

# ACTION ITEM

**Governing Board Agenda**

**Meeting Date:** July 28, 2009

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Approval of a Deed Restriction in the Purchase of Property Located at 145 North Centennial Way, Mesa, Az	Debra Thompson Dr. Shouan Pan

## Recommendation

It is recommended that the Governing Board approve a deed restriction in the purchase of the property located at 145 North Centennial Way in Mesa, Arizona.

## Justification

On November 25, 2008, the Governing Board approved the purchase of property located at 145 North Centennial Way in Mesa, Arizona for the price of \$3,150,000. Mesa Community College has occupied a portion of the property to be purchased under a lease since 1989. The City of Mesa owns the property, and its City Council approved the sale of it to MCCCDC on December 8, 2008. Unknown to MCCCDC, the City Council approved the sale with the intent of placing a deed restriction on MCCCDC's use of the property for a period of time. Thus, the Governing Board approved the purchase in November 2008 without consideration of any deed restriction.

Due to delays primary attributed to the City, the sale is still pending but will be concluded shortly if the Governing Board approves this item. The restriction, as described in more detail below, is not permanent. It applies to MCCCDC's use and sale of the property for 25 years and then ends. The effect of the restriction on, for instance, the sales price or resale value of the property isn't quantifiable. However, MCCCDC and MCC gain significant benefit from purchasing the property because it will end the payment of a substantial annual rent. Additionally, MCCCDC, through its outside real estate broker, has confirmed that there isn't any other comparable property in the downtown City of Mesa area for lease or purchase. Moreover, MCC cannot move the programs that it currently conducts on the property because it doesn't have any additional space at its other campuses. Finally, the purchase of the property will fulfill a partnership with the City to have a college presence in its downtown area.

The 25-year restriction requires MCCCDC to use the property for academic purposes (such as general office use related to an academic institution, teaching and advising students, uses by student organizations, academic and educational support and fundraising). The restriction automatically expires after 25 years. The restriction does not prevent MCCCDC from using or allowing third parties to use the property or portions of it for occasional non-academic related uses, events, and conferences. The restriction also gives the City a right of first refusal during those 25 years to repurchase the property if MCCCDC wishes to sell it to someone who does not want to use it for academic purposes. But if the City declines to exercise that right, MCCCDC may sell the property without being subject to the deed restriction at market price.

<u>Funding</u>	<u>Approvals/Certifications</u>
<u>Source:</u>	Chancellor _____
	Academic & Student Affairs _____
	Business Services _____
	Human Resources _____ ITS _____
	Res Dev & Cmty Relations _____
<u>Account Identification:</u>	College President _____