

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 05-131

Approving the Sale of the Regional Children's Campus Property, the Edgefield Property and the Multnomah County Correctional Facility to Reynolds School District and Michael R. McMenamin 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 Multnomah County Board of Commissioners declared the Edgefield Property and the Multnomah County Correctional Facility (MCCF) surplus.
- b. By Resolution 05-056, dated April 14, 2005, the Multnomah County Board of Commissioners declared the Edgefield Children's Campus Property (Children's Campus) surplus and directed Facilities and Property Management to negotiate a sale of the Children's Campus, MCCF, and the Edgefield Property to McMenamins Edgefield and the Reynolds School District (Reynolds).
- c. The attached Memorandum of Understanding-Termination of Lease and Sale of Regional Children's Center Property (MOU-Children's Center) was executed by Multnomah County and the Edgefield Children Center Land Trust Board (Trust) to establish terms for the sale of the Children's Campus. Under the terms of the MOU-Children's Center, the County is charged with managing and negotiating the sale of the Children's Campus, County-owned property upon which the Trust has a long-term leasehold. The terms establish a sales price for the Children's Campus of at least \$4,450,000, an amount which will be sufficient to pay off all Trust obligations to the County, with any balance accruing to the Trust. The terms also will terminate the Trust's leasehold interest in the Children's Campus and transfer the Arata Creek School site to the Trust for one dollar (\$1.00) for the benefit of the Multnomah Education Service District.
- d. The attached Memorandum of Understanding-Sale Of Troutdale Property (MOU-Troutdale) was executed by Multnomah County, Michael R. McMenamin (McMenamin), and Reynolds for the sale of the combined Edgefield Property, MCCF, and the Children's Campus. The MOU-Troutdale Exhibit A depicts approximately 46 acres which McMenamin has agreed to purchase for \$4,371,825. The MOU-Troutdale Exhibit B depicts approximately 57 acres which Reynolds has agreed to purchase for \$11,352,800. The sales price for both parcels of \$15,724,625 exceeds the combined appraised values of \$13,730,000. The MOU-Troutdale also provides for a no-cost leaseback of MCCF until June 30, 2006.

- e. By Resolution 05-118, dated June 23, 2005, the Multnomah County Board of Commissioners declared intent to vacate the Right-of Way (proposed 242nd/239th Extension) through the Edgefield Property. By Resolution 05-127, dated July 14, 2005, the Multnomah County Board of Commissioners scheduled a public hearing for September 8, 2005 to consider the proposed vacation. Under the terms of the MOU-Troutdale, the Right-of-Way, as depicted in Exhibit C, is included in the parcels to be purchased by both Reynolds and McMennamin. At closing, an escrow account will be established from the sales proceeds in the amount of \$1,730,000. If after eighteen months of closing the Right-of-Way has not been vacated, \$1,000,000 will be released to McMennamin and \$730,000 will be released to Reynolds. The successful vacation of the Right-of-Way will release the \$1,730,000 to Multnomah County.

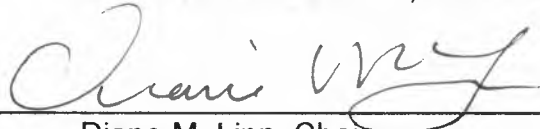
The Multnomah County Board of Commissioners Resolves:

1. It is in the best interests of the County to sell the Children's Campus under the terms of the MOU-Children's Center, including the repayment of the Trust's obligations, the termination of the Trust's lease, and the transfer of the Arata Creek School site back to the Trust.
2. It is in the best interests of the County to sell to McMennamin and Reynolds the Edgefield Property, the Children's Campus, and MCCF, including the Right-of-Way. The Chair is authorized to approve terms of the sale substantively consistent with the MOU-Troutdale and the MOU-Children's Center and to execute all appropriate documents necessary to complete the transactions.

ADOPTED this 28th day of July, 2005.

