

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 07-056

Approving a Purchase Option for Real Property from BRCP/Unico Lincoln, LLC, ("Lincoln Building"), Located at 421 SW Oak Street, Portland, Oregon

The Multnomah County Board of Commissioners Finds:

- a. By Resolution 05-018, Multnomah County leases approximately 100,000 square feet of office space in the Lincoln Building, located at 421 SW Sixth Avenue, Portland, Oregon under a lease commencing June 30, 2005, and expiring on April 30, 2016. Programs of the Department of County Human Services ("DCHS") and Health Department ("Health") Administration are the primary tenants.
- b. The Lincoln Building is 255,000 square feet, occupying a full block in downtown Portland. Multnomah County owns two additional properties one block south of the Lincoln Building. The Gladys McCoy Building ("McCoy Building") is approximately 98,000 square feet, located at 426 SW Stark Street, housing Health Department programs, including the Westside Clinic. The Mead Building is approximately 76,000 square feet, located at 421 SW 5th Avenue, predominantly housing the Department of Community Justice ("DCJ").
- c. In November 2004, Multnomah County adopted a Consolidation and Disposition Strategy for Multnomah County Facilities (Resolution 04-168). In August 2005, Multnomah County adopted a Strategic Facilities Plan for Multnomah County Facilities (Resolution 05-148). Both the McCoy and Mead Buildings were identified in these documents as functionally deficient and possible candidates for replacement.
- d. Over the past fifteen months, Facilities and Property Management Division ("Facilities") has conducted an intensive and in-depth analysis of program space needs for the McCoy and Mead Buildings. The unique nature of programs in these buildings, along with proximity and space availability in the Lincoln Building, indicates a consolidation of programs into the Lincoln Building could have advantages in long-term operating costs, program flexibility, and client and patient access. In addition, the Aging and Disabilities Services West Office, operates in 8,357 square feet of leased space at 1111 SW 10th Avenue, which expires December 31, 2007. This program is also under consideration for consolidation into the Lincoln Building.
- e. After an intensive public and staff outreach process conducted by the Chair's Office, District 1 Commissioner's Office, Public Affairs Office, and Facilities, there is a high degree of community and stakeholder support for a potential consolidation into the Lincoln Building and a resulting disposition of the McCoy and Mead Buildings. Facilities, along with DCHS, DCJ, and Health, have begun due diligence, detailed space planning, financial sensitivity analysis, and operational and programmatic development for a possible consolidation.

- f. Facilities and County broker representation have negotiated with the Lincoln Building owners, BRCP/Unico Lincoln, LLC, ("Owners") on a possible transaction, lease or sale, over the past year. Facilities has drafted the attached Purchase Offer Letter, dated April 3, 2007, addressed to the Lincoln Building owners, as the best and final offer from the County on a purchase of the Lincoln Building, and the basis for a binding Purchase and Sale Option Agreement.
- g. It is in the best interests of the County to secure a Purchase and Sale Option Agreement on the terms and conditions set forth in the attached Purchase Offer Letter dated April 3, 2007.


The Multnomah County Board of Commissioners Resolves:

- 1. The Board approves the attached Purchase Offer Letter as the basis for a Purchase and Sale Option Agreement. The County Chair is authorized to execute a final Purchase and Sale Option Agreement substantially conforming to the terms of the Purchase Offer Letter attached to this Resolution.
- 2. If the terms of the Purchase Offer Letter are accepted by the Owners, the Board directs Facilities to continue due diligence on the purchase of the Lincoln Building and to report back not later than June 1, 2007, with a report on the financial, operational, and structural conditions associated with a purchase of the Lincoln Building and a recommendation on the binding exercise of the purchase option and possible disposition of the McCoy and Mead Buildings. After receipt of the report and the recommendation, the Board will determine whether to proceed with the purchase of the Lincoln Building.

ADOPTED this 12th day of April 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:
Ted Wheeler, County Chair

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Sacramento
San Francisco
San Jose
Seattle
Stamford
St. Louis
Toronto
Tucson
Tysons Corner
Vancouver
Washington DC

April 12, 2007

Brian Pearce
Unico Properties Inc.
111 SW Fifth Avenue
Portland, OR 97204

Dear Brian:

On behalf of Multnomah County, I am pleased to provide you with the following proposal to purchase the Lincoln Building.

Seller: BRCP/Unico Lincoln, LLC

Buyer: Multnomah County

Sale Price: \$39,950,000

PSA Execution: Buyer and Seller will make best efforts to execute a Purchase and Sale Agreement no later than seven days after the Multnomah County Commissioners approve this proposal and the Seller agrees to its terms. Buyer and Seller agree to use the form of Purchase and Sale Agreement that has already been reviewed by both parties as the base form.

Due Diligence: Buyer shall have a customary due diligence period that commences upon mutual execution of a Purchase and Sale Agreement and terminates on June 15, 2007.

Closing: The purchase shall close on or before July 15, 2007.

Earnest Money: Buyer shall deposit with the escrow company \$750,000 in the form a promissory note upon execution of the Purchase and Sale Agreement. This money shall be fully refundable in the event Buyer terminates this transaction for any reason prior to the end of the due diligence period. Upon expiration of the due diligence period, if the Buyer intends to close the transaction, Buyer shall convert the promissory note to cash and deposit an additional \$750,000 in cash with the escrow company, for a total non-refundable deposit of \$1,500,000. Seller accepts retention of the Earnest Money deposit as its sole remedy for Buyer's failure to close.

**Closing Costs/
Prorates:**

Seller shall pay the premium for the title insurance policy. Seller and Buyer shall each pay one-half of the escrow fees. Taxes, rents, utilities, etc. shall be prorated as of the Closing Date.

Building Condition: Prior to closing, Seller shall complete the exterior painting of the building and the garage exhaust project. The building shall otherwise be purchased in "as-is" condition.

Assignment to Seller

Of Certain Payments: The Seller has previously entered into a lease termination agreement with Qwest Corporation for the third floor of the building to which the Buyer was not a party. As part of that agreement, Qwest is required to make payments to the building owner on or about August 1, 2007 and April, 2008, each in the amount of \$175,000 for a total of \$350,000. Buyer agrees to assign the payments to Seller and Seller shall collect these payments as they are made by Qwest.

Loan Assumption: Seller entered into a certain loan agreement for the building. Buyer agrees to assume the loan upon closing, with the loan principal fully applicable towards the Purchase Price.

Real Estate Fees: Seller shall pay a Real Estate Fee equal to 1.5% of the full Purchase Price at closing to CRESA Partners as the Buyer's sole representative. This amount is in conformance with the Transactions Services and Project Management Services provisions of a separate agreement between Buyer and Buyer's representative. Seller shall pay Seller's representative under separate agreement.

Non-binding: This document contains the basic terms under which the Buyer would agree to enter into a Purchase and Sale Agreement. It shall not, however, be binding on Buyer or Seller until such time as a Purchase and Sale Agreement has been agreed to and executed by both parties.

CresaPartners

C O R P O R A T E R E A L E S T A T E S E R V I C E A D V I S O R S

We appreciate your time and attention to this matter. Should you find the terms of this letter acceptable, please sign below and return by 5:00 pm on Monday, April 16. Upon execution, we will update the Purchase and Sale Agreement for your review. In consideration of the schedule, as you well know, time is of the essence.

Sincerely,

CRESA Partners



David Reinhart

Managing Principal

NON-BINDING AGREEMENT TO THE ABOVE TERMS:

On behalf of Buyer:

On behalf of Seller:

Ted Wheeler

Multnomah County Chair

Name: _____

Title: _____