

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 07-154

Approving the Sale of Edgefield North, Located at SW Halsey Street and 244th in Troutdale, Oregon, to Red Shed Properties, LLC and the Reynolds School District and Authorizing County Chair to Execute Appropriate Documents to Complete the Sale

The Multnomah County Board of Commissioners Finds:

- a. By Resolution 04-169, dated November 18, 2004, the Board declared Edgefield North, Property ID Number R320821, ("the Property") surplus. The Property is approximately 46 acres located in the City of Troutdale and is frequently referred to as the "Pig Farm", a former use on the site.
- b. In February 2005, a County-commissioned outside appraisal valued the Property at \$5,300,000.
- c. By Resolution 05-056, dated April 14, 2005, the Board directed Facilities and Property Management Division ("Facilities") to sell the Property on the open market.
- d. By Resolution 06-062, dated April 27, 2006, the Board approved a proposed sale of Edgefield North to Centex Homes for \$7,401,500.
- e. Due to the decline in the housing market, the problems posed by the cloud of the 242nd Street Bypass overlay over the property and certain site development issues, it became clear in early 2007 that the sale of the Property to Centex Homes was not possible under the approved terms. Therefore, Facilities placed the Property back on the market in May 2007.
- f. Since May 2007, Centex Homes has not actively pursued purchase of the property. In August 2007, purchase offers were received from two industrial developers, one for \$6.3 million and another for \$6.5 million. These offers included long due diligence periods. There is also a significant question whether the development proposed for the property by these potential buyers would be approved. Facilities concluded that pursuing either of these offers would be time consuming and might not result in a sale on the terms that were offered. On August 28, 2007, Red Shed Properties, LLC and the Reynolds School District submitted the attached Draft Purchase and Sale Agreement with a purchase offer of \$5,750,000. It has no contingencies other than approval of title and formal approval of the Reynolds School District Board and proposes an accelerated close schedule of October 31, 2007. Facilities believes that a

sale on these terms represents fair market value and is in the best interests of the County.

- g. It is in the best interests of the County to sell the Property on the terms and conditions set forth in the attached Draft Purchase and Sale Agreement.

The Multnomah County Board of Commissioners Resolves:

1. It is in the best interests of the County to sell the Property to Red Shed Properties, LLC and the Reynolds School District on the terms and conditions set forth in the attached Draft Purchase and Sale Agreement.
2. The Chair is authorized to execute documents necessary to complete the sale of the Property substantially consistent with the Draft Purchase and Sale Agreement.

ADOPTED this 20th day of September 2007.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
John S. Thomas, Deputy County Attorney

SUBMITTED BY:

Carol M. Ford, Director, Dept. of County Management

EXHIBIT

PURCHASE AND SALE AGREEMENT AND RECEIPT FOR EARNEST MONEY

Dated: as of August 24, 2007

BETWEEN: Multnomah County, Oregon

("Seller")

AND: Red Shed Properties LLC and Reynolds School District

("Buyer")

Buyer offers to buy and acquire from Seller the approximately 46.5 acres of real property and all improvements thereon located at 1400 W. Historic Columbia River Highway in the City of Troutdale, County of Multnomah, Oregon legally described on Exhibit A, attached hereto and incorporated herein by reference (the "**Property**"). If no legal description is attached, Buyer and Seller will attach a legal description upon receipt and reasonable approval by both parties of the Preliminary Commitment.

1. Purchase Price. The total purchase price is Five Million Seven Hundred Fifty Thousand and no/100 Dollars (\$5,750,000) (the "**Purchase Price**") payable in cash at Closing.

2. Earnest Money Deposit. Upon execution of this Agreement, Buyer shall deliver to the Escrow Holder as defined in herein, for the account of Buyer \$57,500 as earnest money (the "**Earnest Money**") in the form of a check. The purchase and sale of the Property shall be accomplished through an escrow (the "**Escrow**") which Seller has established or will establish with First American Title Insurance Company (the "**Title Company**") and the Earnest Money shall be deposited with the Title Company. The Earnest Money shall be applied to the payment of the purchase price for the Property at Closing. Any interest earned on the Earnest Money shall be considered to be part of the Earnest Money. The Earnest Money shall be returned to Buyer in the event any condition to Buyer's obligation to purchase the Property shall fail to be satisfied or waived through no fault of Buyer.

