700 Stoneridge Drive and 5720 Stoneridge Drive, on the market.

"As an investor and developer, we've added as much value as we can in the near term," said Jim Ellis, managing partner with Ellis Partners. "We are looking to sell the buildings to an institutional investor who may hold it for a longer period of time."

Ellis Partners bought the properties after they had been taken back by a lender and did not disclose what it paid, but market experts estimated between \$22 million and \$24 million, or \$80 to \$90 per

square foot. The complex was 20 percent occupied when Ellis Partners bought it. The firm inked deals totaling more than 90,000 square feet with Pacific Office Automation, Omron Network Products, IntegenX and PureRed Creative.

James Paxson, general manager of the Hacienda Business Park Owners Association, said the building was best suited for a single tenant, and large tenants have been few in the market during the last few years.

The 10 million-square-foot Hacienda Business Park is home to about 475 companies that employ about 17,500 people. It has vacancy of 26 percent for office space, 9 percent for research and development space and 9 percent for retail.

"We're really pleased that Maddie's Fund has decided to make that investment here in the park," Paxson said. "With all the work they did to redesign the building ... that made us feel confident they could operate with the larger park environment."