

ANNOTATED MINUTES

Wednesday, March 9, 1994 - 9:00 AM - 10:00 AM
Multnomah County Courthouse, Room 602

EXECUTIVE SESSION

E-1 *The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(e) for Deliberations Concerning Real Property Transactions.*

EXECUTIVE SESSION HELD. UNANIMOUS CONSENT ITEM TO BE CONSIDERED ON THURSDAY.

Wednesday, March 9, 1994 - 10:00 AM
Multnomah County Courthouse, Room 602

BUDGET WORK SESSION

WS-1 *Board Work Session to Discuss Issues Important for Development of the 1994-95 Budget, as Follows: Capital Improvement Plan - 10:00 AM TIME CERTAIN, 45 MINUTES REQUESTED; Data Processing Management Committee - 10:45 AM TIME CERTAIN, 45 MINUTES REQUESTED; and Neighborhood Prosecutor Program - 11:30 AM TIME CERTAIN, 30 MINUTES REQUESTED. Presented by Appropriate Department Staff.*

BETSY WILLIAMS, JIM EMERSON, JIM MUNZ AND MICHAEL SCHRUNK PRESENTATIONS AND RESPONSE TO BOARD QUESTIONS.

Thursday, March 10, 1994 - 9:30 AM
Multnomah County Courthouse, Room 602

REGULAR MEETING

Chair Beverly Stein convened the meeting at 9:32 a.m., with Vice-Chair Tanya Collier, Commissioners Sharron Kelley, Gary Hansen and Dan Saltzman present.

CONSENT CALENDAR

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER HANSEN, THE CONSENT CALENDAR (ITEMS C-1 THROUGH C-2) WAS UNANIMOUSLY APPROVED.

DEPARTMENT OF ENVIRONMENTAL SERVICES

C-1 *ORDER in the Matter of the Execution of Deed D940987 Upon Complete Performance of a Contract to Maxine E. Stamper*

ORDER 94-45.

C-2 *ORDER in the Matter of the Execution of Deed D940991 Upon Complete Performance of a Contract to Claxton N. Welch*

ORDER 94-46.

REGULAR AGENDA

NON-DEPARTMENTAL

R-1 *Progress Update on Right-of-Way Acquisition and Presentation of New Maps for 40-Mile Loop Land Trust. Presented by Bob Akers.*

BOB AKERS AND BOB BOTHMAN PRESENTATION AND RESPONSE TO BOARD QUESTIONS. BOARD COMMENTS IN SUPPORT.

SHERIFF'S OFFICE

R-2 *Ratification of Intergovernmental Agreement Contract 800664 Between Multnomah County and the City of Maywood Park, Providing Payment for Sheriff's Office Administration of County Code Chapter 7.51*

COMMISSIONER KELLEY MOVED AND COMMISSIONER SALTZMAN SECONDED, APPROVAL OF R-2. MARY ANN INGLESBY EXPLANATION FOR ITEMS R-2 THROUGH R-5. AGREEMENT UNANIMOUSLY APPROVED.

R-3 *Ratification of Intergovernmental Agreement Contract 800674 Between Multnomah County and the City of Fairview, Providing Payment for Sheriff's Office Administration of City Ordinances 9-1991 and 4-1993*

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER HANSEN, R-3 WAS UNANIMOUSLY APPROVED.

R-4 *Ratification of Intergovernmental Agreement Contract 800684 Between Multnomah County and the City of Troutdale, Providing Payment for Sheriff's Office Administration of City Ordinance 568-0*

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY

COMMISSIONER HANSEN, R-4 WAS UNANIMOUSLY APPROVED.

- R-5 *Ratification of Intergovernmental Agreement Contract 800694 Between Multnomah County and the City of Wood Village, Providing Payment for Sheriff's Office Administration of City Ordinance 5-1989*

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER SALTZMAN, R-5 WAS UNANIMOUSLY APPROVED.

DEPARTMENT OF ENVIRONMENTAL SERVICES

- R-6 *Ratification of Intergovernmental Agreement Contract 301314 Between Multnomah County and the City of Troutdale, Providing Utility Undergrounding and Road Improvements to S.E. Stark Street Between S.E. 282nd Avenue and S.E. Evans Road*

COMMISSIONER KELLEY MOVED AND COMMISSIONER HANSEN SECONDED, APPROVAL OF R-6. JOHN DORST EXPLANATION. AGREEMENT UNANIMOUSLY APPROVED.

COMMUNITY AND FAMILY SERVICES DIVISION

- R-7 *Affordable Housing Development Program Status Update of Unresolved Request for Property Under Ordinance 753, and Consideration of an ORDER in the Matter of Denying the Transfer of Tax Foreclosed Properties to Portsmouth Community Redevelopment*

COMMISSIONER HANSEN MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-7. CECILE PITTS EXPLANATION AND DISCUSSION IN RESPONSE TO COMMISSIONER HANSEN'S SUGGESTED AMENDMENT. LEE POE TESTIMONY IN SUPPORT OF PORTSMOUTH COMMUNITY REDEVELOPMENT. UPON MOTION OF COMMISSIONER HANSEN, SECONDED BY COMMISSIONER KELLEY, AN AMENDMENT ADDING: "IT IS FURTHER ORDERED THAT THE SUBJECT PROPERTY BE HELD OVER BY THE COUNTY AND MADE AVAILABLE FOR THE DEVELOPMENT OF AFFORDABLE HOUSING AS PART OF THE NEXT CYCLE OF THE AFFORDABLE HOUSING DEVELOPMENT PROGRAM." WAS UNANIMOUSLY APPROVED. ORDER 94-47, AS AMENDED, UNANIMOUSLY APPROVED.

