

JULY 9, 2021

# Building Purchase



# Introduction

**EBCE is in the process of negotiating a purchase agreement for real estate in downtown Oakland and evaluating financing options**

- Conventional Mortgage
- Cash Purchase and a refinance with a conventional mortgage
- Cash Purchase and a refinance with a Lease-Leaseback

**Currently evaluating advantages of a Lease-Leaseback vs conventional mortgage along with public financing limitations**

**Negotiating an amendment of our existing facility with Barclays bank to allow for additional debt**

**EBCE intends to move forward with an initial cash purchase and refinance through either a conventional mortgage or lease-leaseback in Oct-Dec timeframe**

# Conventional Mortgage

## Prior to building acquisition:

- Bank credit diligence - financial and operational review
- Building Appraisal - completed by a 3rd party
- Other building related diligence and contingencies - seismic/structural diligence and other technical inspections
- Account opened at financing institution for mortgage payments
- Mortgage is secured with the bank taking a lien on the building

## Financing closes in order to complete the building purchase

- Building acquisition is anticipated to be in August

# Cash Purchase with Conventional Refinancing

- Building is acquired through an initial cash purchase
- Following the acquisition of the building EBCE finances the initial cash purchase through a conventional mortgage
- The building acquisition is not contingent on the close of the financing
- Refinancing has similar requirements as conventional mortgage
- Timing of the refinancing may allow for an increased loan based on building improvements

# Cash Purchase with Lease-Leaseback

- Building is acquired through an initial cash purchase
- Following the acquisition of the building EBCE finances the initial cash purchase through a Lease-Leaseback financing
- The building acquisition is not contingent on the close of the financing
- Refinancing has similar requirements as conventional mortgage
- Timing of the refinancing may allow for an increased loan based on building improvements
- The Lease-leaseback structure may allow for an alternative security structure whereby the lender cannot take possession of the asset
- EBCE is currently evaluating this alternative structure, which is commonly used among public agencies