



# MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: Feb. 2017)

## Board Clerk Use Only

**Meeting Date:** 11/1/18  
**Agenda Item #:** R.5  
**Est. Start Time:** 10:55 a.m.  
**Date Submitted:** 10/26/18

**Agenda Title:** **Resolution Approving Sale and Leaseback of the McCoy Building, 408 SW 5th Avenue, Portland, Oregon, to Urban Renaissance Group, LLC.**

### Requested

**Meeting Date:** November 1, 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 McCoy Building, 408 SW 5th Avenue, Portland, Oregon ("Property"), to Urban Renaissance Group, 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 the 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 headquarters for the Multnomah County Health Department. The County is now building a new headquarters and upon completion of the new headquarters, the County will no longer need this property. Multnomah County Health Department operations at the Property will transfer to the new Multnomah County Health Department headquarters once it is complete.

During the period between sale of the Property and transfer of operations to the new Health Department headquarters, health department 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 health department operations until transfer of those

operations to the new location. Accordingly, through Resolution 2018-033 (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 **Purchase and Sale Agreement (PSA)** include:

- Purchase price: \$11,100,000.00.
- Due Diligence Period: 30 days.
- Closing Period: 15 days
- Initial Earnest Money: \$500,000.00 deposited within 3 days after opening Escrow.
- Additional Earnest Money: \$500,000.00 deposited within 3 days after Buyer election, if any, to proceed to Closing.
- Commitment of Earnest Money: If the sale does not Close due to no fault of Seller:
  - \$25,000.00 of Initial Earnest Money immediately committed to County upon approval of PSA; and
  - Remaining \$475,000.00 of Initial Earnest Money immediately committed to County upon Buyer's election, if any, to proceed to Closing.
  - The \$500,000.00 in Additional Earnest Money immediately committed to County upon Buyer's election, if any, to proceed to Closing.

Key terms in the **Lease** include:

- Initial Term: From Closing through September 30, 2019 (or earlier if County has vacated the property). \$0 Base Rent.
- Extension Term Option: 4 months. \$150,000/mo Base Rent.
- Lease Type: Triple-Net (County to pay all insurance, taxes, and maintenance and operations expenses).

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

This transaction is expected to result in net revenue to the County. As part of the FAC-1 for the new HDHQ, it was designated that \$5M from the net proceeds of the McCoy Building would be applied to the debt issued for the new HDHQ. In addition, 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.

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**Required Signature**

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**Elected**

**Official or**

**Department**

**Director:**

/s/ Bob Leek, Interim Director,  
DCA

**Date:**

10/26/2018

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