DEPARTMENT OF COMMUNITY CORRECTIONS

R-8 *ORDER in the Matter of the Acquisition of Real Property for the Department of Community Corrections East County District Probation Services Field Office*

COMMISSIONER KELLEY MOVED AND COMMISSIONER SALTZMAN SECONDED, APPROVAL OF R-8. TAMARA HOLDEN, BOB OBERST AND DAVE BOYER EXPLANATION AND RESPONSE TO QUESTIONS AND CONCERNS OF VICE-CHAIR COLLIER. BOARD DISCUSSION AND COMMENTS. ORDER 94-48 APPROVED, WITH COMMISSIONERS KELLEY, HANSEN, SALTZMAN AND STEIN VOTING AYE, AND COMMISSIONER COLLIER VOTING NO.

R-9 *Budget Modification DCC 7 Requesting Authorization to Transfer \$120,000 from Rentals to Buildings for the Purchase of Property at 495 NE Beech in Gresham, for the Proposed Location of an East County District Office of Parole and Probation and Integrated Services*

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER HANSEN, R-9 WAS APPROVED, WITH COMMISSIONERS KELLEY, HANSEN, SALTZMAN AND STEIN VOTING AYE, AND COMMISSIONER COLLIER VOTING NO.

PUBLIC COMMENT

R-10 *Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.*

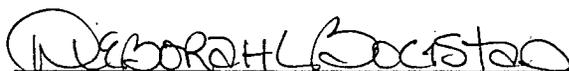
UPON MOTION OF COMMISSIONER COLLIER, SECONDED BY COMMISSIONER KELLEY, CONSIDERATION OF THE FOLLOWING ITEM WAS UNANIMOUSLY APPROVED.

UC-1 *ORDER in the Matter of the Acquisition of Real Property for the Department of Environmental Services, Division of Assessment and Taxation and the Information Services Division*

BOB OBERST EXPLANATION. BOARD COMMENTS. UPON MOTION OF COMMISSIONER COLLIER, SECONDED BY COMMISSIONER KELLEY, ORDER 94-49 WAS UNANIMOUSLY APPROVED.

There being no further business, the meeting was adjourned at 10:50 a.m.

OFFICE OF THE BOARD CLERK
for MULTNOMAH COUNTY, OREGON


Deborah L. Bogstad



MULTNOMAH COUNTY OREGON

OFFICE OF THE BOARD CLERK
SUITE 1510, PORTLAND BUILDING
1120 S.W. FIFTH AVENUE
PORTLAND, OREGON 97204

BOARD OF COUNTY COMMISSIONERS		
BEVERLY STEIN •	CHAIR	• 248-3308
DAN SALTZMAN •	DISTRICT 1	• 248-5220
GARY HANSEN •	DISTRICT 2	• 248-5219
TANYA COLLIER •	DISTRICT 3	• 248-5217
SHARRON KELLEY •	DISTRICT 4	• 248-5213
CLERK'S OFFICE •	248-3277	• 248-5222

AGENDA

MEETINGS OF THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS

FOR THE WEEK OF

March 7, 1994 - March 11, 1994

Wednesday, March 9, 1994 - 10:00 AM - Budget Work Session. Page 2

Thursday, March 10, 1994 - 9:30 AM - Regular Meeting. Page 2

Thursday Meetings of the Multnomah County Board of Commissioners are taped and can be seen at the following times:

Thursday, 10:00 PM, Channel 11 for East and West side subscribers

Thursday, 10:00 PM, Channel 49 for Columbia Cable (Vancouver) subscribers

Friday, 6:00 PM, Channel 22 for Paragon Cable (Multnomah East) subscribers

Saturday 12:00 Noon, Channel 21 for East Portland and East County subscribers

INDIVIDUALS WITH DISABILITIES MAY CALL THE OFFICE OF THE BOARD CLERK AT 248-3277 OR 248-5222, OR MULTNOMAH COUNTY TDD PHONE 248-5040, FOR INFORMATION ON AVAILABLE SERVICES AND ACCESSIBILITY.

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Multnomah County Courthouse, Room 602

REGULAR MEETING

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- C-2 *ORDER in the Matter of the Execution of Deed D940991 Upon Complete Performance of a Contract to Claxton N. Welch*

REGULAR AGENDA

NON-DEPARTMENTAL

- R-1 *Progress Update on Right-of-Way Acquisition and Presentation of New Maps for 40-Mile Loop Land Trust. Presented by Bob Akers. 9:30 TIME CERTAIN, 5 MINUTES REQUESTED.*

SHERIFF'S OFFICE

- R-2 *Ratification of Intergovernmental Agreement Contract 800664 Between Multnomah County and the City of Maywood Park, Providing Payment for Sheriff's Office Administration of County Code Chapter 7.51*
- R-3 *Ratification of Intergovernmental Agreement Contract 800674 Between Multnomah County and the City of Fairview, Providing Payment for Sheriff's*

Office Administration of City Ordinances 9-1991 and 4-1993

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COMMUNITY AND FAMILY SERVICES DIVISION

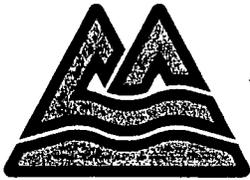
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PUBLIC COMMENT

- R-10 *Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.*



MULTNOMAH COUNTY OREGON

OFFICE OF THE BOARD CLERK
SUITE 1510, PORTLAND BUILDING
1120 S.W. FIFTH AVENUE
PORTLAND, OREGON 97204

BOARD OF COUNTY COMMISSIONERS
BEVERLY STEIN • CHAIR • 248-3308
DAN SALTZMAN • DISTRICT 1 • 248-5220
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TANYA COLLIER • DISTRICT 3 • 248-5217
SHARRON KELLEY • DISTRICT 4 • 248-5213
CLERK'S OFFICE • 248-3277 • 248-5222

SUPPLEMENTAL AGENDA

Wednesday, March 9, 1994 - 9:00 AM - 10:00 AM

Multnomah County Courthouse, Room 602

EXECUTIVE SESSION

E-1 The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(e) for Deliberations Concerning Real Property Transactions.