3. Title Insurance. Within 5 days after the Execution Date, Seller shall open the Escrow with the Title Company and deliver to Buyer a preliminary title report from the Title Company (the "**Preliminary Commitment**"), showing the status of Seller's title to the Property, together with complete and legible copies of all documents shown therein as exceptions to title ("**Exceptions**"). Buyer shall have 5 days after receipt of a copy of the Preliminary Commitment and Exceptions within which to give notice in writing to Seller of any objection to such title or to any liens or encumbrances affecting the Property. Within 5 days after the date of such notice from Buyer, Seller shall give Buyer written notice of whether it is willing and able to remove the objected-to Exceptions. Within 5 days after the date of such notice from Seller, Buyer shall elect whether to (i) purchase the Property subject to those objected-to Exceptions which Seller is not willing or able to remove or (ii) terminate this Agreement. On or before the Closing Date (defined below), Seller shall remove all Exceptions to which Buyer objects and which Seller agrees Seller is willing and able to remove. All remaining Exceptions set forth in the Preliminary Commitment and agreed to by Buyer shall be deemed "Permitted Exceptions." The title insurance policy to be delivered by Seller to Buyer at Closing shall contain no Exceptions other than the Permitted Exceptions, any Exceptions caused by Buyer and the usual preprinted Exceptions contained in an owner's standard ALTA form title insurance policy.

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4. Default; Remedies. Notwithstanding anything to the contrary contained in this Agreement, in the event Buyer fails to deposit the Earnest Money Deposit in Escrow strictly as and when contemplated under Section 2 above, Seller shall have the right at any time thereafter to terminate this Agreement and all further rights and obligations hereunder by giving written notice thereof to Buyer. If the conditions, if any, to Buyer's obligation to consummate this transaction are satisfied or waived by Buyer and Buyer nevertheless fails, through no fault of Seller, to close the purchase of the Property, Seller's sole remedy shall be to retain the Earnest Money paid by Buyer. In the event Seller fails, through no fault of Buyer, to close the sale of the Property, Buyer shall be entitled to pursue any remedies available at law or in equity, including without limitation, the remedy of specific performance. In no event shall Buyer be entitled to punitive or consequential damages, if any, resulting from Seller's failure to close the sale of the Property.

5. Closing of Sale. Buyer and Seller agree the sale of the Property shall be closed (the "Closing") on or before October 31, 2007 (the "Closing Date") in the Escrow. The sale shall be deemed "closed" when the document(s) conveying title to the Property is recorded and the Purchase Price (increased or decreased, as the case may be, by the net amount of credits and debits to Seller's account at Closing made by the Escrow Holder pursuant to the terms of this Agreement) is disbursed to Seller. At Closing, Buyer and Seller shall deposit with the Title Company all documents and funds required to close the transaction in accordance with the terms of this Agreement. At Closing, Seller shall deliver a certification in a form approved by Buyer that Seller is not a "foreign person" as such term is defined in the Internal Revenue Code and the Treasury Regulations promulgated under the Internal Revenue Code. If Seller is a foreign person and this transaction is not otherwise exempt from FIRPTA regulations, the Title Company shall be instructed by the parties to withhold and pay the amount required by law to the Internal Revenue Service. At Closing, Seller shall convey fee simple title to the Property to Buyer by statutory warranty deed (the "Deed"). At Closing, Seller shall pay for and deliver to Buyer a standard ALTA form owner's policy of title insurance (the "Policy") in the amount of the Purchase Price insuring fee simple title to the Property in Buyer subject only to the Permitted Exceptions and the standard preprinted exceptions contained in the Policy.

6. Closing Costs; Prorates. Seller shall pay the premium for the Policy. Seller and Buyer shall each pay one-half of the escrow fees charged by the Title Company. Real property taxes for the tax year in which the transaction is closed and assessments (if a Permitted Exception) shall be prorated as of the Closing Date. Seller shall be responsible for payment of all taxes, interest, and penalties, if any, upon removal of the Property from any special assessment or program.

7. Possession. Buyer shall be entitled to exclusive possession of the Property, on the Closing Date.

8. Condition of Property. Seller represents that, to the best of Seller's knowledge without specific inquiry, Seller has received no written notices of violation of any laws, codes, rules, or regulations applicable to the Property ("Laws"), and Seller is not aware of any such violations or any concealed material defects in the Property. Risk of loss or damage to the Property shall be Seller's until Closing and Buyer's at and after Closing. No agent of Buyer or Seller has made any representations regarding the Property. Except for Seller's representations set forth in this Section 8, Buyer shall acquire the Property "as is" with all faults and Buyer shall rely on the results of its own inspection and investigation in Buyer's acquisition of the Property. It shall be a condition of Buyer's obligation to close, and of Seller's right to retain the Earnest Money as of Closing, that all of the Seller's representations and warranties

stated in this Agreement are materially true and correct on the Closing Date. Seller's representations and warranties stated in this Agreement shall survive Closing.

