



DAN JOHNSON
DIRECTOR

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD OREGON CITY, OR 97045

February 22, 2024

BCC Agenda Date/Item: _____

Board of County Commissioners
Sitting/Acting as Development Agency Board
Clackamas County

Approving an Amendment to a Disposition Agreement between the Clackamas County
Development Agency and AHP Acquisitions 2, LLC.
Total Value is \$0. No County General Funds are involved.

Previous Board Action/Review	Disposition Agreement (DA) approved on May 18, 2023. Executive session on January 23, 2024. Request for Consent: February 20, 2024		
Performance Clackamas	Build public trust through good government		
Counsel Review	Yes (HH 2-6-24)	Procurement Review	No
Contact Person	David Queener, Development Agency Program Coordinator	Contact Phone	503.742.4322

EXECUTIVE SUMMARY:

The Development Agency entered into a Disposition Agreement with Anchor Health Properties (AHP) on May 18, 2023. Per the Agreement, AHP has a 270 day due diligence period.

AHP has completed several site investigations, met with the County on many occasions to determine building configuration, parking, site access and utility requirements. In addition, they have been diligently pursuing pre-leases with future tenants. To date they have secured signed letters of intent to lease for 23,000 square feet of medical office space.

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While AHP has made significant progress toward the purchase and development of the property, they have requested two modifications to the Disposition Agreement:

- Modify the planned total square feet of building from 30,000-41,000 square feet to 20,000-43,000 square feet. The smaller square footage would be built only in the event that no additional leases are secured.
- Extend the due diligence period by 120 days. This will allow them more time to secure pre-leases and complete design review.

The attached amendment reflects the agreed upon modifications.

RECOMMENDATION:

Staff respectfully recommends the Board approve the document amending the Disposition Agreement.

Respectfully submitted,

Dan Johnson

Dan Johnson, Director
Department of Transportation and Development

FIRST AMENDMENT
TO
DISPOSITION AGREEMENT

This FIRST AMENDMENT TO DISPOSITION AGREEMENT (“**Amendment**”) is made by and between the CLACKAMAS COUNTY DEVELOPMENT AGENCY, the Urban Renewal Agency of Clackamas County (the “**Agency**”), and AHP ACQUISITIONS 2, L.L.C., a Delaware limited liability company (the “**Developer**”).

RECITALS

A. The Agency and Developer are parties to a certain Disposition Agreement, dated effectively May 18, 2023, for the disposition of, and development on, certain property in Clackamas County with the following six associated exhibits made a part thereof: EXHIBIT A (Property Map); EXHIBIT B (Legal Description - Property); (EXHIBIT C Post-Closing Agreement); EXHIBIT D (Form of Bargain and Sale Deed); EXHIBIT E (Memorandum of Post-Closing Agreement); and EXHIBIT F (Scope of Development) (collectively the “Disposition Agreement”).

B. The Disposition Agreement provides two hundred seventy (270) days from the Effective Date of the Disposition Agreement as the Due Diligence Period for the Developer to investigate and to undertake other actions to achieve certain development scopes defined by Disposition Agreement, including a development that consists of an approximately 30,000-41,000 square foot medical office building.

C. The Developer now desires to extend the Due Diligence Period and reduce the development scope of the square footage of the medical office building, and the Agency is willing to extend said Due Diligence Period by an additional 120 days and reduce the scope of the square footage of the medical office building to a range of 20,000-43,000 square feet.

D. Section 8.12 of the Disposition Agreement requires all amendments to be executed in writing by the appropriate authorities of the Agency and the Developer.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, the Agency and the Developer hereto agree that:

1. **Effective Date.** This Amendment becomes effective on the latest date on which this Amendment is signed by Agency and Developer (as indicated below their signatures herein).
2. **Amending Section 2.4 of the Disposition Agreement.** The **first full sentence of Section 2.4: Due Diligence Period** of the Disposition Agreement **is deleted and replaced with the following:**

“Developer shall have a period of three hundred ninety (390) days after the Effective Date (the “**Due Diligence Period**”) to conduct its due diligence investigation of the Property and to satisfy itself concerning all aspects of the Property and the suitability of the Property for Developer’s intended uses, including without limitation the physical condition of the Property, zoning, access, utilities, and all legal rights, titles, and interests.”

3. **Amending Exhibit C to the Disposition Agreement – Recital B.** Exhibit C to the Disposition Agreement is a Post-Closing Agreement, and its Recital B is hereby **deleted in its entirety and is replaced with the following**:

“B. In connection with the DA and in furtherance of the Plan, Agency desires that Developer construct the Building Improvements (defined below), and Developer wishes to do so subject to the terms and conditions of this Agreement. As used herein, the “**Building Improvements**” means an approximately 20,000-43,000 medical office building on the Property as described in **Exhibit “A,”** attached hereto.”

4. **Amending Exhibit C to the Disposition Agreement – Exhibit A Scope of Development.** Exhibit C to the Disposition Agreement is a Post-Closing Agreement, and its Exhibit A Scope of Development is hereby **deleted in its entirety and is replaced with the following**:

“Scope of Development

The Development consists of an approximately 20,000-43,000 square foot medical office building, with associated parking, lighting, landscaping and public improvements as may be required by applicable laws, regulations and ordinances.”

5. **Amending Exhibit E to the Disposition Agreement.** Exhibit E to the Disposition Agreement is the Memorandum of Post-Closing Agreement, and its fourth full paragraph is hereby **deleted in its entirety and is replaced with the following**:

“The Post-Closing Agreement, among other things, provides for Developer to make certain improvements to or for the Property, including construction of an approximately 20,000-43,000 square foot medical office building.”

6. **Amending Exhibit F to the Disposition Agreement.** Exhibit F is the Scope of Development, and it is hereby **deleted in its entirety and is replaced with the following**:

“Scope of Development

The Development consists of an approximately 20,000-43,000 square foot medical office building, with associated parking, lighting, landscaping and public improvements as may be required by applicable laws, regulations and ordinances.”

7. **Counterpart.** This Amendment may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Amendment.

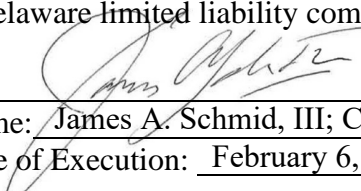
8. **Confirmation.** The Disposition Agreement is hereby amended and modified in accordance with the terms of this Amendment. Except as expressly modified by this Amendment, the Disposition Agreement and all its terms and provisions are hereby acknowledged, approved, ratified and confirmed and shall be and remain in full force and effect.

IN WITNESS WHEREOF the parties have executed this **Amendment** to be effective as of the day and year first above written.

DEVELOPER:

AHP Acquisitions 2, L.L.C.

a Delaware limited liability company

By:  _____

Name: James A. Schmid, III; Chief Investment Officer

Date of Execution: February 6, 2024

IN WITNESS WHEREOF the parties have executed this **Amendment** to be effective as of the day and year first above written.

AGENCY:

Clackamas County Development Agency

By: _____

Name: _____

Title: _____

Date of Execution: _____