



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: Feb. 2017)

Board Clerk Use Only

Meeting Date: 9/20/18
Agenda Item #: R.4
Est. Start Time: 10:05 a.m.
Date Submitted: 9/14/18

Agenda Title: Resolution Approving Sale and Leaseback of the Multnomah County Courthouse, 1021 SW 4th Avenue, Portland, Oregon to, NBP Capital, LLC.

Requested

Meeting Date: September 20, 2018 **Time Needed:** 10 minutes

Department: County Assets (DCA) **Division:** Facilities & Property Management (FPM)

Contact(s): Bob Leek, Interim Director, Department of County Assets

Phone: 503/988-7351 **Ext.** 87351 **Email:** bob.leek@multco.us

Presenters: Bob Leek, Interim Director, Department of County Assets

General Information

1. What action are you requesting from the Board?

Adopt a Resolution approving the sale and leaseback of the Multnomah County Courthouse, 1021 SW 4th Avenue, Portland, Oregon ("Property"), to NBP Capital, LLC, on the terms and conditions set forth in the Purchase and Sale Agreement ("Agreement") attached to the Resolution as Exhibit 1 and the Real Property Lease ("Lease") attached to the Resolution as Exhibit 2; authorizing County Chair to execute sale and lease documents; and directing county staff to proceed to closing.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer(s) this action affects and how it impacts the results.

The Property has served as the downtown courthouse since the early 1900s. In 2016, construction commenced on a new downtown courthouse. Court operations at the Property will transfer to the new courthouse once it is complete.

During the period between sale of the Property and transfer of operations to the new courthouse, court operations will continue at the Property pursuant to the Lease set forth in Exhibit 2 to this Resolution.

In light of the foregoing, the Director of the Multnomah County Facilities and Property Management Division ("Director") has determined that there is no current or anticipated County use for the Property, other than continued court operations until transfer of those operations to the new courthouse. Accordingly, through Resolution 2018-032 (April 19, 2018), the Board declared the Property surplus and directed county staff to prepare and

market the Property for disposition and solicit public comment through a 60 day public comment period. Staff has complied with the Board's directives and, in consultation with its marketing consultant on this matter, CBRE, recommends sale and leaseback of the Property on the terms and conditions set forth in the Agreement and the Lease.

Key terms in the Agreement include:

- A negotiated purchase price of \$28,000,000.00 in cash or cash equivalent;
- 30-day due diligence period;
- An Initial Earnest Money downpayment of \$1,000,000.00 in cash or cash equivalent; \$100,000.00 becomes non-refundable upon Board approval of the Agreement and Lease; remainder becomes nonrefundable upon Buyer's satisfaction with the results of due diligence;
- An Additional Earnest Money downpayment of \$1,000,000.00 in cash or cash equivalent upon Buyer's satisfaction with the results of due diligence;
- Closing within 30 days after notice of Buyer's satisfaction with the results of due diligence.

Key terms in the Lease include:

- \$0 Base Rent for 24 months from the Closing Date; Two 2-month extension options, \$50,000.00 and \$100,000.00 Base Rent per month, respectively;
- Triple-Net Lease - County to pay all insurance, taxes, and maintenance and operations expenses (NNN Lease); and

3. Explain the fiscal impact (current year and ongoing).

This transaction is expected to result in net revenue to the County. There are a number of costs arising from this transaction, including: pre-marketing building preparation, including report preparation and document compiling; implementation of marketing; and implementation of the County's obligations under the Agreement and Lease. Some of these costs may be covered thru escrow, but others will need to be covered from the proceeds of the sale to reimburse the Facilities and Property Management Fund 3505.

4. Explain any legal and/or policy issues involved.

If approved, the County will assume the legal obligations specified in the Agreement for "Seller" and in the Lease for "Tenant."

5. Explain any citizen and/or other government participation that has or will take place.

A public comment period was open for 60 days commencing April 19, 2018.

Required Signature

**Elected
Official or
Department
Director:**

/s/ Bob Leek, Interim Director,
DCA

Date: 9/14/2018
