

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT IS made this _____ day of _____, 2017 by and between the City OF PORTLAND, a body politic and corporate located in Cumberland County, Maine, (hereinafter referred to as "Seller" or "City"), and 55 Portland Street, LLC, a Maine limited liability company to be formed by Ford S. Reiche, or its nominee (hereinafter referred to as "Buyer").

RECITALS

WHEREAS, the CITY is the owner certain land at 55 Portland Street, Portland, Maine as generally depicted on the plan attached hereto as Exhibit A¹ as depicted on illustration appended to Purchaser's Offer Dated June 22, 2017 (the "Premises"); and

WHEREAS, Buyer desires to purchase the Premises, and the City desires to convey the Premises to Buyer, subject to all easements of record and any other existing easements burdening the Premises.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **SALE.** City agrees to sell the Premises to Buyer, and Buyer agrees to purchase the Premises in accordance with the terms and conditions set forth in this Agreement.
2. **CONSIDERATION.** The purchase price for the Premises shall be One Million, Four Hundred Thousand Dollars (\$1,400,000) (the "Purchase Price"), subject to the following cost adjustments and conditions:
 - a. Buyer shall deposit in the sum of One Hundred Thousand Dollars (\$100,000.00) (the "Deposit") within 3 business days after the full execution of this Agreement that the parties agree will be held in escrow as of the date of this Agreement, in a non-interest bearing account with CBRE | The Boulos Company; the Deposit shall be fully refundable until the end of the Due Diligence Period as described herein; after such Period the Deposit shall be non-refundable (except as otherwise provided in Sections 3c, 3e, 6, 7 and 10 of this Agreement); and

¹ Note is made that the back boundary line of the Premises will be at the rear of the approximately nine parking spaces adjacent to the building on the Premises, with a to-be-created access easement from Hanover Street to these parking spaces; and further, that the entire parking lot accessed from Portland Street is part of the Premises. This new to-be-created boundary will reduce the acreage of the Premises stated herein. The Premises shall be as depicted on illustration appended to Purchaser's Offer Dated June 22, 2017.

- b. The Buyer shall pay the remainder of the Purchase Price to the City by wire transfer (or as otherwise reasonably requested by the City) at closing.

3. TITLE AND DUE DILIGENCE.

a. Due Diligence Period. Buyer will have from the date of this Agreement until 4:00 PM Eastern Daylight Savings Time on the day that is sixty (60) days after the date of this Agreement (the "Due Diligence Period") to complete any survey, environmental review and title examinations.

b. Property Description. The property description contained in the deed will be a survey description based upon a survey plan (the "Premises"), to be provided by the City, that will more specifically describe the property shown on Exhibit A hereto together with an easement over the adjoining property for access to and from Hanover Street to the parking located on the Premises. The Premises will be distributed to the parties hereto prior to expiration of the Due Diligence Period and the parties will agree on the property and easement description prior to closing. The Due Diligence Period shall be extended in the event that the survey plan is not completed by the end of the Due Diligence Period and Buyer is afforded reasonable time to review the plan and make any title objections as provided below.

c. Financing Contingency. Buyer shall have fifteen (15) days after the end of the Due Diligence Period (the "Financing Period") to obtain commercially reasonable financing, and shall take timely and commercially reasonable steps to secure such financing. If Buyer fails to obtain a commitment for such financing within such period or if such financing is not provided at Closing, then, Buyer may serve written notice on the Seller of its election to terminate this Agreement. If Buyer gives such notice to the Seller, terminating this Agreement, this Agreement shall be deemed terminated, the Deposit shall be returned to Buyer and neither party shall have any further rights, claims or obligations, except as otherwise expressly provided herein.

d. Title and Survey Objections. Buyer will have until the end of the Due Diligence Period to deliver to City any written objections to title, environmental, or survey matters (other than the permitted exceptions identified herein) that materially affect marketability or use. Objections not made prior to the end of the Due Diligence Period will be deemed waived; provided, however, that objections pertaining to matters of record first appearing after the end of the Due Diligence Period may be made at any time prior to the closing. City shall provide a copy of a Phase II environmental study completed on the Property and should the results of any such study be provided on or after the Due Diligence Period, Buyer shall be afforded reasonable time to review the results and make any objections as provided for herein.