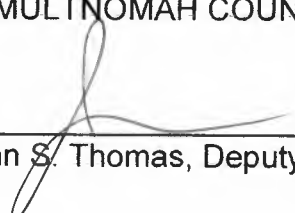


BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
John S. Thomas, Deputy County Attorney

**MEMORANDUM OF UNDERSTANDING
SALE OF TROUTDALE PROPERTY**

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made June 17, 2005 between **MULTNOMAH COUNTY ("County")**, **MICHAEL R. MCMENAMIN ("Buyer")** and **REYNOLDS SCHOOL DISTRICT ("Reynolds")**, all referred to herein collectively as the **"Parties"**. The purpose of this MOU is to clarify the understanding of the Parties concerning the sale by the County to Buyer of certain real property in Troutdale, Oregon (described below) and to Reynolds of certain real property in Troutdale, Oregon (described below) and to set forth some of the basic terms which will permit County and Buyer to begin to negotiate the terms of a formal purchase and sale agreement concerning the McMenamin Property (the **"McMenamin Purchase Agreement"**) and which will permit County and Reynolds to begin to negotiate the terms of a formal purchase and sale agreement concerning the Reynolds Property (the **"Reynolds Purchase Agreement"**).

1. **Recitals.**

A. County owns the real property consisting of the 9.03 acre area, the 4.06 acre area, the 3.5 acre area, the 18.7 acre area, the 2.2 acre area, the 3.1 acre area, the 1.4 acre area and the 3.79 acre area, all depicted generally as shaded on the map attached as Exhibit A (collectively, the **"McMenamin Property"**). County also owns the real property consisting of the 26.4 acre area, the 6.84 acre area, the 15.7 acre area and the 8.4 acre area, all depicted generally as shaded on the map attached as Exhibit B (collectively, the **"Reynolds Property"**).

B. Buyer desires to acquire from County the McMenamin Property. Reynolds desires to acquire from County the Reynolds Property.

C. County believes it is in its best interest to sell the McMenamin Property to Buyer and to sell the Reynolds Property to Reynolds.

D. County intends to coordinate the sale of the McMenamin Property and the Reynolds Property cooperatively with the Edgefield Childrens Center, the holder of certain lease rights on the McMenamin Property and the Reynolds Property.

2. **Purchase Price.** The total purchase price for the McMenamin Property would be \$4,371,825. The total purchase for the Reynolds Property would be \$11,352,800.

3. **Buyer Earnest Money Deposit.** Concurrently with the execution of the McMenamin Purchase Agreement, Buyer will deposit with First American Title Insurance Company (**"Title Company"**) a promissory note equal to \$100,000 as a forfeitable earnest money deposit. Upon removal of the contingency described in paragraph 5 below, the amount of such note will be funded into escrow to be applied toward the purchase price for the McMenamin Property at closing.

4. **Reynolds Earnest Money Deposit.** Concurrently with the execution of the Reynolds Purchase Agreement, Reynolds will deposit with First American Title Insurance Company a promissory note equal to \$100,000 as a forfeitable earnest money deposit. Upon removal of the contingency described in paragraph 6 below, the amount of such note will be funded into escrow to be applied toward the purchase price for the Reynolds Property at closing.

5. **Buyer Contingency Period.** Buyer will have sufficient time from the date of mutual execution of the McMenemy Purchase Agreement in which to satisfy itself concerning the condition (including environmental condition) of the McMenemy Property. If Buyer determines that he is not satisfied with the condition of the McMenemy Property, then prior to expiration of the negotiated contingency period, Buyer may terminate the McMenemy Purchase Agreement and receive a full refund of the Buyer Earnest Money Deposit. Subsequent to mutual execution of this MOU and prior to closing of the sale of the McMenemy Property, Buyer will have access to the McMenemy Property for the purpose of performing reasonable tests, engineering studies, surveys, soil tests and other inspections, studies and tests on the McMenemy Property as Buyer may deem necessary at his own expense, provided that Buyer will promptly restore any damage caused by the exercise of such rights, and will indemnify County from any claim, loss or liability to the extent arising out of any entry by Buyer onto the McMenemy Property prior to such closing. The County may, within reason, limit access to and activities in the Multnomah County Correctional Facility as long as this does not materially affect Buyer's ability to satisfy itself concerning the condition of the property.

