



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: October 23, 2013
Board Meeting Date: November 5, 2013
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: John L. Maltbie, County Manager
Subject: Authorization to Execute Broker Services Agreement

RECOMMENDATION:

Adopt a Resolution authorizing the County Manager or his designee to execute a Broker Services Agreement in connection with the potential sale of Circle Star Plaza.

BACKGROUND:

In 2011 the County purchased One and Two Circle Star Way collectively known as Circle Star Plaza (the Property), consisting of two Class A office buildings totaling 207,852 SF, with garaged and surface parking. Currently, the Property is fully leased to a single Tenant for a period of less than 10 years.

The recent upward commercial market trends make this an advantageous time to the sell the property. It is anticipated that the sale price will significantly exceed the County's purchase price of \$39,950,000 and additional lease-up costs.

DISCUSSION:

The County is not required to conduct an RFP process to select a real estate broker for the sale of County real property. Nevertheless, the County Manager solicited proposals and a team composed of members from the County Manager's office and the Office of the County Counsel, received interview-styled presentations from two leading commercial real estate firms. Based on those presentations and interviews, the engagement of the firm CBRE, Inc. Investment Properties is recommended. This recommendation by the interview team and the County Manager is based on CBRE's competitive compensation proposal, experienced team and international commercial real estate sales network.

CBRE's commission under the agreement would be 0.5% of the gross purchase price, which is estimated to be in the lower percentage range of broker fees for properties of similar size and nature. CBRE's fee is exclusively for CBRE, as the listing broker. In

addition, the County will reimburse CBRE for due diligence costs associated with the sale of the property in an amount not to exceed \$250,000.

County Counsel has reviewed and approved the resolution as to form. Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Prosperous Community by retaining office space in the County and generating income for the County General Fund.

FISCAL IMPACT:

The commission payment under the broker contract will be performance based dependent upon a successful sale. Commission payments to the broker, which could be up to \$500,000, will be made from the proceeds of sale. The up to \$250,000 for due diligence costs would be paid regardless of whether or not a sale is consummated and will be paid out of the County General Fund, to be reimbursed from the proceeds of sale.