e. Option to Cure. In the event of a title or survey objection, City will have the option, but not the obligation, to cure the objection and will notify Buyer of its election within ten (10) business days after receipt of the objection. In the event that the City elects to cure the objection, it will have sixty (60) days from the date

of the notice of election, or such other reasonable time as the parties may agree, to cure the objection. In the event that the City does not elect to cure the objection, or, having elected to cure the objection fails to timely do so to Buyer's reasonable satisfaction, Buyer will have the option to (1) terminate this Agreement and obtain a refund of the Deposit (after which neither party will have any further obligation or liability to the other under this Agreement), (2) waive the objection and close, or (3) undertake the cure of such objection at its own expense (in which case it shall have 60 days to do so).

f. Deed. City shall convey the Premises to Buyer at the closing in fee simple by a municipal quitclaim deed without covenant. The deed shall include easement rights satisfactory to Buyer. Title shall be good, insurable and insurable title, free and clear of all encumbrances except (i) the easements described herein; (ii) easements for utilities servicing the property, (ii) City ordinances, and (iii) real estate taxes not yet due and payable. Further, Buyer acknowledges that the deed shall contain a restriction stating that in the event that the Premises or any portion thereof shall be exempt from real and personal property taxes, by transfer, conversion, or otherwise, then the then-owner of the exempt portion shall make annual payments to the City in lieu of taxes in the amount equal to the amount of property taxes that would have been assessed on the exempt portion of the real and personal property situated on the Premises had such property remained taxable. Such restriction shall also confirm that Buyer and its successors and assigns shall possess and be vested with all rights and privileges as to abatement and appeal of valuations, rates, and the like as are accorded owners of real and personal property in Maine. Further, Buyer acknowledges that the deed shall contain a restriction stating that in the event that the Premises or any portion thereof shall be exempt from real and personal property taxes, by transfer, conversion, or otherwise, then the then-owner of the exempt portion shall make annual payments to the City in lieu of taxes in the amount equal to the amount of property taxes that would have been assessed on the exempt portion of the real and personal property situated on the Premises had such property remained taxable. Such restriction shall also confirm that Buyer and its successors and assigns shall possess and be vested with all rights and privileges as to abatement and appeal of valuations, rates, and the like as are accorded owners of real and personal property in Maine.

4. INSPECTIONS.

- a. During the Due Diligence Period, Buyer and its employees, consultants, contractors and agents shall have the right, at Buyer's expense, to enter on the Premises at reasonable times in order to (i) inspect the same, (ii) conduct engineering studies, percolation tests, geotechnical exams, environmental assessments, and other such studies, tests, exams, and assessments, and (iii) do such other things as Buyer determines, in its sole discretion, to be required to determine the suitability of the Premises for Buyer's intended use (collectively, the "Inspections"). The City acknowledges that such Inspections may include the digging of test pits, which the City hereby approves.

- b. Buyer agrees to defend, indemnify and hold harmless the City against any mechanics liens that may arise from the activities of Buyer and its employees, consultants, contractors and agents on the Premises.
- c. Buyer shall exercise the access and inspection rights granted hereunder at its sole risk and expense, and Buyer hereby releases the City from, and agrees to indemnify, defend, and hold the City harmless against, any and all losses, costs, claims, expenses and liabilities (including without limitation reasonable attorney fees and costs) (collectively, "Damages") suffered by the City on account of any injury to person or damage to property arising out of the exercise by Buyer of its rights hereunder, except to the extent that such Damages result from the act or omission of the City.
- d. Buyer shall cause any contractors, consultants or any other party conducting the Inspections to procure automobile insurance, if applicable, and general public liability insurance coverage in amounts of not less than Four Hundred Thousand Dollars (\$400,000.00) per occurrence for bodily injury, death and property damage, listing the City as an additional insured thereon, and also Workers' Compensation Insurance coverage to the extent required by law; the forms of all such insurance to be subject to City's Corporation Counsel's reasonable satisfaction.
- e. In the event that Buyer does not purchase the Premises, Buyer agrees to either return the Premises as nearly as possible to its original condition after conducting the Inspections, or, at the City's option, reimburse the City for any physical damage caused to the Premises in connection with the Inspections; provided, however, the City hereby acknowledges and agrees that the term "physical damage" does not include any disturbance of any pre-existing environmental contamination on the Premises caused by such inspections, studies, tests, exams, and assessments, and that Buyer shall have no obligation to clean-up, remove or take any other action with respect to any pre-existing environmental contamination disturbed thereby.
- f. The parties hereto acknowledge and agree that it is a condition to Buyer's obligations under this Agreement that the results of the Inspections be acceptable to Buyer in its sole discretion. If the results of such due diligence are not acceptable to Buyer in its sole discretion, and if Buyer exercises its right to terminate this Agreement, then the City shall refund to Buyer the Deposit, if previously paid, without interest, within thirty (30) days after receipt of Buyer's termination notice, and neither party shall have any further obligations or liabilities under this Agreement except as expressly set forth in this Agreement.

