



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: Wednesday, July 7, 2021

SUBJECT: Consideration of Board Signature of Order No. 2021-034, authorizing the Property Manager to execute the documents associated with the purchase of property located at 236 NW Kingwood Avenue, in Redmond.

RECOMMENDED MOTION:

Move approval of signature of Order No. 2021-034 authorizing the Property Manager to execute the documents associated with the purchase of property located at 236 NW Kingwood Avenue, in Redmond.

BACKGROUND AND POLICY IMPLICATIONS:

On March 31, 2021, your Board authorized the County's Property Manager to negotiate the purchase price for property located at 236 NW Kingwood, Redmond and is known as Map and Tax Lot 151309A000805 (see vicinity map). At that time, the property was not on the market for sale. The Board authorized an initial offer of \$2,000,000 and after a series of negotiations, the ownership agreed to a sales price of \$2,450,000 and your Board subsequently authorized the amount. Thereafter, your Board also authorized the Property Manager to execute a Purchase and Sale Agreement (PSA) with the ownership, Malwood, LLC (Malwood) to memorialize the terms and conditions of the purchase/sale. The PSA was executed on May 12, 2021, which is also the start of the due diligence period and scheduled to expire July 12, 2021.

The 9,461 square foot building was constructed in 2003 and is situated on 0.89-acres with 49 parking spaces. There is currently three tenants occupying space in the building and the County will assume the leases at the time the transaction closes.

- 1) MWD Management, LLC (Bend Dermatology) occupies 5,445 square feet at \$9,499.01/month (effective August 2021) with a lease term scheduled to expire July 31, 2022*
- 2) Dr. Frank Cobarubbia (Northwest Foot Care) occupies 325 square at \$550/month on a month-to-month basis*

3) *Adaugeo Health Care (Interpath Lab) occupies 2,400 square feet and the tenant is scheduled to vacate in mid-July*

This strategic North County property acquisition will allow the County to expand services to further serve individuals and families in the surrounding communities. It is anticipated that the tenant improvement project that will include space programming, design and construction services will be completed in approximately Fall 2022 with anticipated County occupancy late 2022/early 2023.

BUDGET IMPACTS:

Property purchase price of \$2,450,000. Deschutes County will receive revenue from the existing leases with Dr. Frank Cobarubbia and MWD Management, LLC until a later date to be determined.

ATTENDANCE:

Kristie Bollinger, Property Manager