6. **Reynolds Contingency Period.** Reynolds will have sufficient time from the date of mutual execution of the Reynolds Purchase Agreement in which to satisfy itself concerning the condition (including environmental condition) of the Reynolds Property. If Reynolds determines that it is not satisfied with the condition of the Reynolds Property, then prior to expiration of the negotiated contingency period, Reynolds may terminate the Reynolds Purchase Agreement and receive a full refund of the Reynolds Earnest Money Deposit. Subsequent to mutual execution of this MOU and prior to closing of the sale of the Reynolds Property, Reynolds will have access to the Reynolds Property for the purpose of performing reasonable tests, engineering studies, surveys, soil tests and other inspections, studies and tests on the Reynolds Property as Reynolds may deem necessary at its own expense, provided that Reynolds will promptly restore any damage caused by the exercise of such rights, and will indemnify County from any claim, loss or liability to the extent arising out of any entry by Reynolds onto the Reynolds Property prior to such closing. Access to any area currently leased or owned by the Edgefield Children's Center will need to be coordinated with the Center.

7. **Land Division.** Prior to closing, all necessary governmental approvals (without possibility of appeal), including, without limitation any necessary partition and/or subdivision approvals, shall be obtained to enable County to convey the McMenemy Property to Buyer, and the Reynolds Property to Reynolds, at closing in compliance with Oregon statutes regarding conveyance of legal parcels. Buyer will seek such approvals upon mutual execution of the McMenemy Purchase Agreement. Reynolds and County shall each reimburse Buyer for one-third (1/3rd) of the costs and expenses (including attorneys fees) incurred by Buyer to obtain such approvals. Buyer shall provide the Parties with a preliminary cost estimate and notice if costs significantly increase beyond the estimate during the course of the project.

8. **Street Vacation.** Following closing of the McMenemy Purchase Agreement and the Reynolds Purchase Agreement, the Parties will seek and use reasonable efforts to obtain all necessary governmental approval (without possibility of appeal) for a street vacation of the existing connector shown generally on the site map attached as Exhibit C. If the Parties do not obtain such approval within eighteen months of closing then the County will reimburse Buyer \$1,000,000 ("Buyer Reimbursement") and the County will reimburse Reynolds \$730,000 ("Reynolds Reimbursement") out of escrow described in Section 9. These reimbursements are

deemed to satisfy all claims that the Parties may have against each other with regarding to Street Vacation, provided that, each party acts in good faith in the Parties' attempt to vacate the street. The Parties shall be responsible for their own costs associated with Street Vacation.

9. **Street Vacation Reimbursement Escrow.** At closing, separate interest bearing escrow accounts shall be created for the Buyer Reimbursement and the Reynolds Reimbursement. In the event the street described in Section 8 is vacated (without possibility of appeal) then both escrow accounts shall be the property of the County. In the event the street is not vacated, the Buyer Reimbursement will be the property of Buyer and the Reynolds Reimbursement will be the property of Reynolds.

10. **Leaseback of Jail.** At closing of the sale of the McMenamin Property, Buyer would lease the jail located on the 9.03 acre portion of the McMenamin Property back to the County on terms and conditions acceptable to Buyer and County with an expiration date not later than June 30, 2006. The County shall bear all costs associated with the operation and maintenance of the jail during the lease term which shall be the sum total of the lease consideration that the County is required to pay relating to the lease.

11. **Delivery of Documents.** Upon execution of this MOU, County will provide to Buyer copies of all material environmental, wetlands and soils reports on the McMenamin Property in County's possession, if any, and to Reynolds copies of all material environmental, wetlands and soils reports on the Reynolds Property in County's possession, if any. It is understood by the Parties that the reports the County is obligated to provide are those that the County materially uses in the administration of the property.