5. REAL ESTATE TAXES, PRORATIONS AND TRANSFER TAX. Buyer shall be liable for all real estate taxes beginning as of the start of fiscal year following the closing and continuing thereafter. Because the Property is currently owned by the City of Portland, which is exempt from real estate taxes, no taxes were assessed or

will be due for any portion of the current fiscal year, and no taxes will be prorated at the closing. Any utilities for the Property shall be prorated as of the closing. The Maine real estate transfer tax shall be paid for by Buyer in accordance with 36 M.R.S.A. § 4641-A. City is exempt from paying the transfer tax pursuant to 36 M.R.S.A. § 4641-C. The recording fee for the deed of conveyance and any expenses relating to Buyer's financing or closing shall be paid for by Buyer.

6. **DEFAULT AND REMEDIES.** In the event that Buyer defaults hereunder for a reason other than the default of the City, City shall retain the deposit as its sole remedy. In the event City defaults under this Agreement, and if Buyer is not then in default hereunder, Buyer shall have the right to pursue specific performance, but at all times may elect in substitution therefor, as its sole remedy, the right to a return of its deposit.
7. **RISK OF LOSS.** The risk of loss or damage to the Premises by fire, eminent domain, condemnation, or otherwise, until transfer of title hereunder, is assumed by the City. The Premises is to be delivered in substantially the same condition as of the date of this Agreement unless otherwise stated. In the event City is not able to deliver the Premises as stated, Buyer may terminate this Agreement and receive a refund of the Deposit without interest, and neither party shall have any further obligations or liabilities under this Agreement except as expressly set forth in this Agreement.
8. **PROPERTY SOLD "AS IS, WHERE IS."** Buyer acknowledges that Buyer has had an opportunity to inspect the Premises, and to hire professionals to do so, and that Premises will be sold "as is, where is" and "with all faults." City, and its agents, make no representations or warranties with respect to the accuracy of any statement as to boundaries or acreage, or as to any other matters contained in any description of the Premises, or as to the fitness of the Premises for a particular purpose, or as to development rights, merchantability, habitability, or as to any other matter, including without limitation, land use, zoning and subdivision issues or the environmental, mechanical, or structural condition of the Premises. Acceptance by Buyer of the Deed at closing and payment of the purchase price shall be deemed to be full performance and discharge by the City of every agreement and obligation contained herein.
9. **ENVIRONMENTAL INDEMNIFICATION.** Buyer covenants and agrees to indemnify, defend, and hold the City harmless from and against any and all claims, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, costs, or expenses of any kind, including, without limitation, reasonable attorneys', consultants', and experts' fees incurred in investigating, defending, settling, or prosecuting any claim, litigation or proceeding, that may at any time be imposed upon, incurred by or asserted or awarded against Buyer or the City and relating directly or indirectly to the violation of or compliance with any federal, state, or local environmental laws, rules, or regulations governing the release, handling or storage of hazardous wastes or hazardous materials and affecting all or any portion of the Premises, except to the extent that such a claim results directly from the City's release, handling or storage of hazardous wastes or hazardous materials on the

Premises. This duty to indemnify, defend, and hold harmless shall be included in a covenant in the deed and shall run with the land conveyed and be binding upon Buyer's successors, assigns, and transferees.

