

**Meeting of the San Bernardino Community College District Board of Trustees
August 2, 2018 - 12:00 p.m.
Study Session (Potential Bond) Minutes
Location: SBCCD Board Room, 114 S. Del Rosa Dr., San Bernardino CA 92408**

NOTE: The meeting will commence in the SBCCD Board Room, 114 S. Del Rosa Dr., San Bernardino CA 92408 and will resume and conclude at 685 E. Carnegie Drive, Suite 135, San Bernardino CA 92408.

MEMBERS PRESENT

Joseph Williams, President
Gloria Macías Harrison, Vice President
Dr. Anne L. Viricel, Clerk
Donna Ferracone, Trustee
John Longville, Trustee
Frank Reyes, Trustee
Dr. Donald L. Singer, Trustee (arrived at 1:20pm)

ABSENT

None

CALL TO ORDER – PLEDGE OF ALLEGIANCE

President Williams called the meeting to order at 12:00 p.m. Trustee Harrison led the pledge of allegiance.

PUBLIC COMMENTS ON AGENDA ITEMS

None.

PRESENTATION – POTENTIAL BOND MEASURE

Angel Rodriguez shared the community and stakeholder engagement. Timothy McLarney of True North Research gave a presentation and update on the potential bond measure. \$470 million bond. Median house value is \$173,966 districtwide. Typical property owner will pay \$44 per year. No exemptions unless you own property that is not subject to property taxes. Project and Programs. How do voters respond to proposals? Over 75% of voters are in favor of spending for the projects. Interim Ballot test with the standard language resulted in 65% of the respondents were in favor. AB 195 language resulted in 61% in favor. The Districtwide Facilities Master Plan Project list will be reprioritized through the collegial consultation process and sent to the board for approval in October.

Consideration of Approval to Adopt a Resolution Ordering an Election, and Establishing Specifications of the Election Order

Trustee Longville moved to adopt a resolution ordering an election and establishing specifications of the election order as amended. Trustee Harrison seconded the motion.

- To adopt the resolution as amended:
- Delete *and* in the 3rd Whereas on page 22
- WHEREAS, in today's **and** competitive job environment...
- Change *reduced* to *established* in the 4th Whereas
- Add another WHEREAS to address the increasing threats to safety from fires and the need for the district to provide facilities to firefighters

AYES: Harrison, Ferracone, Longville, Reyes, Singer, Viricel, Williams

NOES: None

ABSENT: None

ABSTENTIONS: None

PUBLIC COMMENTS ON NON-AGENDA ITEMS

None

ADJOURN

The meeting was adjourned at 1:30 p.m. in the SBCCD Board Room and will reconvene at **685 E. Carnegie Drive, Suite 135, San Bernardino CA 92408.**

**Meeting of the San Bernardino Community College District Board of Trustees
 August 2, 2018 - 1:45 p.m.
 Study Session (Real Estate Investment) Minutes
 Location: 685 E. Carnegie Drive, Suite 135, San Bernardino CA 92408**

MEMBERS PRESENT

Joseph Williams, President
 Gloria Macías Harrison, Vice President
 Dr. Anne L. Viricel, Clerk
 Donna Ferracone, Trustee
 John Longville, Trustee
 Frank Reyes, Trustee
 Dr. Donald L. Singer, Trustee

ABSENT

None.

RECONVENE PUBLIC MEETING

The public meeting reconvened at 2:25pm

PUBLIC COMMENTS ON AGENDA ITEMS

None.

Executive Vice Chancellor Torres gave a brief introduction and presented challenges with the District Offices. Challenges that were presented:

- Space is very limited at our District Offices
- We don't have space to be compliant with Grants such as the Maker Space
- We are currently paying \$150,000 annually for TESS facilities for 15,000 sf.
- The lease expires in March 2019 and owner is not amenable to a one-year lease for TESS
- Moving TESS to Crafton is going to cost approximately \$2 million to renovate/retrofit the buildings and will take approximately 18 months to complete the work at Crafton in order to accommodate TESS
- We need to centralize TESS along with other District Services
- We are currently paying \$50,000 annually for EDCT Foundation facilities for 2,580 sf. Space is needed for Maker Space
- We have a training room at PDC that is used as office with cubicles
- 8th Street does not have the capacity for our programs and requires expensive retrofitting
- HR does not have a place to test applicants; therefore, the testing is done in multiple days and delays hires
- It is difficult to schedule committee meetings

Anthony Delorenzo and Sammy Cemo of CBRE presented the SBCCD investment and occupancy analysis of Two Parkside, Carnegie Business Center II and One Carnegie Plaza.

