

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**Board of Trustees Agenda Report**  
**For the Trustee Meeting Date of November 18, 2014**

**ITEM TITLE:** Acquisition of 2118 Milvia Street, City of Berkeley

**SPECIFIC BOARD ACTION REQUESTED:**

Approval of Purchase and Sale Agreement (Agreement) of Six Million One Hundred Eighty Thousand Dollars (\$6,180,000.00) for 2118 Milvia Street, located in the City of Berkeley (Property) in substantially the same form as attached hereto, and, as a consequence of approval, authorization for the Chancellor to notify the City of Berkeley and execute the Agreement and direct the opening of escrow, making the initial deposit as required under the Agreement, and beginning due diligence inspection for final consideration and approval by the Board of Trustees (Board) at its regular board meeting on March 24, 2015, or sometime before the expiration of the applicable Due Diligence Period.

**ITEM SUMMARY:**

With Board approval, the District will place Three Hundred and Nine Thousand Dollars (\$309,000.00) into escrow within three (3) business days of full execution and delivery of the Agreement. During this time, the District will also engage in its due diligence investigation of the Property with the assistance of legal counsel and environmental consultants. As part of the investigation, District staff and legal counsel will review all documents concerning the current use of the Property, including a preliminary title report to evaluate any potential encumbrances or restrictions on the ownership and use of the Property, and will complete all necessary environmental reviews to ensure compliance with applicable law, including the California Environmental Quality Act. Additionally, District staff will conduct site investigations of the Property. The Due Diligence period commences on the date of full execution and delivery of the Agreement and expires on March 25, 2015, with a potential extension of thirty (30) days.

, Before expiration of the Due Diligence Period, District staff will present the findings from its due diligence investigation to the Board for consideration. At such time, the Board will be asked whether or not to move forward with the purchase of the Property. Should the Board approve moving forward with the purchase of the Property, the deposit amount will be increased by Six Hundred and Eighteen Thousand Dollars (\$618,000.00), thus bringing the total deposit to Nine Hundred and Twenty Seven Thousand Dollars (\$927,000.00). Upon providing notice to the Seller of Board approval to move forward with the purchase of the Property, the full amount of the deposit shall become non-refundable, except in the case of Seller's default, and released out of escrow to Seller.

If the Board approves final purchase on March 24, 2015 or sometime thereof, the District would purchase the Property on an "as is" basis with the close of escrow anticipated to be on or before May 1, 2015 in accordance with the Agreement. The purchase price, minus the deposit amount of \$927,000, will be due upon the close of escrow.

**SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):**

The total cost is \$17,413,000 which includes \$1.4 million for contingencies and escalation, \$623,000 for project management fees, and \$900,000 in FF&E. Sources of funding are Measure A and Berkeley City College's parking mitigation interests. BCC will also borrow \$4,569,800 from the Special Reserve and Redevelopment Funds, which

will be paid back from the general fund from BCC's non-resident growth of \$500,000 and is estimated to be paid back within 9 years. Attached is the estimated cost of the acquisition and source of funds.

**ALTERNATIVES/OPTIONS:**

Not buy the building and continue to lease the current Annex or identify another leasing property.

**EVALUATION AND RECOMMENDED ACTION:**

Chancellor recommends approval.

**WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?**

President Debbie Budd and Vice Chancellor Sadiq Ikharo

(\*\*\*\*\*Board contract approval is subject to negotiation and execution by the Chancellor.)

**DOCUMENT PREPARED BY:**

Prepared by: Thuy Nguyen  
[General Counsel]

Date: November 13, 2014

**DOCUMENT PRESENTED AND APPROVED BY:**

Presented and approved by: *Presenter/Approver Signature Here in Script* Date: \_\_\_\_\_  
[Enter Here - Name of College President, (if originating from a college) or Vice-Chancellor (if originating from the District)]

**FINANCE DEPARTMENT REVIEW**

Finance review required       Finance review *not* required

If Finance review is required, determination is:       Approved       Not Approved

If not approved, please give reason: \_\_\_\_\_

Signature: *Susan Rinne*  
Susan Rinne, Interim Vice Chancellor for Finance and Administration

**GENERAL COUNSEL (Legality and Format/adherence to Education Codes):**

Legal review required

Legal review *not* required

If Legal review is required, determination is:

Approved

Not Approved

Signature: *Thuy Thi Nguyen*  
Thuy Thi Nguyen, General Counsel

**CHANCELLOR'S OFFICE APPROVAL**

Approved, and Place on Agenda

Not Approved, but Place on Agenda

Signature: *Dr. José M. Ortiz*  
Dr. José M. Ortiz, Chancellor