

November 6, 2008

09-033 Approve Purchase of Willamette Building and Delegate Authority to District President to Enter into Binding Purchase and Sale Agreement

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REPORT: The University of Oregon/Oregon University System/State Board of Higher Education owns the Willamette Building at 722 SW 2nd Ave. in Portland. In February 2008, the Oregon Department of Administrative Services notified all public agencies that the University/State Board intended to sell this property, and invited expressions of interest from public agencies.

Based on initial staff walk-throughs of the building, staff felt that the building potentially would meet the needs of the administrative consolidation project in the 2008 bond program objectives. Specifically, the building is approximately the right size, is located very close to bus and MAX transit systems, and is near the geographical center of the district, therefore meeting the "centralization" objective. The Board identified further that the site represented an opportunity for the District to establish a presence in downtown Portland.

The Board adopted Resolution 08-067 at its 20 March 2008 regular meeting. This resolution authorized "the President to assess the feasibility of acquiring the (Willamette Building) site, including potential terms of a purchase and sale agreement".

The University advised PCC in May 2009 that an RFP had been issued inviting purchase proposals from any interested parties, public or private.

Following the passage of Resolution 08-067, staff conducted a variety of preliminary site visits and assessments to determine the suitability of the site for the planned use. At the Board's 26 June 2008 meeting,

staff updated the Board on this preliminary information, including features of the building, its planned use, potential timing for acquisition and renovation, MAI-appraised value and the range in value depending on appraisal method, and planned cost for renovations. At that meeting, the Board adopted Resolution 08-116 which authorized "the District President or his designee to submit/negotiate an offer to purchase the Willamette Building contingent upon approval of the Purchase and Sale Agreement by the PCC Board of Directors".

At the Board's 17 July 2008 meeting, staff reported that the essential terms had been verbally agreed-to by PCC and University of Oregon, central to which was a purchase price of \$5 million, which staff noted was at the low end of the MAI-appraised value, and well within the purchase price range discussed at the 26 June 2008 Board meeting.

The Board continued their discussions about this building and its possible purchase during the Board's work session on 29 August 2008. The Board asked staff to work with the university to establish a mutually-agreeable schedule for document development and signing. In those discussions the University conveyed that its sole interest was in realizing sale proceeds by the end of calendar 2008. Based on the Board's high level of commitment to the purchase, and in recognition of the sole authority of the PCC Board and the State Board of Higher Education to approve this transaction, it is necessary that each board consider this matter in November, so that closing may occur in December to meet the University's needs.

RECOMMENDATION: That the Board approve of the purchase of the Willamette Building, and authorizes the District President to execute a binding Purchase and Sale Agreement with the University of Oregon/State Board of Higher Education/Oregon University System for the purchase of the Willamette Building and to execute all other documents necessary to close the transaction.