

DATE: June 26, 2013
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 13-29
Authorizing a Purchase and Sale Agreement with Triad Machinery, Inc., for the Sale of Riverside Parkway Lots 1 and 2 in the Airport Way Urban Renewal Area at a Sale Price No Less Than \$1,633,325

BOARD ACTION REQUESTED

Adopt Resolution No. 7015

ACTION DESCRIPTION

This action will authorize the Portland Development Commission (PDC) Executive Director to execute a Purchase and Sale Agreement (PSA) for the sale of Riverside Parkway Lots 1 and 2 in the Airport Way Urban Renewal Area (URA). The buyer is Triad Machinery, Inc. (Buyer), a regional company that sells and services cranes used primarily in the forestry industry. The Buyer will develop a 30,000 square foot (SF) building, which will serve as their corporate headquarters and equipment service center, and an adjacent 90,000 SF storage yard to house 55 employees on site.

The PSA provides for a purchase price of \$5.50 per SF for a total of up to \$1,673,325 subject to minor survey and usable square footage adjustments, which could reduce the purchase price by a maximum of \$40,000. Prior to closing, PDC will also remove existing surcharge soil at a cost of approximately \$130,000. The property is being sold for full appraised fair market value.

BACKGROUND AND CONTEXT

The PDC purchased this site from the Guthrie and Spada families in 2003 to ensure land was publicly controlled and available in the URA to support businesses that furthered PDC's job goals. PDC financed the construction of supporting infrastructure and a total of eight parcels were created as shown on the original recorded plat (see Attachment A). To date, the following transactions have occurred in support of these goals:

- In 2004, PDC sold Lot 8 to the Portland Hospital Services Corporation for development of a central laundry operation.
- In November 2006, PDC sold Lots 3, 4, and 5 to Dermody Properties ("DP") for the development of a 265,000 SF industrial building which leased up rapidly. The DP properties are being leased primarily to tenants, such as Danner/LaCrosse, that are consistent with PDC's cluster industry strategy.
- In 2010, PDC sold Lots 6 and 7 to DP for a build-to-suit development for Morgan Distributing.
- In January 2010, the PDC Board of Commissioners (Board) authorized the sale of a permanent easement over a small portion of land so DP could provide a 125-space parking lot for Danner/LaCrosse. DP purchased the lot in September 2012.

PDC's original investment of \$7,200,000 for the land and \$1,700,000 in infrastructure has generated more than \$40,000,000 of private investment and approximately 500 jobs within the Riverside Parkway Corporate Center buildings to date. With this expansion, Buyer will add 55 additional employees (10 are new hires) and an estimated \$5,000,000 to 6,000,000 in new taxable improvements on the site.

This action would authorize the sale of PDC's remaining lots 1 and 2 in Riverside Parkway Corporate Center to Buyer for development of a headquarters office, sales, and service facility. An aerial of the site is shown on Attachment B. A proposed site plan for the project is shown on Attachment C.

COMMUNITY AND PUBLIC BENEFIT

The Airport Way URA has reached its maximum indebtedness and can no longer issue new tax increment bonds. The proposed sale of these parcels to the Buyer will generate up to \$1,425,000 in net proceeds (after title insurance and real estate commissions are paid and the cost to remove the surcharge is included) which can be used by PDC for further economic development efforts.

PUBLIC PARTICIPATION AND FEEDBACK

The Columbia Corridor Association is supportive of PDC's efforts in the URA, including ongoing business finance activities and PDC's efforts to stimulate development at Riverside Parkway Corporate Center.

BUDGET AND FINANCIAL INFORMATION

There is no public funding or public subsidy associated with this transaction. The proposed sale at \$5.50 per SF reflects the fair market value of the property based on an MAI appraisal dated November 2012. The sale will generate up to \$1,425,000 in net proceeds to the URA.

The sale as proposed was reviewed and supported by PDC's Finance Investment Committee on May 30, 2013.

The Airport Way URA fiscal year (FY) 2012-13 Revised Budget and Forecast is attached as Attachment D.

RISK ASSESSMENT

There is no financial risk to PDC in executing this PSA, as the property will not be transferred to the Buyer until 100 percent of the funds are closed through escrow.

ALTERNATIVE ACTIONS

The PDC Board could elect to reject this proposed transaction or could require changes to the terms and conditions of the PSA.