10. CONDITIONS PRECEDENT TO CLOSING. The City shall pursue Subdivision approval by the City of Portland Planning Board, in order to obtain approval for the creation of the parcel which constitutes the Premises, unless the Buyer and City as Seller, determine such Subdivision approval is not required. In the event the City is unable to obtain such approval prior to the Closing Date, as defined below, then the Closing date shall be extended for one year and if after the end of such extension period, the City is unable to obtain such approval, then the City shall refund the Deposit, if previously paid, without interest, and this Agreement shall be terminated and neither party shall have any further obligations or liabilities under this Agreement, unless the parties mutually agree to extend this agreement. Buyer acknowledges and agrees that the City is acting as Seller, and not in its regulatory capacity, in connection with this Agreement. The acceptance or recording of a deed to the Buyer of the Premises will evidence conclusive and final consent by the Buyer to the waiver or completion of all this condition.

11. CLOSING. Time is of the essence in the performance of this agreement. The closing shall be held at the offices of Buyer's counsel or lender at a time agreeable to the parties on or before December 31, 2018 (the "Closing Date"). At the Closing:

- a. the City shall execute, acknowledge and deliver to Buyer a municipal quitclaim deed conveying to Buyer good and insurable title to the Premises, free and clear of all encumbrances except as otherwise set forth herein. Full possession of the Premises shall be given to Buyer at Closing and the City shall have removed all of its personal property and left the Premises in a clean and orderly condition.
- b. Buyer shall deliver the balance of the Purchase Price to the City by wire transfer (or as otherwise reasonably requested by the City);
- c. Each party shall deliver to the other such other documents, certificates and the like as may be required herein or as may be necessary to carry out the obligations under this Agreement.
- d. Buyer shall deliver evidence, reasonably satisfactory to City's Corporation Counsel, that the entity receiving title to the Premises is in good standing under Maine law, and that the individuals acting to Closing and executing documents on behalf of Buyer are authorized to do so.

12. BUYER'S POST CLOSING OBLIGATIONS. To the extent described in this paragraph, Buyer agrees to substantially commence development of the project substantially as depicted on the attached Plan (Exhibit B), substantially as presented in the Memo dated August, 2017 to Nate Stevens and Vince Ciampi (copy to Greg Mitchell) from Ford Reiche and Jeff Zachau (the "Project") within twelve (12) months after the Closing, provided, however, that Buyer may expend less on building

rehabilitation if the result is to secure tenants at a rental of at least \$10/per square foot. If Buyer, its successors, assigns, or transferees fails to submit to the City of Portland Planning Board a substantially complete site plan review application for the Project on the Property within 12 months after the Closing, and to substantially complete construction of the buildings which are part of the Project within thirty (30) months after the Closing, the City shall have the right to draw on the \$200,000 letter of credit that Buyer's lender will provide to the City at Closing. Said 12 month and 30 month periods shall be automatically extended if Buyer fails to perform any of its obligations hereunder by reason of strikes, boycotts, labor disputes, acts of God, war, acts of superior governmental authority, failure to obtain land use approvals, or other reason over which it has no control; provided, however, that the suspension of performance shall be no longer than that required by the force majeure. The provisions of this paragraph will survive closing. Buyer shall have the right to make changes to the Project that are not material and such immaterial changes shall not entitle the City to draw on said letter of credit. The City agrees that it shall be reasonable in all aspects of application of the provisions of this paragraph.

