

DATE: 9/22/93

TO: Neil Saliny

MFS

FAX #: 797-1796

PAGES: Four (4)



FROM: **BRAD PIHAS**

FAX #: **(503) 221-4873**

VOICE #: **(503) 221-1900**

COMMENT: Neil, I'm prepared to messenger
this to Helen if it looks
OK to you.
BRAD

CB COMMERCIAL REAL ESTATE GROUP, INC.

Form No. 0023 Rev. 8/91

September 22, 1993

BRAD PIHAS
VICE PRESIDENT
COMMERCIAL PROPERTIES

503 221-4876
503 781-2182 (CAR)
503 221-4873 FAX

Ms. Helen Kowolik
AMCO, Inc.
1211 S.W. Fifth Avenue, Suite 2900
Portland, OR 97204

Dear Helen:

Outlined below are the terms Metropolitan Service District wishes to propose to Metropolitan Family Services for their future occupancy in the building at 2000 S.W. First.

Based on where market deals have been completed, I think you will find this proposal to be relatively strong on behalf of the building.

To successfully complete this transaction, Metro will need your assistance with the out-of-pocket expenses associated with this lease. The lease term is for 120 months. Metro's obligation is for 30 months; therefore, the costs have been prorated to reflect the cash flows that each independent party will be receiving.

I am prepared to get together with you to discuss this information should you have questions. The Tenant has asked for a response by Thursday, September 23rd, if it is possible.

The terms are as follows:

Term: Ten (10) years.

Commencement Date: December 1, 1993.

Square Footage: 8,230 square feet.

Rent Schedule:

| | | |
|------------|---------|----------------|
| Yrs. 1-5: | \$13.75 | \$9,430.20/Mo. |
| Yrs. 6-10: | \$14.50 | \$9,944.58/Mo. |

Effective Rental Rate: \$14.12 per square foot, full service over ten (10) years.

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Cost of Tenant Improvements: An allowance of \$15.00/s.f. - totals \$123,450.00.

Real Estate Fee: Based on \$4.25% for 10 years - totals \$48,722.00.

Total Out-Of-Pocket Costs: \$172,172.00.

Financial Analysis:

| <u>Remaining Term</u> | <u>Remaining Term %</u> | <u>Income</u> | <u>% of Income</u> | <u>T.I. and Fees</u> |
|-----------------------|-------------------------|---------------------|--------------------|----------------------|
| 30 mos. (Metro) | 25% | \$159,456.00 | 24% | \$ 41,322.00 |
| 90 mos. (Meier) | 75% | <u>\$509,231.25</u> | <u>76%</u> | <u>\$130,850.00</u> |
| Totals: 120 mos. | 100% | \$668,687.25 | 100% | \$172,172.00 |

Net Income to AMCO:

| | |
|------------------------------------|-----------------------|
| Additional Income: | \$509,231.25 |
| Less Expenses (T.I. and R.E. Fee): | < <u>130,850.00</u> > |
| | \$378,381.25 |
| Plus Metro Income: | <u>133,950.00</u> |
| 10 Yr. Net Income on 8,230 s.f.: | \$512,331.25 |

24% 39,945.60
 76% 126,494.40
 \$166,440.00

Comparable Market Deal (without Metro):

| | |
|-----------------------------------|-----------------------|
| @ \$7.50 Net: | \$627,250.00 |
| T.I.'s @ \$15.00/s.f.: | < <u>123,450.00</u> > |
| | \$493,800.00 |
| R.E. Fees @ 5% of the gross rent: | < <u>49,500.00</u> > |
| 10 Yr. Net Income: | <u>\$444,300.00</u> |

In addition, the City is requiring sprinklers throughout the building at a cost of approximately \$1.50/s.f. This construction can be accomplished tenant by tenant, as we build out the space, or in one major project. As this is a major capital improvement, Metro would not expect to be involved in this part of the construction.

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This transaction has Metro losing \pm \$15,000.00 which Neil Saling feels is acceptable given the need to initiate the leasing activity. Any greater loss would potentially be unacceptable. It is our hope to work out the necessary terms for the completion of tenant improvements and fees associated with this transaction, and to move to a lease document.

I look forward to discussing this information with you.

Best regards,

**CB COMMERCIAL
REAL ESTATE GROUP, INC.**



Brad Pihas
Vice President
(503) 221-4876

BP:bg

cc: Neil Saling