ATTACHMENTS

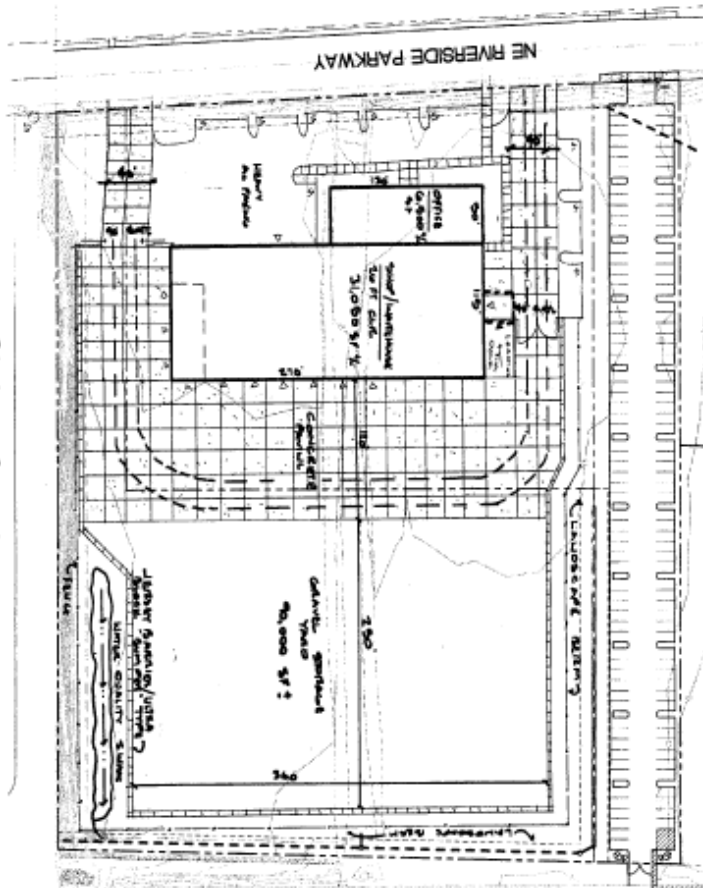
- A. Riverside Parkway Corporate Center Plat
- B. Riverside Parkway Corporate Center Aerial
- C. Triad Preliminary Site Plan
- D. URA Financial Summary

Riverside Parkway Corporate Center Aerial
(Lot 1 and 2)

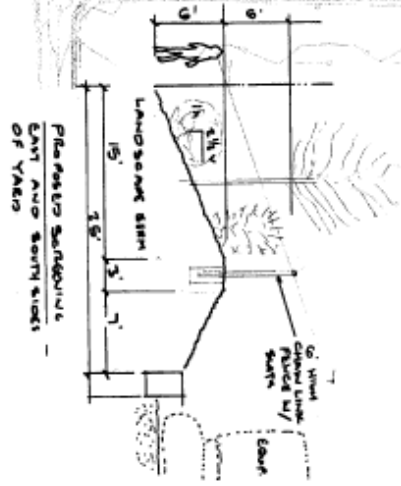


Triad – Preliminary Site Plan

TRIID MACHINERY
 PDC RIVERSIDE PARKWAY SITE



Proposed Building
 Office: 6,500 TO 6,500 % SF
 Shop/Warehouse 30,000 TO 31,000 %
 TOTAL 36,500 TO 37,500 SF
 PAVING 40 SPACES %



MARCH 22, 2013

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URA FINANCIAL SUMMARY

Five-Year Forecast Program Requirements Detail

	Revised-2 FY 2012-13	Approved FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
Airport Way URA						
Resources						
Beginning Fund Balance	3,886,064	2,591,368	2,348,607	3,947,495	3,263,944	5,829,277
Interest on Investments	25,000	10,000	10,000	10,000	10,000	10,000
Loan Collections	450,000	176,935	176,936	176,935	176,935	231,234
Property Income	0	759,000	2,315,844	0	3,058,370	1,097,712
Total Resources	4,361,064	3,537,303	4,851,387	4,134,430	6,509,249	6,968,223
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101385 Debt Management-APW	22,532	3,647	3,647	3,647	3,647	3,647
Total Administration	22,532	3,647	3,647	3,647	3,647	3,647
Business Dev						
Business Lending						
L02100385 BIF-General-APW	300,000	100,000	150,000	150,000	150,000	150,000
L02110385 BIF-Cluster Group-Budget-APW	0	295,000	250,000	250,000	250,000	250,000
Traded Sector Business Dev						
T01069385 Lean Manufacturing-APW	30,000	30,000	30,000	30,000	30,000	30,000
B15100385 Cluster Development-APW	100,000	25,000	25,000	25,000	25,000	25,000
B15102385 Site Recruitment-APW	14,250	0	0	0	0	0
Total Business Dev	444,250	450,000	455,000	455,000	455,000	455,000
Property Redev						
Commercial Property Redev						
P38550425 Cascade Stn-Prol D-APW-Adm	18,046	3,046	3,046	3,046	0	0
P38550435 Cascade Stn-Prol E-APW-Adm	22,748	2,748	2,748	2,748	2,748	2,748
P38550445 Cascade Stn-Prol G-APW-Adm	24,488	4,488	4,488	4,488	4,488	4,488
P38550455 Cascade Stn-Prol A-K-APW-Adm	22,094	2,094	2,094	0	0	0
P38551415 Riverside Prkwy 1&2-APW-Adm	302,500	52,500	2,500	0	0	0
P38590015 Project Development-APW-Adm	0	30,000	30,000	30,000	30,000	30,000
P38591015 Public Outreach-APW-Adm	10,000	5,000	5,000	5,000	5,000	5,000
P38550415 Cascade Station-APW-Adm	342,000	200,000	200,000	200,000	200,000	200,000
Total Property Redev	741,876	299,876	249,876	245,282	242,236	242,236
Total Program Expenditures	1,208,658	753,523	708,523	703,929	700,883	700,883
Personal Services	80,476	133,792	43,560	39,837	42,958	57,056
Transfers - Indirect	480,562	301,381	151,810	126,719	136,131	184,503
Total Fund Expenditures	1,769,696	1,188,696	903,893	870,485	879,972	942,442
Contingency	2,591,368	2,348,607	3,947,495	3,263,944	5,829,277	6,025,781
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	4,361,064	3,537,303	4,851,387	4,134,430	6,509,249	6,968,223