1991-1.AGE/44/dlb

SHARRON KELLEY
Multnomah County Commissioner
District 4



Portland Building
1120 S.W. Fifth Avenue, Suite 1500
Portland, Oregon 97204
(503) 248-5219

MEMORANDUM

TO: Clerk of the Board
Board of County Commissioners

FROM: Sharron Kelley *SK*

RE: Late Arrival and Early Departure from Board Work
Session

DATE: March 8, 1994

I will be arriving late and leaving early for the Budget Work Session on Wednesday, March 9th, because of previous scheduled appointments that I must attend.

1701L-31

BOARD OF
COUNTY COMMISSIONERS
1994 MAR -8 PM 2:23
MULTNOMAH COUNTY
OREGON

MEETING DATE: MARCH 9, 1994

AGENDA NO: E-1

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: Executive Session Pursuant to ORS 192.660(1)(e)

BOARD BRIEFING Date Requested: Wednesday, March 9, 1994

Amount of Time Needed: 9:00 a.m. to 10:00 a.m. 1 Hour

REGULAR MEETING: Date Requested:

Amount of Time Needed:

DEPARTMENT: Non-Departmental

DIVISION: Chair Beverly Stein

CONTACT: Bob Oberst

TELEPHONE #: 248-3322, ext. 3851

BLDG/ROOM #: 421/3rd

PERSON(S) MAKING PRESENTATION: Bob Oberst

ACTION REQUESTED:

[] INFORMATIONAL ONLY [X] POLICY DIRECTION [] APPROVAL [] OTHER

SUMMARY (Statement of rationale for action requested, personnel and fiscal/budgetary impacts, if applicable):

The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(3) for Deliberations Concerning Real Property Transactions

BOARD OF COUNTY COMMISSIONERS 1994 MAR -9 PM 12:49 MULTNOMAH COUNTY OREGON

SIGNATURES REQUIRED:

ELECTED OFFICIAL: Beverly Stein

OR

DEPARTMENT MANAGER:

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Office of the Board Clerk 248-3277/248-5222

MEETING DATE: MAR 10 1994

AGENDA NO: LC-1

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: Purchase of Real Property for Assessment & Taxation and Information Services Offices

BOARD BRIEFING **Date Requested:** _____

Amount of Time Needed: _____

REGULAR MEETING: **Date Requested:** Unanimous Consent - March 10, 1994

Amount of Time Needed: 15 minutes

DEPARTMENT: Environmental Services **DIVISION:** Facilities Management

CONTACT: Bob Oberst **TELEPHONE #:** 248-3851
BLDG/ROOM #: 421/3rd

PERSON(S) MAKING PRESENTATION: Druian, Munz, Boyer, Emerson, Oberst

ACTION REQUESTED:

INFORMATIONAL ONLY POLICY DIRECTION APPROVAL OTHER

SUMMARY (Statement of rationale for action requested, personnel and fiscal/budgetary impacts, if applicable):

See Agenda Placement Form Staff Report Supplement

SIGNATURES REQUIRED:

ELECTED OFFICIAL: _____

OR

DEPARTMENT MANAGER: 

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Office of the Board Clerk 248-3277/248-5222

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF MULTNOMAH COUNTY, OREGON

In the Matter of the Acquisition)
of Real Property for the Department) O R D E R
of Environmental Services, Division)
of Assessment & Taxation and) #
Information Services Division)

Whereas the Division of Assessment & Taxation presently occupies building space under a ten year lease which expires June 30, 1995; and

Whereas Information Services Division presently occupies space in the Kelly Building and Multnomah County has been advised that the Kelly Building will require substantial seismic upgrade for continued occupancy under present City of Portland zoning and safety codes; and

Whereas a real property suited for the operations of Assessment & Taxation and Information Divisions has been located and determined to be available at a reasonable price which is better suited to the operations of said Divisions and may be operated more economically than the present space occupied; and

Whereas the real property is held by a trustee in a bankruptcy proceeding and that other interested parties may overbid Multnomah County within ten days after execution of the EARNEST MONEY AGREEMENT and COUNTEROFFER TO EARNEST MONEY AGREEMENT before the Board this date; and

Whereas Multnomah County would be willing to pay a maximum of \$200,000.00 in excess of the sale price stated in said EARNEST MONEY AGREEMENT and COUNTEROFFER TO EARNEST MONEY AGREEMENT in the event of such overbid by other interested parties; and

It appearing that the purchase of the real property situated at 1411 S.W. Morrison Street, Portland, Oregon and described in the EARNEST MONEY AGREEMENT and COUNTEROFFER TO EARNEST MONEY AGREEMENT

before the Board this date will benefit Multnomah County and the Board being fully advised in the matter:

It is ORDERED that Multnomah County approves the EARNEST MONEY AGREEMENT and COUNTEROFFER TO EARNEST MONEY AGREEMENT before the Board this date and execute any other documents required for completion of this purchase at a purchase price not to exceed \$3,575,000.00 and that the County Chair be, and she is hereby, authorized and directed to execute the same on behalf of Multnomah County.

