AMENDED 01/31/08

Date: January 31, 2008  
To: Board of Trustees  
From: Dr. Philip R. Day, Jr., Chancellor  
Subject: Real Estate  
Authorization to amend the terms of the District’s agreement for the sale of the Colombo Building  
(Resolution No: 080131-W2)

BACKGROUND INFORMATION:

The Board of Trustees adopted Resolution No. 07628-W1 approving the sale of the Colombo Building to Drexler Colombo, LLC (Luigi Barassi is a principal of Drexler Colombo, LLC) for Two Million Five Hundred Thousand Dollars ($2,500,000). One of the factors recommending the sale of the Colombo Building to Drexler Colombo, LLC was Mr. Barassi’s strong commitment to preserve and restore this historic building in accordance with the plans approved by Friends of the Colombo Building and Montgomery-Washington LP (collectively, the “Friends”).

The original sale terms contemplated that Drexler Colombo, LLC, would obtain third-party financing for the purchase, and then complete the Restoration Work of the Colombo Building under Phase 2 of the Restoration Plan (the “Restoration Work”) as provided in that certain First Amended and Restated Settlement Agreement between the San Francisco Community College District and San Francisco Community College District Financing Corporation (collectively, the “District”) and Friends of the Colombo Building, dated September 29, 2005 (the “Amended Settlement Agreement”).

BOARD OF TRUSTEES  
DR. ANITA GRIER, PRESIDENT · JULIO J. RAMOS, ESQ., VICE PRESIDENT  
DR. NATALIE BERG · MILTON MARKS III · JOHN RIZZO · RODEL E. RODIS · LAWRENCE WONG, ESQ.  
DIANA MUNOZ-VILLANUEVA, STUDENT TRUSTEE · DR. PHILIP R. DAY, JR., CHANCELLOR

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The sale terms also contemplated that Drexler Colombo, LLC would complete the Restoration Work on a timetable agreed upon by the District and Friends and incorporated in a proposed Amendment No. 1 to the First Amended And Restated Settlement Agreement (“Amendment No. 1”). However, Montgomery-Washington LP has withheld consent to the Amendment No. 1, for reasons unrelated to the plans for the Colombo Building, and as a result Drexler Colombo, LLC has been unable to obtain third-party financing.

In an effort to close escrow and transfer title of the Colombo Building to Drexler-Colombo, LLC so that the Restoration Work of the Colombo Building under Phase 2 of the Restoration Plan can be completed, as provided in Amendment No. 1, Drexler-Colombo, LLC has agreed to remove all contingencies to the sale provided that the District will provide seller financing for the sale on the following terms:

1. Upon closing, the 5% down payment ($125,000) would be released to the District.

2. Upon closing, Drexler-Colombo, LLC will execute and deliver a note payable to the District in the principal amount of $2,375,000.00 carrying a 6.5% interest per annum compounded monthly. Drexler-Colombo, LLC will pay monthly interest only and must pay a mandatory partial principal prepayment of $125,000.00 by December 31, 2008. On or before 12 months after the closing of the sale of the Colombo Building. All accrued interest and unpaid principal shall be due and payable on December 21, 2009 or before 24 months after the closing of the sale of the Colombo Building. Drexler-Colombo, LLC will have a right to prepay the amounts due under the note without penalty or premium.

3. The note will be secured by a deed of trust recorded against the Colombo Building. Luigi Barassi will guaranty the obligations under the note.

4. Drexler-Colombo, LLC will begin the Phase 2 of the Restoration Plan within 6 months after the closing date and complete the Restoration Work at its own cost by the deadline provided in Amendment No. 1.

Drexler-Colombo, LLC, Friends, and Architectural Heritage Board each has requested the District to indemnify each of them from any claims asserted by Montgomery-Washington LP related to the Amended Settlement.
RECOMMENDATION:

RESOLVED: That the Board of Trustees authorizes the sale of the Colombo Building to Drexler-Colombo, LLC. for the purchase price of $2,500,000.00 with $125,000.00 down payment due at close of escrow, and a promissory note in the principal amount of $2,375,000 at 6.5% per annum.

FURTHER BE IT RESOLVED: That this authorization is contingent on Drexler-Colombo, LLC’s removal of all contingencies under the Purchase and Sale Agreement and the payment to the District of an additional One Hundred and Twenty-Five Thousand Dollars ($125,000) on or before December 31, 2008 12 months after the closing of the sale of the Colombo Building with the remainder of the principal and interest of the note due on or before December 31, 2009 24 months after the closing of the sale of the Colombo Building.

FURTHER BE IT RESOLVED: That this authorization is contingent upon the inclusion in the sales documents of terms providing for a defense and indemnification of all liability of the District for any failure by Drexler Colombo, LLC to fulfill the requirements of Amendment No. 1 to the First Amended and Restated Settlement Agreement, and such other and further terms as the District may deem appropriate in connection therewith;

FURTHER BE IT RESOLVED: That the District indemnify, defend, and hold harmless Drexler Colombo, LLC, Friends, and the Architectural Heritage Board from any and all claims by Montgomery-Washington LP relating to the Amended Settlement; and

FURTHER BE IT RESOLVED: That the Chancellor, Vice Chancellor of Finance and Administration and/or their designees are hereby authorized to execute such closing and note documents on behalf of the San Francisco Community College District.

Stephen J. Herman, Originator