- 13. ENTIRE AGREEMENT.** This Agreement represents the entire and complete Agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, between the parties with respect to the acquisition or exchange of the Property hereunder. This Agreement cannot be amended except by written instrument executed by City and Buyer.
- 14. NON-WAIVER.** No waiver of any breach of any one or more of the conditions of this Agreement by either party shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.
- 15. HEADINGS AND CAPTIONS.** The headings and captions appearing herein are for the convenience of reference only and shall not in any way affect the substantive provisions hereof.
- 16. BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns.
- 17. TIME.** The City and Buyer each confirm and agree that each of the time periods set forth herein are essential provisions of the terms of this Agreement.
- 18. GOVERNING LAW.** This Agreement shall be construed in all respects in accordance with, and governed by, the laws of the State of Maine. All parties hereto hereby consent to the exclusive jurisdiction of the Superior Court for the County of Cumberland in the State of Maine, for all actions, proceedings and litigation arising from or relating directly or indirectly to this Agreement or any of the obligations hereunder, and any dispute not otherwise resolved as provided herein shall be litigated solely in said Court. If any provision of this Agreement is determined to be invalid or unenforceable, it shall not affect the validity or enforcement of the remaining provisions hereof.

19. NOTICE. All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the first business day after mailing if mailed to the party to whom notice is to be given by first class mail, postage prepaid, certified, return receipt requested, addressed to the recipient at the addresses set forth below. Either party may change addresses for purposes of this paragraph by giving the other party notice of the new address in the manner described herein.

FOR THE City: City of Portland
ATTN: City MANAGER
389 Congress Street
Portland, ME 04101

With a copy to: The Office of the Corporation Counsel at the same address.

FOR Buyer: 55 Portland Street, LLC
c/o Ford S. Reiche,
54 Bartol Island Road, Freeport, Maine 04032

With a copy to: Ronald Epstein, Esq.
Jensen Baird Gardner & Henry
10 Free Street, Portland, ME

20. SIGNATURES; MULTIPLE COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement.

21. BROKERS. City shall pay CBRE | The Boulos Company at closing a brokerage commission equal to five percent (5%) of the Purchase Price at closing and any other brokerage fees due to it in connection with this transaction. The CITY and Buyer each represent and warrant that they have not dealt with a real estate broker in connection with this transaction other than CBRE | The Boulos Company. Buyer agrees to indemnify and hold harmless City from any claims made by any broker should Buyer's representation in this paragraph be false. Subject to the limitations of liability set forth in the Maine Tort Claims Act, City agrees to indemnify and hold harmless Buyer from any claims made by any broker should City's representation in this paragraph be false. The foregoing indemnities shall include all legal fees and costs incurred in defense against any such claim, and shall survive closing.

22. RECITALS INCORPORATED BY REFERENCE. The recitals set forth above are incorporated herein by reference and made a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers or representatives, as of the day and year first written



above.

CITY OF PORTLAND

WITNESS

Jon P. Jennings
Its City Manager

55 Portland Street, LLC

WITNESS



Printed Name: Ford S. Reiche
Its Manager

11/21/17

Approved as to Form:

Corporation Counsel's Office



Sketch Attached

DATE: June 22, 2017

Vince Ciampi and Nate Stevens
CBRE | The Boulos Company
1 Canal Plaza, 5th Floor
Portland, ME 04101

EXHIBIT A
FOUR PAGES TOTAL
Jed R.
6/21/17

Re: **Letter of Intent to Purchase**
A portion of Parcel 1, 55 Portland Street*
Portland, ME

***Reduce Parcel 1 to establish back (North) boundary line at rear of the nine parking spaces adjacent to building, with access easement established from Parris Street across the City garage property. See accompanying sketch. ALSO NOTE: It is assumed that the entire parking lot on Portland Street adjacent to 55 Portland Street building, and extending out to Hanover Street is INCLUDED in Parcel 1.**

Dear Vince and Nate:

It is our understanding that you represent the owner ("Seller"), of certain land and improvements as referenced above located in Portland, Maine (the "Property"). This letter shall serve to set forth the basic terms under which Ford Reiche and Jeffrey Zachau, permitted assigns or affiliates ("Purchaser") would purchase Seller's fee simple interest in the Property.