Dated this ___ day of March, 1994.

REVIEWED:

LAURENCE KRESSEL, County
Counsel for Multnomah
County, Oregon

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

By _____
Beverly Stein, County Chair

By _____

TO: BOARD OF COUNTY COMMISSIONERS

FROM: Robert Oberst, Facilities & Property Management

TODAY'S DATE: March 8, 1993

REQUESTED PLACEMENT: March 10, 1994 (unanimous consent)

RE: Approval of purchase of land and building at 1411 S.W. Morrison Street for occupancy by Assessment & Taxation Division and Information Services Division.

I. Recommendation/Action Requested: Approval by Board of Commissioners of EARNEST MONEY AGREEMENT and COUNTEROFFER TO EARNEST MONEY AGREEMENT pursuant to which County will purchase land and a building located at 1411 S.W. Morrison Street, Portland, Oregon for Assessment & Taxation and Information Services division offices.

II. Background/Analysis:

(A) Assessment & Taxation Division (A&T) presently occupies over 26,000 square feet of office space under a ten year lease expiring June 30, 1995. The move to the building at 1411 S.W. Morrison Street has primarily two benefits for A&T. First, it allows us to move from a leased space with ever increasing costs to a County owned property. Second, it allows for the physical consolidation of four interdependent units - appraisal support, residential appraisal, commercial appraisal and the Board of Equalization. This allows for a much more efficient management of staff and data and improved service to the public.

Facilities & Property Management Division (FM) commenced a search in December 1993 directly and through real estate brokers for alternative sites for A&T. FM has discussed renewal of the present A&T lease with the landlord. Leases of suitable space are available at a rental range of about \$320,000 to \$400,000 per year.

(B) Information Services Division (ISD) occupies about 47% of the County owned Kelly Building; Portland Police Bureau East Precinct occupies the balance, about 16,000 square feet, under a lease with rental of about \$44,000 per year and operating expense reimbursement of about \$126,000 per year. The East Precinct is moving out at least temporarily and has indicated a probability that it will relocate to a larger quarters.

The City Bureau of Buildings has deemed the Kelly Building "unsafe" under the City codes relating to seismic stability and is requiring seismic upgrade for continuing occupancy.

ISD has evaluated the possibility of relocating a number of

different times in the past ten years. There are two reasons which would support such a move:

(1) Most of the performance indicators which are used to evaluate customer satisfaction in data processing are based on the speed or timeliness with which activities take place. The closer we get to our client base, the faster we can respond, the greater the customer satisfaction. Some examples:

(a) ISD staff generally make 40 to 50 trips a week between the Kelly Building and the downtown core. It requires approximately one hour round trip to travel to a client site and return. Every time we travel, we waste one hour of an employee's time and customer satisfaction is reduced.

(b) There are a number of agencies which, at one time or another, require computer output and can not wait for distribution. These agencies usually take a car and drive out to the Kelly Building to pick up output. A location closer in to the downtown core would allow us to deliver critical output in minutes.

(c) ISD provides network support to a large number of County agencies. The majority of these clients are located in the downtown core. The shorter the travel time, the faster we can respond to problem situations.

(2) Much of the work of ISD is done better when it is done face-to-face. Because of the travel time, we often attempt to conduct business over the phone. This increases the possibility of error, increases the amount of rework that must be done, and reduces quality and customer satisfaction. It is also important to recognize that the Kelly Building has a number of problems. As the Police Bureau East Precinct recently pointed out: "The floor plan is bad, the water pipes need to be replaced, there's a problem with the roof and it's not up to earthquake code".

(C) The real property, commonly known as the Sprouse Building, is located at 14111 S.W. Morrison Street. Basic data regarding the building is:

Area 64,048 rentable square feet in four stories and basement; 40,000 square feet land area;

Parking 99 on-site spaces (22 are leased to building tenant, First Interstate Bank);

Occupancy First Interstate Bank of Oregon branch leases to 1997 5,000 square feet at rental of about \$100,000 per year;

Year Built 1956;

Public Transit Tri Met, West Side Light Rail;

Offered for Sale November 1993, price \$3,850,000.

By the EARNEST MONEY AGREEMENT, FM offered on March 1, 1994 to purchase the building for a price of \$3,275,000 subject to Board of Commissioners approval; the seller by its March 3, 1994 COUNTEROFFER TO EARNEST MONEY AGREEMENT countered at a price of \$3,375,000. If the Board approves the purchase, the process for closing will be, in summary:

(i) Seller notifies, within 5 days, the creditors and the

other parties which have expressed interest in purchasing, of the County offer; other interested parties have 10 business days to overbid County, in which case we may submit another bid;

(ii) County has 60 days to perform "due diligence" investigation and terminate the purchase, if the property does not meet County's requirements;

(iii) If County does not terminate the purchase, closing is on June 1, 1994;

(iv) Issuance of COP's required to finance purchase would be presented to Board of Commissioners for approval.

III. Financial Impact: The Sprouse Building purchase price is \$3,375,000. The estimated costs to configure this facility for A&T and ISD usage is \$1,400,000. If the Board approves this purchase, we recommend that we issue Certificates of Participation in the amount of \$5,400,000. The difference between the \$4,775,000 and \$5,400,000 represents issue costs of about \$64,000, Underwriter discount of \$85,000, reserve funds of \$471,000 and contingency of \$5,000. The first floor of the facility is currently being leased by First Interstate Bank and their lease payment is \$100,000 per year. Attached to this supplement is a projected cash flow analysis for this facility.