12. **Title Transfer.** At closing of the sale of the McMenamin Property, County will transfer title to the McMenamin Property to Buyer free and clear of liens and encumbrances except those acceptable to Buyer. At closing of the sale of the Reynolds Property, County will transfer title to the Reynolds Property to Reynolds free and clear of liens and encumbrances except those acceptable to Reynolds. Conveyances will be by bargain and sale deed.

13. **Closing.** Closing of the sale of the McMenamin Property shall take place on or before 30 days after the parcels comprising the McMenamin Property are ready to be conveyed in accordance with Section 7 above. Closing of the sale of the Reynolds Property shall take place on or before 30 days after the parcels comprising the Reynolds Property are ready to be conveyed in accordance with Section 7 above. The Parties agree to make best efforts to execute a Purchase and Sale Agreement not later than July 29, 2005 and to close the transaction not later than October 31, 2005.

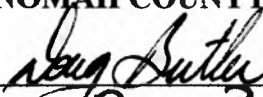
14. **Possession.** County will deliver possession of the McMenamin Property to Buyer at closing of the sale of the McMenamin Property, subject to the lease for the jail described in Section 9 above. County will deliver possession of the Reynolds Property to Reynolds at closing of the sale of the Reynolds Property.

This MOU shall not constitute a formal and binding agreement. It merely states a framework upon which County and Buyer may consider negotiating and executing a binding Purchase Agreement between County and Buyer with respect to the McMenamin Property and upon which County and Reynolds may consider negotiating and executing a binding Purchase Agreement between County and Reynolds with respect to the Reynolds Property.

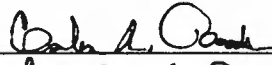
Neither County nor Buyer shall have any obligations to each other concerning the McMenamin Property unless and until a mutually agreeable Purchase Agreement is executed, and County and Buyer disclaim any and all obligations whatsoever, including, without limitation, the obligation to negotiate in good faith or to arrive at an agreement concerning the sale and purchase of the McMenamin Property, until a time, if ever, that County and Buyer execute a binding agreement.

Neither County nor Reynolds shall have any obligations to each other concerning the Reynolds Property unless and until a mutually agreeable Purchase Agreement is executed, and County and Reynolds disclaim any and all obligations whatsoever, including, without limitation, the obligation to negotiate in good faith or to arrive at an agreement concerning the sale and purchase of the Reynolds Property, until a time, if ever, that County and Reynolds execute a binding agreement.