This letter does not constitute a binding agreement between the parties hereto and is intended only as an expression of their intent with respect to working together to try to consummate the transaction herein contemplated. The general terms and conditions for the negotiation of a Purchase and Sale Agreement for the Property are as follows:

1. **Property Description:**

A portion of Parcel 1, 55 Portland Street*
Portland, ME

***Reduce Parcel 1 to establish back (North) boundary line at rear of the nine parking spaces adjacent to building, with access easement established from Parris Street across the City garage property. See accompanying sketch. ALSO NOTE: It is assumed that the entire parking lot on Portland Street adjacent to 55 Portland Street building, and extending out to Hanover Street is INCLUDED in Parcel 1.**

JN

2. **Purchase Price:**

Purchaser would pay a purchase price of \$1,400,000 for a 100% fee simple interest in the Property. The purchase price, subject to customary prorations, would be payable by wire transfer of funds on the day of the closing of the purchase and sale of the Property. Purchaser will require Seller to deliver the Property free and clear of all encumbrances and title exceptions except for approved or deemed approved, tenant leases and any other matters approved or deemed approved by Purchaser. Purchaser will require that utilities easements serving the building are appropriate, as well as access to rear parking spots.

3. **Purchase and Sale Agreement:** Seller and Purchaser shall use good faith diligent efforts to negotiate a mutually acceptable Purchase and Sale Agreement drafted by the City of Portland.

4. **Closing:** At the City's convenience within next 12 months. If closing is before City vacates the premises, then parties would negotiate a lease back to City equal to Purchaser's holding costs without profit to Purchaser.

5. **Prorations and Closing Costs:** All rents, real estate taxes, assessments and operating expenses to be prorated as of the date of Closing based on the best information available at that time.

Seller shall pay for Seller's legal fees, and standard, customary seller closing costs. Purchaser shall pay for (i) Purchaser's legal fees, (ii) Purchaser's physical inspection costs and (iii) other standard buyer closing costs.

6. **Investigation/Environmental Period and Purchaser's Approval:** Purchaser to have 45 days after City acceptance of this offer to complete and accept any and all inspections/due diligence/environmental assessment Purchaser may deem necessary or prudent, including document review and physical inspection of the Property.

7. **Financing Contingency:** There is no financing contingency.

8. **Deposits:**

Within 3 business days after the full execution of a mutually acceptable Purchase and Sale Agreement, Purchaser shall deposit the sum of \$140,000 in a non-interest bearing account with CBRE | The Boulos Company. The deposit shall be fully refundable until the end of the Financing Period.

9. **Confidentiality:** The parties and their representatives shall keep strictly confidential this letter, any negotiations pertaining to the transactions contemplated hereby and any information that either party furnishes to the other pursuant hereto. Unless compelled by legal process, each party shall maintain the confidentiality of such information and shall not disclose same to persons other than its employees, agents, affiliates, attorneys, accountants, and consultants.

JAN

The above terms and conditions are not meant to be all inclusive and will be augmented by the terms of the Purchase and Sale Agreement. It is expressly understood by both Purchaser and Seller that this letter of intent shall not be construed as a binding or final purchase offer commitment or acceptance of a purchase offer but merely an expression of interest. Either party may, without liability to the other party, discontinue negotiations at any time. The parties shall not be bound with respect to the transaction contemplated hereby unless and until a definitive Purchase and Sale Agreement is executed and delivered by the parties. No liability of any nature is intended to be created between parties as a result of this letter. If the Seller agrees with the above, please have an authorized signatory of Seller acknowledge and approve the forgoing by signing and returning this letter of intent to the undersigned no later than **June 30, 2017**.

We look forward to working with you on this proposed transaction.

Sincerely yours,

SEEN AND AGREED TO:

CITY OF PORTLAND, SELLER

By: _____

Date _____

FORD REICHE & JEFF ZACHAU, PURCHASER

By: *Jeff Reiche*
Its: *Partner*

 6/21/17
Date

55 PORTLAND STREET
CITY OF PORTLAND, PARCEL 1



REICHE / ZACHAU OFFER 6/22/17

NOTE: Our offer involves establishing the rear lot line as shown above, with an access easement to parking spots behind the building at building at 55 Portland St.