Fiscal year 1994/95 financial impact:

The anticipated revenue generated by purchasing this facility is \$100,000 for the First Interstate Bank lease, \$30,000 for parking revenue at Lot 24 (Morrison Bridgehead Lot) due to A&T spaces becoming available for public or other County parking and about \$16,000 of interest earnings on the reserve funds.

The expenditures consist of operations and maintenance for the Sprouse Building of about \$250,000, COP debt payment of \$175,000 interest only in first year, \$186,000 in A&T and ISD moving expenses and \$3,000 for insurance coverage.

The costs the County will be avoiding if we purchase the facility will be \$140,000 of annual operating and maintenance costs at the Kelly Building, \$150,000 in planned structural repairs, \$116,000 roof replacement included in the five year capital improvement plan and another \$68,000 in capital costs included in capital improvement plan. The first fiscal year will result in about a \$6,500 saving to the County.

Future year financial impacts:

The total accumulative cash flow projections will be positive throughout the debt retirement payout schedule. The lease income and parking income revenues include a 3% increase each year. The \$600,000 building sale in 1997 is the County's share of the estimated proceeds of the Kelly Building sale.

The operations and Maintenance expenses and insurance are

increased by 3% each year and the lease payment (COP) is estimated to be \$470,797 each year.

In the second year, the County will be out of its lease for A&T space and another \$181,000 in capital expenses for the Kelly Building will be avoided.

The total accumulative cash flow over the life of the debt payments is estimated to be \$2,602,353 and is stated in today's dollars.

- IV. Legal Issues: None, to FM knowledge.
- V. Controversial Issues: None, to FM knowledge.
- VI. Link to Current County Policies: Purchase of the property and relocation of the A&T and ISD operations have no significant effects upon or linkage to current County policies, to FM knowledge.
- VII. Citizen Participation: None involved or expected.
- VIII. Other Government Participation: No effects upon other governments.



EARNEST MONEY AGREEMENT

CB COMMERCIAL REAL ESTATE GROUP, INC.
BROKERAGE AND MANAGEMENT
LICENSED REAL ESTATE BROKER

1300 S.W. 5th Ave. #2600
Portland, OR 97201
(503) 221-1900

Portland, Oregon
March 1, 1994

Multnomah County, a political subdivision of the
State of Oregon

Received from One and No/100 Dollars (\$1.00) hereinafter called Purchaser, the sum of
Three Million Two Hundred Seventy Five Thousand Dollars (\$3,275,000.00) evidenced by
as an earnest money deposit on account of the purchase price of
property situated in the City of Portland, County of Multnomah

State of Oregon, and described as follows, to-wit:

situated at 1411 SW Morrison, Portland, Oregon

Lots 1, 2, 3, 4, 5, 6, 7 and 8, Block 311, City of Portland

Flood Zone: No [x] Yes (Attach Form 5230.)

TERMS OF SALE

1. If earnest money is given in the form of a check, the earnest money deposit check shall be (check one) deposited by
CB Commercial Real Estate Group, Inc. ("Broker") into its trust account or promptly delivered to the Escrow Holder
identified hereinafter. If the deposit is placed into Broker's trust account, then upon opening of escrow and acceptance or
payment of the check, such deposit shall be placed into the escrow account by Broker for the account of Purchaser. If the
earnest money is given in the form of a promissory note, the note shall be held by Broker until
At that time Purchaser shall replace the note with cash or certified check in like amount payable and delivered to Broker and
deposited by Broker as provided above. Purchaser and Seller understand and agree that due to the large number of Broker's
clients and the resulting aggregate cash balances in Broker's trust account, Broker may derive direct benefits which shall
be deemed part of Broker's compensation, in addition to any other amount provided for by this contract. The remainder of
the purchase price shall be paid as follows:
cash at closing

2. After mutual execution of this contract, the parties shall execute escrow instructions to
Ticor Title Insurance "Escrow Holder" to consummate the purchase in accordance
with the terms and provisions hereof. The provisions hereof shall constitute joint instructions to the Escrow Holder; provided,
however, that the parties shall execute such additional instructions as requested by Escrow Holder as are not inconsistent
with the provisions hereof. Said escrow shall provide for a closing on or before June 1, 1994
All sums paid as part of the purchase price shall be deposited into escrow by Purchaser.

3. As soon as reasonably possible following the execution of this contract, Seller shall pay for and furnish to Purchaser a
Preliminary Title Report on the subject property. Purchaser shall have thirty (30) days after receipt
of said Preliminary Title Report within which to notify the Seller and the Escrow Holder, in writing, of Purchaser's reasonable
disapproval of any exceptions shown in said title report. Failure of Purchaser to disapprove exception(s) within the described
time limit shall be deemed an approval of said Preliminary Title Report. In the event of Purchaser's reasonable disapproval,
Seller shall have until * to attempt to eliminate any disapproved exception(s) from the
policy of title insurance to be issued in favor of Purchaser except those which the parties agree may be satisfied upon closing.
If any reasonably disapproved exceptions cannot be timely eliminated following Seller's good faith attempts to do so, then
escrow shall be cancelled and Purchaser's earnest money deposit shall be returned, unless Purchaser elects to waive its
prior disapproval. Within ten (10) days after closing escrow, Seller shall pay for and deliver to Purchaser a policy of title
insurance on the subject property, which title insurance shall be a standard coverage or ALTA form policy without extended
coverage, with a maximum liability equaling at least the total purchaser price. *30 days after such disapproval

4. Seller warrants that Seller has not received nor is Seller aware of any notification from any governmental agency having
jurisdiction requiring any work to be done on or affecting the property in order for it to conform to applicable building codes
or other statutes or regulations. Seller further warrants that in the event any such notice is received by Seller prior to the close
of escrow and Seller is unable to or does not elect to perform the work required in said notice at Seller's sole cost and expense
on or before the close of escrow, said notice shall be submitted to Purchaser for its examination and written approval. Should
Purchaser fail to approve said notice and thereby elect not to acquire the property subject to the effect of same, within five
(5) days from the date Seller submits said notice to Purchaser, then this contract shall be cancelled without further liability
to either party, and the earnest money deposit shall be returned to Purchaser.

