



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

DATE: February 27, 1992

TO: Neil Saling, Director of Regional Facilities

FROM: Jennifer Sims, Director of Finance and Management Information

RE: OPERS Lease Proposal

I have reviewed the request for lease proposal from The Madden Company and your draft response. Rather than edit the response you have prepared, I've decided it would be easier to go back to the basic premise of Metro's requirements in a memo to you.

Your response letter clearly articulates Metro's interest in being relieved of the lease obligation as a first priority and as a second priority to sub-lease. I am concerned about the indication of a lease rate with a TI allowance, etc. I think that the clearest way to explain this in a letter to Mark would be to layout options in order of priority with the terms and conditions of each enumerated. I believe that those options are as follows:

1. Metro is relieved of its lease obligations.
 - . New lease is executed between OPERS and AMCO/Roger Meier.
 - . Metro leaves the building in an as-is condition.
 - . Metro provides three months free rent, from February through May 1993, to OPERS.
2. OPERS assumes the balance of Metro's lease (three years and four months). Extended period of lease would be negotiated between AMCO/Roger Meier and OPERS.
 - . Metro leaves building in as-is condition.
 - . The triple net lease at Metro's current lease rate, \$6.75 (?) per square foot.
 - . Metro allows three months free rent to OPERS.
3. Metro subleases space to OPERS for balance of existing lease and five-year renewal term for an eight-year, four-month lease. Initial period same as scenario two. Final five years negotiated with OPERS at market rate.

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Neil, Metro is not able to provide a moving allowance or tenant improvements to a sub-leasee. This building must be leased on an as-is basis with no additional Metro investment. We have not budgeted for this type of expense, nor do we have funds available. The lease deal will need to reflect this position. Mark is aware of these limitations and should be prepared to craft a deal which reflects our limited ability to make a financial contribution.

An additional note, I do not feel that we necessarily have to paint the building. We could include that expense as part of the negotiations on sub-lease, or on the cost of our exit. In other words, we could truly leave the building as is and require that the tenant pick up all of those obligations on our behalf. If you have any additional questions, please give me a call.

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cc: Christopher Scherer, Financial Planning Manager

February 21, 1992

Mr. Neil Saling
Director, Regional Facilities
Metropolitan Service District
200 SW 1st Avenue
Portland, OR 97201-5398

RE: **OPERS Lease Proposal**

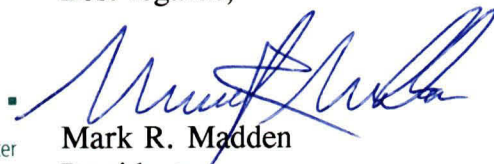
Dear Neil:

On behalf of the Oregon Public Employees' Retirement System (OPERS) relative to a potential lease of part or all of Metro's headquarters facility at 2000 SW 1st Avenue, I hereby request a formal lease proposal.

The proposal should address leasing a minimum of 34,000 sq. ft. to a maximum of the entire facility (44,640 sq. ft.). A 5-year or 10-year lease term should be addressed. In addition, would you address how METRO would handle tenant improvements for OPERS, a moving allowance to assist OPERS in its relocation, and assumption of OPERS current lease obligation. For planning purposes, the lease assumption would be approximately 22,000 ft. at \$18.00 per sq. ft. for 16 months, or approximately \$528,000. Initially, OPERS would require all parking spaces on-site (proportionate to square footage if less than entire building leased).

A response is requested within five (5) business days of the date of this letter. Your expeditious reply will be greatly appreciated. If you have any questions or comments, please call me as soon as possible.

Best regards,


Mark R. Madden
President

KOIN Center

222 S.W. Columbia

Suite 204

Portland, Oregon

97201-6602

Fax: 503.227.2447

Office: 503.221.2900

MRM/jb

cc: Fred J. McDonnal
Deputy Director, OPERS