

# **Agenda Item Number 13.B.**

## **Real Estate Purchase**

**Presenter:** Bob Swank

**Action Recommended:** None. Information Only

### **Background:**

At its September meeting the LCOG Board of Directors authorized the purchase of the Park Place Building in downtown Eugene. The purchase was contingent on receiving an appraisal for at least the \$6,340,000 purchase price of the Building and obtaining acceptable financing.

The appraisal documented a value of \$6,400,000 for September, 2007 and a value of \$6,670,000 for April, 2009. The higher value in 2009 reflects the anticipated improvements for the LCOG offices and the full occupancy by LCOG of the top two floors. After the appraisal was complete, Umpqua Bank reviewed the purchase proposal and offered LCOG a loan commitment for a \$4,750,000 loan for the purchase of the Building. The loan will pay 6,75% interest that is fixed for five years with a 25 year amortization. The purchase is expected to close in early January.

The LCOG staff currently in the Wells Fargo Building will move to the new Building sometime between the fall of 2008 and the fall of 2009. The timing of the move will be determined by when LCOG can terminate its lease for the Wells Fargo office space. The Wells Fargo lease does not expire until December, 2009, but a new tenant may be found that could initiate a new lease prior to the December, 2009 expiration.