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5. Property taxes, assessments, rentals, premiums on insurance acceptable to Purchaser, interest on encumbrances, and operating expenses, if any, shall be prorated as of the date of closing. At closing, Seller shall deliver to Purchaser a (choose one): X statutory warranty deed, _____ contract of sale, _____ assignment of contract of sale, _____ other _____ . Purchaser and Seller shall each pay one-half of the escrow fees and any transfer or excise taxes. Purchaser shall also reimburse Seller at closing for sums held in any reserve account or indebtedness which remains of record after the close of escrow.

6. Unless Seller has agreed to finance any part of purchaser price, then without being relieved of any liability under the contract resulting from Seller's acceptance hereof, Purchaser reserves the right to take title to the subject property in a name or nominee other than shown above.

from acceptance hereof by Seller

7. Purchaser shall have 60 days to investigate at Purchaser's expense, the property, its zoning, environmental matters, its value, its condition—including, but not limited to the presence of asbestos, hazardous materials and underground storage tanks—and its suitability for Purchaser's intended use. Purchaser and its agents shall have reasonable access to the property in order to do so, and shall indemnify Seller against any damages or expenses or liens resulting from its investigation. Seller hereby warrants that to the best of its knowledge the property and the improvements thereon do not violate the applicable building or zoning regulations and that it is unaware of any material defect in the premises or improvements thereon with the exception of the following, to wit: none

If Purchaser has given written notice to Seller by 5:00 P.M. of the final date of the above-referenced period, of dissatisfaction with any of the referenced matters, and Seller and Purchaser have not entered into a mutually agreeable resolution of the matter by 5:00 P.M. 10 days thereafter, this Contract shall be deemed cancelled and Purchaser shall be entitled to return of the deposit. If Purchaser fails to give written notice of dissatisfaction by 5:00 P.M. of the first-referenced period, then Purchaser's right to object to such matters shall be deemed waived.

8. Possession of the subject property is to be delivered to Purchaser at close of escrow.

9. Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof. See addendum to Earnest Money Agreement for additional provisions.

10. (a) In the event of breach of this contract by Purchaser, Seller's sole remedy shall be retention of the earnest money described herein, which shall be paid to Seller as liquidated damages and distributed one-half to Seller and one-half to Broker in payment for services rendered in connection with this transaction. In no event, however, shall Broker be paid more than the commission which it would have earned if the transaction had been consummated. The amount to be paid as liquidated damages hereunder has been agreed by the parties to be reasonable compensation for Purchaser's default, since the precise amount of such compensation would be difficult to determine. Seller _____ Purchaser _____ (insert initials)

(b) In the event of breach of this Contract by Seller, Purchaser may elect to treat this Contract as cancelled, in which case all payments and things of value received hereunder from Purchaser shall be returned and Purchaser may recover such damages as may be proper, or Purchaser may elect to treat this contract as being in full force and effect and Purchaser shall have the right to specific performance, or damages, or both.

11. In the event suit or action is instituted by Seller, Purchaser or ~~Broker~~ related to this contract, the prevailing party shall be entitled to recover such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal or petition for review of any such suit or action, in addition to all other sums provided by law. ~~In the event that Broker deems it necessary to file an interpleader action in court to resolve a dispute over the earnest money deposit referred to herein, the Purchaser and Seller authorize Broker to draw from the earnest money deposit an amount necessary to advance the legal fees and costs of bringing the interpleader action. The amount of deposit remaining after advancing those fees and costs shall be interpleaded into court in accordance with state law. Purchaser and Seller further agree that the defaulting party shall pay the further court costs and reasonable attorneys' fees incurred by Broker in bringing or being involved in such action.~~

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12. Time is of the essence of this contract.

13. Seller and Purchaser each warrant that they have not dealt with any real estate brokers in connection with this transaction except: CB Commercial Real Estate Group, Inc., who represents Seller and _____ (brokerage company), who represents _____

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In the event that CB Commercial Real Estate Group, Inc. represents both Seller and Purchaser, Seller and Purchaser hereby confirm that they were timely advised of the dual representation and consent to the same, and that they do not expect said broker to breach the confidences of the other party.

14. The Foreign Investment in Real Property Tax Act ("FIRPTA"), IRC 1445, requires that every purchaser of U.S. real property must, unless an exemption applies, deduct and withhold from Seller's proceeds ten percent (10%) of the gross sales price. The primary exemptions which might be applicable are: (a) the seller provides purchaser with an affidavit under penalty of perjury, that seller is not a "foreign person," as described in FIRPTA, or (b) the seller provides purchaser with a "qualifying statement," as defined in FIRPTA, issued by the Internal Revenue Service. Seller and Purchaser agree to execute and deliver as appropriate, any instrument, affidavit and statement, and to perform any acts reasonably necessary to carry out the provisions of FIRPTA and regulations promulgated thereunder.

15. In the event that this offer is not accepted by Seller on or before 5:00 p.m., March 5, 1994, this offer shall become null and void, and the deposit made herewith shall be returned to Purchaser.