EXHIBIT B

THREE PAGES
JWR - 11/21/17

MEMO

TO: Nate Stevens and Vince Ciampi, CBRE The Boulos Company
CC: Greg Mitchell, Economic Development Director, Portland, Maine
FROM: Ford Reiche and Jeff Zachau
DATE: August, 2017

RE: 55 Portland Street

Nate and Vince,

This is to respond to the seven written questions you posed regarding our interest in purchasing 55 Portland Street from the City of Portland. In addition to these written responses we would be pleased to provide any further information which the Council might request, or we could come to a meeting for a more detailed discussion.

In addition to the information provided below, I would refer you to the details of our submitted offer. In particular, we would like to reiterate that this would be a cash purchase, and we are very flexible in terms of when we close or take possession depending on the City's preference.

Experience and Qualifications

Our intended ownership structure would be Ford Reiche and Jeffrey Zachau as equal partners.

Reiche and his corporations currently own \$15MM of real estate in the Portland area, and has successfully owned and developed property here for 40 years. Although, the 55 Portland Street property is not an historic structure, it is an indication of the quality of past projects that of the three properties owned by Reiche which happen to be on the National Historic Register, all three won major awards for the finished product. The Boulos Company and the City Economic Development Director, Greg Mitchell, both have had significant direct experience working with Reiche over the years, and I believe that both would provide positive references.

Jeff Zachau is sole owner of Zachau Construction, which has been engaged in commercial construction and development since 1969. Zachau Construction has successfully completed over 250 projects with a combined value in excess of \$300 million. Currently their client list includes Tyler Technologies, L.L.Bean, Hannaford, MEMIC, Patrons Insurance, WEX, Portland Water District, AVESTA, Community Housing of Maine and many others.

Vision For The Property

55 Portland Street is a 33 year old building which was built as an office building, and is uniquely suited to such a use. The configuration of this building is unsuitable for residential use, and the cost to attempt a conversion and modernization for such a purpose would be impractical.

The building has had minimal modernization or upgrade since its initial construction. Modern office space requires many amenities that will need to be incorporated into the renovation design such as; abundant daylighting, various sized collaboration spaces, open work space environments and energy efficient lighting to name a few. The absence of any windows on three of the exterior walls on the first level, and on one long wall on the third level, will require some significant expense. Other necessary improvements will include:

- Separating mechanical services and vehicle circulation shared with the building at 44 Hanover Street;
- Updating parts of the façade and grounds;
- Modifying room configurations to the intended new use;
- Major renovation of flooring, ceilings, lighting;
- Upgrades to restrooms;

Our redevelopment vision would be to execute significant renovation to create appealing modern Class B office space. There is a need for this type of property on the peninsula, and this building with adjacent parking is well suited to such a use. This work would be done as soon as purchase and acquire possession.

We would look to charge a rent in the range of \$10NNN, which we believe to be market

Type Of Tenant

Candidate tenants will likely be small or mid-sized commercial operations, ideally in growth mode. The lower level, while of limited appeal because it is partly below grade, could offer expansion space over time. The fact that this parcel is on the peninsula with parking is also appealing from a tenant perspective.

We have already commenced preliminary discussions with prospective tenants: Two young start ups seeking to move to Portland, one Portland based non-profit seeking to relocate on the peninsula, one Portland professional firm seeking to relocate on the peninsula.

Single or Multi-Tenant?

The building could realistically lay out for either one or two tenants.

Profit or Non-Profit?

Because this building and location lends itself to development as solid, modern Class B commercial space, it would be attractive to both profit and non-profit operations.

How Many Employees Will Occupy The Building?

Based on a general formula of 275 SF/person, the two upper floors could accommodate 48 employees. This matches well with the 42 parking spots at the property. More employees could work in the lower level, but only to a limited degree because of the fact that that level is below grade on three out of four sides.

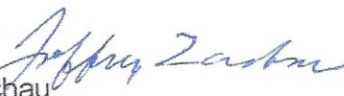
Estimated Cost Of Renovations?

We will spend approximately \$500,000 - \$750,000 as soon as we purchase and acquire possession. There will be no complicated zoning or project approval issues.

SUMMARY

We hope that we have provided complete and satisfactory responses, and that the City Council looks favorably upon our development plan and purchase proposal.

Thank you,


Jeffrey Zachau


Ford Reiche

Ford@FordReiche.com

207-740-6099