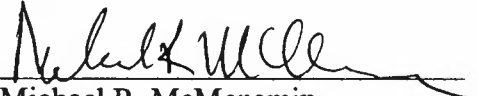
MULTNOMAH COUNTY

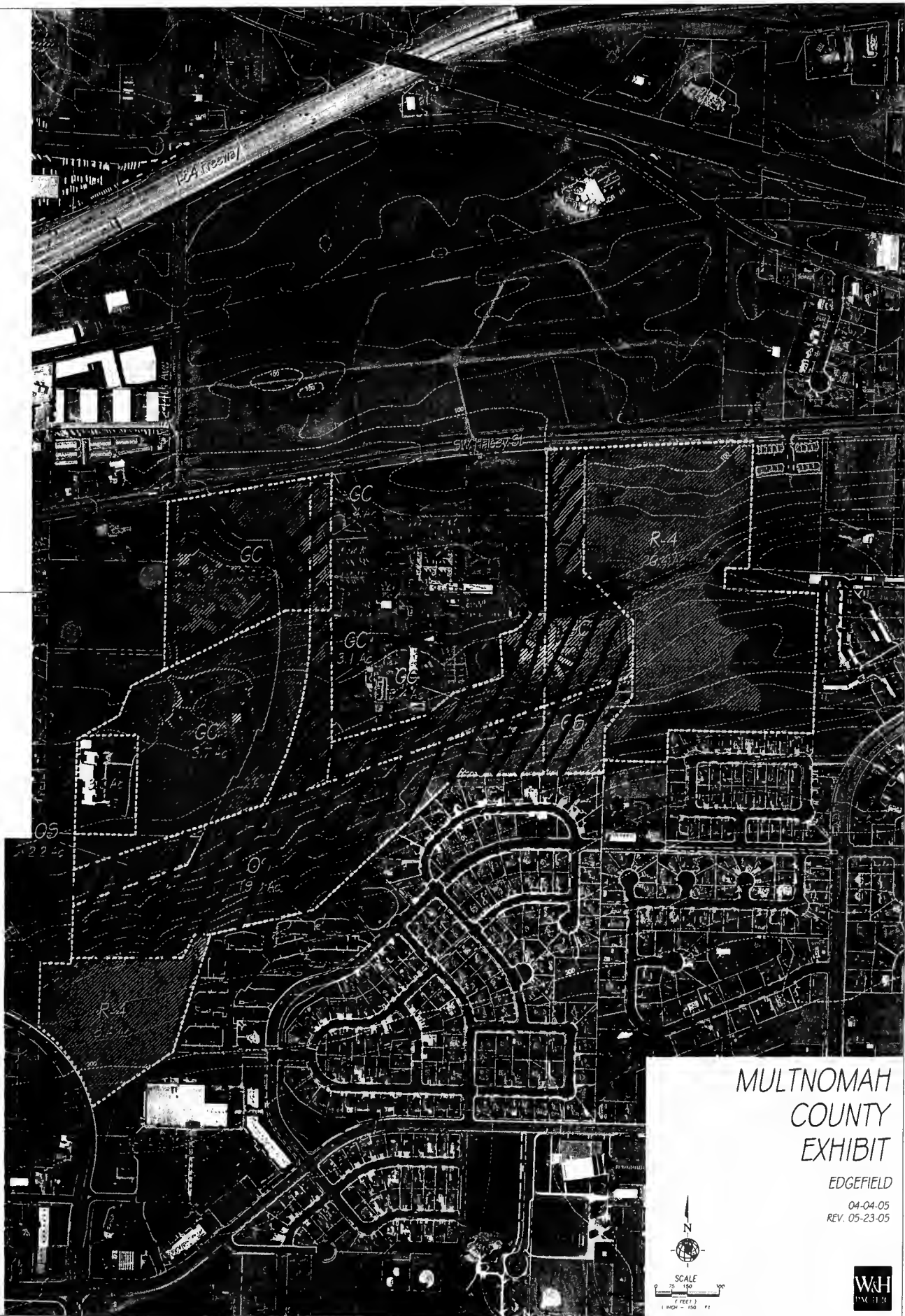
By: 
Name: DOUG BUTLER
Title: MULT. CO. FACILITIES Dir.
Date: 6-7-05

REYNOLDS SCHOOL DISTRICT

By: 
Name: CHARLES A. RHOADS
Title: DIRECTOR OF BUSINESS SERVICES
Date: 6/17/05

BUYER:

By: 
Michael R. McMenamin
Date: 6-24-05





MULTNOMAH COUNTY EXHIBIT

EDGEFIELD

04-04-05
REV. 05-23-05





MULTNOMAH
COUNTY
EXHIBIT

EDGEFIELD

04-04-05
REV 05-23-05



**Memorandum of Understanding
Termination of Lease and Sale of Regional Children's Center Property**

The Children's Land Trust ("Trust") and Multnomah County ("County") issue this Memorandum of Understanding (MOU) concerning the termination of the existing land lease and sale of the Property at the Regional Children's Campus. The purpose of this MOU is to clarify the understanding of the parties so that an agreement can be approved on or before June 30, 2005 and the sale of the Edgefield Children's Center may be closed as soon as possible thereafter..