16. The following notice is given pursuant to ORS 93.040(2): 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, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE. 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 AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

...agree to pay Broker a real estate brokerage commission for services rendered in effecting this sale, in the amount called for in Seller's contract with Broker for the sale of the Property, if any, and otherwise in the amount of _____ percent (____%) of the accepted sales price. This commission is earned as of the mutual execution of this contract. If earnest money or similar deposits made by Purchaser are forfeited, in addition to any other rights of Broker, Broker shall be entitled to one-half (1/2) thereof, but not to exceed the total amount of the anticipated commission.

Seller's Initials _____

Proceeds of escrow sufficient to pay the commission are hereby assigned to Broker and Escrow Holder is hereby instructed to pay said commission to Broker out of Seller's proceeds at the close of escrow. This instruction shall not be withdrawn or modified without Broker's written consent. Nothing contained herein shall negate any additional rights Broker may have under any other contract between Seller and Broker for the sale of the Property.

18. The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

The Purchaser hereby agrees to purchase said property upon the terms and conditions herein stated. All tenders and notices required hereunder shall be made and given to either of the parties hereto at their respective addresses herein set forth with copies thereof to the office of Broker. Purchaser hereby acknowledges receipt of a copy of this contract.

Purchaser: Multnomah County

A(n) political subdivision of the State of Oregon

By: Robert J. Oberst

Title: Property Manager, Multnomah County

CB Commercial Real Estate Group, Inc.
Licensed Real Estate Broker

By: James F. Crumpacker
James F. Crumpacker

By: _____

Title: _____

Address: _____

- Seller hereby rejects the foregoing offer.
- Seller hereby makes the attached counter-offer, and hereby acknowledges receipt of a copy of said counter-offer.
- The undersigned Seller hereby agrees to sell said property on the terms and conditions herein set forth, and acknowledges receipt of a copy of this contract.

PORTLAND, Oregon
Date: 8-31-94

Seller: STROUSE - REITZ STORES, INC.

A(n): _____

By: Edward C. Johnson

Title: Signatory Agent

Presented to Seller:
Date: _____ Time: _____

CB Commercial Real Estate Group, Inc.
Licensed Real Estate Broker

By: _____

By: _____

Title: _____

Address: _____

CONSULT YOUR ADVISORS - This document has been prepared for approval by your attorney. No representation or recommendation is made by Broker as to the legal sufficiency or tax consequences of this document or the transaction to which it relates. These are questions for your attorney and financial advisors.

In any real estate transaction, it is recommended that you consult with a professional, such as a civil engineer, industrial hygienist or other person with experience in evaluating the condition of property, including the possible presence of asbestos, hazardous materials and underground storage tanks.

**ADDENDUM TO EARNEST MONEY
DATED MARCH 1, 1994
BY AND BETWEEN
MULTNOMAH COUNTY,
A SUBDIVISION OF THE STATE OF OREGON, AS PURCHASER
AND
SPOUSE-REITZ STORES INC., AS SELLER**

APPROVAL BY MULTNOMAH COUNTY COMMISSIONER:

This Earnest Money Agreement shall not become binding upon the parties hereto until approval by the Multnomah County Board of Commissioners. Purchaser shall have fifteen (15) days from the date that Seller agrees to sell the property on terms and conditions herein set forth, or the date that Seller submits a counter offer to Purchaser, within which to obtain the approval of the Multnomah County Board of Commissioners of this Earnest Money Agreement or such counter offer by Seller.

OVERBID PROTECTION:

Seller recognizes that Purchaser has and will continue to incur major expenses while conducting its due diligence. Seller shall, therefore, within sixty (60) days following the acceptance of this offer, obtain from the United States Bankruptcy Court for the District of Oregon an order authorizing the sale of said property to the Purchaser. The property will be free and clear of all liens as set forth in Section 363(b) and (f) of the Bankruptcy Code.

Within five (5) days after the date of acceptance of this offer, Seller shall file a motion for an order authorizing the sale of the property. The motion will contain a request for overbid protection and provide that the minimum overbid will be at least One Hundred Twenty-Five Thousand and No/100 (\$125,000.00) Dollars greater than the acceptable purchase price and that the purchase will be an all-cash transaction. Any such overbid will be accompanied by a non-refundable deposit of One Hundred Twenty-Five Thousand and No/100 (\$125,000.00) Dollars. The motion will also provide that in the event the property is purchased by a party other than Multnomah County for the overbid amount or greater, then Purchaser shall be entitled to forty (40%) percent of the difference between the purchase price set forth herein and the total overbid price but, in any event, not to exceed Fifty Thousand and No/100 (\$50,000.00) Dollars. At the time the motion is filed, the motion shall be accompanied with a notice complying with the Bankruptcy Rules and the Local Bankruptcy Rules for the U.S. Bankruptcy Court for the District of Oregon. The motion shall be accompanied by a separate motion to be heard on an expedited basis, shortening and limiting notice on the request for overbid protection. The above pleadings and notices shall be prepared by Seller, but Purchaser shall have the right to review and approve such pleadings and notices before filing.

Within twenty-five (25) days of the date of acceptance of this offer, Seller shall have obtained an order from the United States Bankruptcy Court for the District of Oregon providing Multnomah County overbid protection as set forth above.

ACCEPTANCE:

PURCHASER: MULTNOMAH COUNTY, A subdivision of the State of Oregon

Robert J. Christ

March 1, 1994

Date

SELLER: SPROUSE-REITZ STORES INC.