OPTION 1: SBCCD DOES NOT PAY RENT

Total Investment	Total Investment PSF	Costs To Stabilize	Purchase Price	Purchase Price PSF	In-Place Return 88.94%	Return Once Occupied
\$15,301,520	\$186.43	\$938,220	\$14,363,300	\$175.00	5.23%	5.75%

PROPERTY 1: CARNEGIE BUSINESS CENTER II

Total Investment	Total Investment PSF	Costs To Stabilize	Purchase Price	Purchase Price PSF	In-Place Return 67.40%	Return Once Occupied
\$8,468,367	\$166.48	\$838,317	\$7,630,050	150.00	6.14%	8.42%

OPTION 2: SBCCD PAYS \$200,000 PER YEAR IN RENT

Total Investment	Total Investment PSF	Costs To Stabilize	Purchase Price	Purchase Price PSF	In-Place Return 88.94%	Return Once Occupied
\$15,301,520	\$186.43	\$938,220	\$14,363,300	\$175.00	6.61%	7.06%

PROPERTY 2: ONE CARNEGIE PLAZA

Total Investment	Total Investment PSF	Costs To Stabilize	Purchase Price	Purchase Price PSF	In-Place Return 88.94%	Return Once Occupied
\$17,697,387	\$163.31	\$358,667	\$17,338,720	\$160.00	7.15%	7.91%

OPTION 3: SBCCD PAYS \$2.10 PSF IN RENT

Total Investment	Total Investment PSF	Costs To Stabilize	Purchase Price	Purchase Price PSF	In-Place Return 88.94%	Return Once Occupied
\$15,301,520	\$186.43	\$938,220	\$14,363,300	\$175.00	8.70%	9.01%

The proposed solution:

Purchase a building such as the building known as Two Parkside (CBRE)

1. SBCCD occupies 20,000 SQF, does not pay rent
2. Add \$200,000 from savings above
3. SBCCD occupies the entire 2nd floor and does not pay rent
4. Add \$200,000 from savings above

Tenants

- Board, Chancellor, and DSS (including TESS and Research, Planning & Institutional Effectiveness)
- Gresham Savage Nolan & Tilden, PC
- Molina Health Care

Printshop will be relocated to Crafton (old Bookstore)

Other Buildings that are for sale for income strategies as stated in the Guiding Principles for the FCC Auction Proceeds - Up to \$40 million, including purchase of Two Parkside (CBRE)

Del Rosa building

- EDCT
- District Foundation Office
- District Grants Office
- KVCR & FNX overflow production/editing operations to alleviate space issues at KVCR.
- Community Development Center comprised of strategic partners from the public (State of CA Department of Industrial Relations) and non-profit, public-funded (Youth Build) agencies (possible lease revenues)
- HR on-boarding training
- HR recruitment testing
- Police department presence
- District events and State/Regional workshops.

Roles (AALRR)

1. Development of Terms / Offer Letter
2. Negotiations
3. Preparation of Purchase and Sale Agreement
4. Development of Board Resolutions and Agenda
5. Review of Due Diligence Materials
6. Coordination with Escrow and Review of Escrow Documents
7. Board Policy 6320 Investments and Effect/Interpretation -AALRR
8. BP 6320 is silent on real estate investments. It does not expressly prohibit or allow real estate investments. If intended use of properties includes a District use (whether immediate or in the future), then the benefits from the income produced are arguably incidental. A resolution articulating this can be developed.
 - a. Note: It is common for districts to acquire income producing property
 - b. CCCCCO Property Use Waiver Request

ACTION AGENDA

Consideration of Approval to Authorize Staff to Commence Negotiations for the Acquisition of Commercial Building(s)

Trustee Ferracone moved to approve, Trustee Harrison seconded the motion and the board members voted to authorize Staff to Commence Negotiations for the Acquisition of Commercial Building(s)

AYES: Williams, Harrison, Viricel, Ferracone, Longville, Reyes, Singer

NOES: None

ABSENT: None

ABSTENTIONS: None

Consideration to Approve BP and AP 6751 Parking Citation Payment Plan

Trustee Viricel moved to approve, Trustee Reyes seconded the motion and the board members voted to approve BP and AP 6751 Parking Citation Payment Plan. Parking citations are to have instructions on the citation so recipients know exactly what to do and there is no ambiguity.

AYES: Williams, Harrison, Viricel, Ferracone, Longville, Reyes, Singer

NOES: None

ABSENT: None

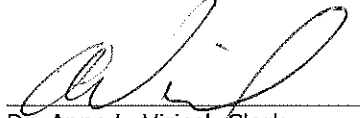
ABSTENTIONS: None

PUBLIC COMMENT ON NON-AGENDA ITEMS

None.

ADJOURN

The next meeting of the Board: Business Meeting, August 9, 2018 at 4pm. President Williams adjourned the meeting at 3:47pm.



Dr. Anne L. Viricel, Clerk
SBCCD Board of Trustees