1. Recitals:

- a. The Property comprises the entire Regional Children's Campus and is defined as a portion of Tax Lot 407 consisting of parcels 1, 4, 5, 6, 7, 8 and 9 in the site plan developed by MCM Architects on March 9, 2005.
- b. The County has title to the Property.
- c. The Trust leased the property and improvements from the County in 1998 for the purpose of developing a regional campus for an array of children's services.
- d. The lease payments from the Trust described in Paragraph c. above are used to cover:
 1. The debt service for a \$3,155,000 bond issue the County sold to help the Trust finance the development of the campus. (Outstanding balance at June 30, 2005 is \$2,115,000).
 2. County owned property valued at \$458,230. (June 30, 2005 payoff is \$317,180).
- e. Simultaneously, the Trust raised more than \$2,500,000 in private funds to support the development of the campus.
- f. In May of 2001 the County loaned the Trust an additional \$277,857 for infrastructure improvements. (June 30, 2005 payoff is \$226,457)
- g. On February 21, 2005 Cushman & Wakefield Valuation Services appraised the Property on behalf of the Trust at \$5,100,000 and on April 18, 2005 PGP Valuation appraised the Property on behalf of the County at \$3,510,000. This difference in the appraisals is not easily reconcilable and points to the difficulty in valuing this unique property.
- h. In recent years, declining revenues to the tenant programs have led to a situation where the Trust is unable to stay current on its lease payments to the County.
- i. To remedy this situation, the Trust and the County have agreed that it is in their mutual best interests to terminate the existing land lease, sell the subject Property, and payoff the outstanding bond debt, land lease and infrastructure lease.
- j. The County has helped support the Regional Children's Center operation from its inception and wants to be supportive of its continued operation. The parties have agreed that all net proceeds from the sale of the property after obligations to the County have been satisfied will accrue to the Trust to assist in the continuing mission of providing critical services to children in the region.

2. Primary Deal Points

The Trust and the County agree to jointly pursue the sale of the Regional Children's Center Property with the following understandings:

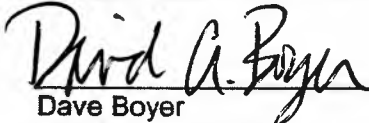
- a. The existing land lease will remain in effect until a sale of the Property closes. This lease will be terminated simultaneously with the sale of the Property.
- b. The County will manage and negotiate the sale of the Property to best serve the interests, in its judgment, of both the Trust and the County.
- c. The County will work with the Trust's designated board members to ensure all parties are involved in the decisions made regarding the Property.

- d. The proceeds from the sale of the Property will be pledged, in priority order, to the following:
 - i. Pay related sales and closing costs
 - ii. Pay off the outstanding County bond debt
 - iii. Pay off the outstanding lease obligations to the County
 - iv. The balance, if any, will accrue to the Trust in furtherance of its purposes in support of the region's children.
- e. The County will provide the Trust with advice dealing with conditional use or other relocation issues related to the programs on the existing campus.
- f. Simultaneous with the closing of the Property sale, the County will sell the Arata Creek School site to the Trust for the benefit of the Multnomah County Education Service District for the consideration of \$1.00, subject to the exceptions in Section 10.2 of the Lease.
- g. Provided that the County can negotiate a sales price for the Property of \$4,450,000 or greater, the Trust intends to fulfill its obligations in this Memorandum.

3. Closing

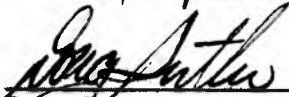
Closing is estimated to take place on September 1, 2005, or on a date mutually agreed to by the parties.

This Memorandum of Understanding is intended as a concept paper to discuss with our senior management and elected officials and is not binding on either party.



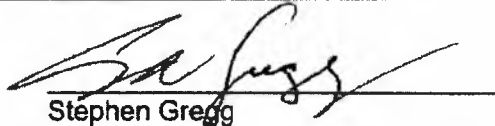
Dave Boyer
Chief Financial Officer
Multnomah County

Date: 7/5/05



Doug Butler
Facilities Director
Multnomah County

Date: 7/5/05



Stephen Gregg
Vice Chairman
Edgefield Children Center Land Trust Board

Date: 6/29/05