Edward J. [Signature] Liquidating Agent

3-3-94

Date

COUNTEROFFER TO EARNEST MONEY AGREEMENT

This Counteroffer amends that certain Earnest Money Agreement dated March 1, 1994 which pertains to the real property located at 1411 S.W. Morrison, Portland, Oregon which is legally described as Lots 1, 2, 3, 4, 5, 6, 7 and 8, Block 311, City of Portland ("the Real Property"). The Earnest Money Agreement, which names Multnomah County, a political subdivision of the State of Oregon, as "Purchaser" and Sprouse-Reitz Stores Inc. as "Seller", contains a one page Addendum also dated March 1, 1994. Reference herein to the Earnest Money Agreement shall include the March 1, 1994 Earnest Money Agreement as amended by the March 1, 1994 Addendum.

Seller agrees to sell the Real Property to Purchaser if the following modifications are made to the Earnest Money Agreement:

1. The Purchase price shall be increased from \$3,275,000 to \$3,375,000.

2. In addition to the Real Property, Seller will include the following personal property as part of the transaction:

all audio visual equipment, podiums, stands and conferencing equipment in the main conference room and attached projection room which are located on the third floor of the building. Such personal property shall also include the conference table and chairs located in the main conference room. All other personal property and equipment shall be retained by Seller. It is understood that the internal room dividers shall ~~not~~ be deemed personal property and shall not be included as part of this transaction. It is also understood that all computer hardware, software and related equipment shall not be included in this transaction.

3. In paragraph 2 of the Earnest Money Agreement, "Oregon Title Insurance Company" shall be substituted for "Ticor Title Insurance Company" as the "Escrowholder". The transaction shall be closed at the Oregon Title Insurance Company office located at 1515 S.W. Fifth Avenue, Suite 105, Portland, Oregon.

4. In paragraph 7 of the Earnest Money Agreement, the word "none" which appears in the blank lines of this paragraph is deleted and the following language substituted therefor:

"Seller has previously delivered to Purchaser a copy of a Phase I Environmental Assessment of the Real Property dated August, 1992 prepared by Hazcon, Inc. To the extent that environmental issues have been addressed in that report, Purchaser acknowledges disclosure thereof. Seller cannot, and does not, warrant the operation of the HVAC system in the building. While the HVAC system appears to be in working order, because of the number of compressors and other components of the HVAC system, Seller is not able to warrant or represent that all of such components and compressors are in good working condition. Purchaser acknowledges that it will rely on its own examination and inspection of the HVAC system."

5. With respect to the commission to be paid to CB Commercial Real Estate Group, Inc. as described in paragraph 17 of the Earnest Money Agreement, this will confirm that such commission will be paid by Seller pursuant to the terms of an Exclusive Sales Listing Agreement between Seller and CB Commercial Real Estate Group, Inc. dated November 22, 1993.

6. The three paragraphs which appear on the Addendum to Earnest Money Agreement under the heading "Overbid Protection" are hereby deleted in their entirety and the following provisions substituted therefor:

"Overbid Protection. Within five business days after the date that Purchaser notifies Seller that the Earnest Money Agreement, as amended by this Counteroffer, has been approved by the Multnomah County Board of Commissioners, Seller shall give written notice of the essential terms and conditions of this proposed transaction to: (i) the Designated Parties as defined in the Plan of Arrangement confirmed by the United States Bankruptcy Court for the District of Oregon ("the Bankruptcy Court") on December 21, 1993, and (ii) to all parties who have previously expressed an interest in acquiring the Real Property ("Interested Parties"). If none of the Designated Parties objects to the proposed transaction on or before a date that is ten business days after the notice is given and none of the Interested Parties submits a "Qualified Competing Bid" (as defined below) within such ten day period, then this proposed transaction shall proceed in accordance with

the terms and conditions of the Earnest Money Agreement, as amended by this Counteroffer, and approval of the Bankruptcy Court will not be required. If within the ten day period one of the Designated Parties objects to this proposed transaction or if Seller receives a Qualified Competing Bid, then Seller shall file a motion with the Bankruptcy Court for an order authorizing the sale of the Real Property to the highest qualified bidder (the "Motion Authorizing Sale".) The Motion Authorizing Sale will contain a request for overbid protection for Purchaser by requiring that the minimum overbid must be at least \$100,000 greater than the Purchase Price set forth herein (i.e., \$3,375,000), and that the purchase must be an all cash transaction. In recognition of the fact that Purchaser has and will continue to incur expenses while conducting its due diligence, the Motion Authorizing Sale will also contain a provision that in the event the Real Property is purchased by a party other than Multnomah County pursuant to the terms of a Qualified Competing Bid, then Purchaser shall be entitled to 20% of the difference between the Purchase Price set forth herein (i.e., \$3,375,000) and the total overbid price; provided, however, the amount paid to Purchaser pursuant to this overbid protection shall not exceed \$50,000. At the time the Motion Authorizing Sale is filed, it shall be accompanied by a separate motion to shorten notice on the Motion Authorizing Sale. For purposes of this paragraph 6, the term "Qualified Competing Bid" shall mean a written all-cash offer which is \$100,000 or more in excess of the Purchase Price set forth herein (i.e., \$3,375,000). In the event a Qualified Competing Bid is received, each subsequent bid must exceed the previous offer by at least \$100,000 in order to be a Qualified Competing Bid."

7. All other terms and conditions set forth in the March 1, 1994 Earnest Money Agreement and the Addendum thereto,

which have not been modified by the provisions of this Counteroffer, shall remain unchanged.

"Seller"

SPROUSE-REITZ STORES INC.,
an Oregon corporation

By: Edward P. Holman for its
Its: Liquidating Agent
Date: 3-3-94

The above modifications are hereby accepted:

"Purchaser"

MULTNOMAH COUNTY,
a subdivision of the State of Oregon

By: Robert Oberst
Its: Property Manager, Multnomah County
Date: March 7, 1994