9. Notices. Unless otherwise specified, any notice required or permitted in, or related to, this Agreement must be in writing and signed by the party to be bound. Any notice will be deemed delivered (i) when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or (ii) on the day following delivery of the notice by reputable overnight courier, or (iii) three (3) days after mailing in the U.S. mails, postage prepaid, by the applicable party in all events, to the address of the other party shown in this Agreement, unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed delivered on the next following business day. If the deadline under this Agreement for delivery of a notice or payment is a Saturday, Sunday, or legal holiday, such last day will be deemed extended to the next following business day.

10. Assignment. Buyer may assign this Agreement or Buyer's rights under this Agreement without Seller's prior written consent.

11. Attorneys' Fees. In the event a suit, action, arbitration, or other proceeding of any nature whatsoever, including without limitation any proceeding under the U.S. Bankruptcy Code, is instituted, or the services of an attorney are retained, to interpret or enforce any provision of this Agreement or with respect to any dispute relating to this Agreement, the prevailing party shall be entitled to recover from the losing party its attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith (the "Fees"). In the event of suit, action, arbitration, or other proceeding, the amount of Fees shall be determined by the judge or arbitrator, shall include all costs and expenses incurred on any appeal or review, and shall be in addition to all other amounts provided by law.

12. Statutory Land Use Disclaimer. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

13. Wetlands and Flood Plain Mitigation. The Property includes wetlands and mapped flood plain areas and Buyer intends to develop such areas. Buyer intends to pursue permitting of site plans and facilities using mitigation on site as appropriate for fill or alteration of wetlands. After closing, Seller agrees to discuss with Buyer the possible use of north of the Property by Seller for mitigation of fill or alteration of wetlands. This obligation shall survive closing for such purposes, but Seller shall have no obligation to provide property for such use.

14. Miscellaneous. Time is of the essence of this Agreement. The facsimile transmission of any signed document including this Agreement, in accordance with Section 9, shall be the same as delivery of an original. At the request of either party, the party delivering a

document by facsimile will confirm facsimile transmission by signing and delivering a duplicate original document. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements between them with respect thereto. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. The person signing this Agreement on behalf of Buyer and the person signing this Agreement on behalf of Seller each represents, covenants and warrants that such person has full right and authority to enter into this Agreement and to bind the party for whom such person signs this Agreement to the terms and provisions of this Agreement. This Agreement shall not be recorded unless the parties otherwise agree.

15. Time for Acceptance. Seller has until 5:00 p.m. Pacific Time on September 14, 2007 to accept this offer. Acceptance is not effective until a copy of this Agreement which has been signed and dated by Seller is actually received by Buyer. If this offer is not so accepted, it shall expire and thereafter, neither party shall have any further right or remedy against the other.

16. Execution Date. The Execution Date is the later of the dates shown beneath the parties' signatures below.

17. Governing Law. This Agreement is made and executed under, and in all respects shall be governed and construed by the laws of the State of Oregon.

Buyer: **Red Shed Properties LLC**

Seller: **Multnomah County, Oregon**

By [Signature]
Title President/Manager
Execution Date 8/24/07
Time of Execution _____
Office Phone (503) 223-0109
Address 430 N. KUMMEROWAY
City Portland, OR
Zip 97217
Fax No. (503) 244-0837
Email _____

By _____
Title _____
Execution Date _____
Time of Execution _____
Office Phone _____
Address _____
City _____
Zip _____
Fax No. _____
Email _____

Reynolds School District

By _____
Title _____
Execution Date _____
Time of Execution _____
Office Phone _____
Address _____
City _____
Zip _____
Fax No. _____
Email _____

document by facsimile will confirm facsimile transmission by signing and delivering a duplicate original document. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements between them with respect thereto. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. The person signing this Agreement on behalf of Buyer and the person signing this Agreement on behalf of Seller each represents, covenants and warrants that such person has full right and authority to enter into this Agreement and to bind the party for whom such person signs this Agreement to the terms and provisions of this Agreement. This Agreement shall not be recorded unless the parties otherwise agree.

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Buyer: Red Shed Properties LLC

Seller: Multnomah County, Oregon

By _____
Title _____
Execution Date _____
Time of Execution _____
Office Phone _____
Address _____
City _____
Zip _____
Fax No. _____
Email _____

By _____
Title _____
Execution Date _____
Time of Execution _____
Office Phone _____
Address _____
City _____
Zip _____
Fax No. _____
Email _____

Reynolds School District

By Chuck Reynolds
Title Exec. Director of Business Services
Execution Date 9/27/07
Time of Execution 3:30 PM
Office Phone 503-661-7200
Address 1204 NE 201st Ave
City Fairview, OR
Zip 97024
Fax No. 503-667-6932
Email Chuck.Reynolds@reynolds.k12.or.us

This transaction is contingent upon approval of the Reynolds School District School Board on or before September 14, 2007.

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY