

ITEMS REQUIRING BOCC APPROVAL

(3 Items)

**1. ON-CALL COMMERCIAL REAL ESTATE BROKER SERVICES -- FACILITIES DEPARTMENT
FUNDING -- FACILITIES DEPARTMENT**

(Request sent to 83 vendors)

RFP #18-0072 Contract

| | Martens Commercial Group, LLC dba NAI Martens | J.P. Weigand & Sons, Inc. | BizCore Pros, Inc. dba Lange Real Estate |
|--|---|---|--|
| Commission % for Property Acquisitions | Minimum of 3% charged to Seller. | In most instances, there would be a 6% commission paid by the Seller; however, potentially, it could be a 3% minimum to Buyer's broker whether the property is listed or not. | Commission would typically be paid for by the Seller. For "off market" property, the Buyer pays 3% of the total purchase price commission. |
| Commission % for Property Dispositions | 6% on the first \$1 million, plus 4% on the next \$2 million and 2% thereafter. Each will be split equally between Buyer & Seller. | 6% split between Buyer and Seller. | 6% split between Buyer & Seller. 5% if the vendor procures Buyer. |
| On-Call Hourly Rate | \$70.00 | N/A | N/A |
| Auctions | 1.5% of the proceeds from the auction. | In-House. The marketing fee ranges between \$1,000.00 and \$2,500.00. There is a Buyer's premium at auctions of 10% over and above the purchase price which is paid by the Buyer. | In-House |
| Annual Fee | N/A | \$50,000.00 with 10% reimbursements of commissions up to \$25,000.00. | \$19,900.00 with reimbursement of commissions greater than or equal to \$19,900.00. |
| Leases | 6% of gross lease volume over the term of the lease. Typically coming from the lessor. If that figure is larger than \$1 million, a lower commission rate would be negotiated. | 6% of gross lease volume for the first 5 years, 4% for the second 5 years and 4% for any remaining initial term or option. | 6% of total gross rents, split between listing and Buyer agents paid by lessor. 5% if the vendor procures lessee and holds the listing. |

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|--------|-------------------------------------|----------------------------|-----------------------------------|
| No Bid | Anderson Management Co., Inc. | Marilyn Harris Real Estate | McCurdy Auction & Realty Services |
| | Midwest Right of Way Services, Inc. | Theurer Auction/Realty | |

On the recommendation of Paul Regehr, on behalf of the Facilities Department, Ellen House moved to **accept the proposal from Martens Commercial Group, LLC dba NAI Martens for the rates listed above for one (1) year with four (4) one (1) year options to renew.** Richard Powell seconded the motion. The motion passed unanimously.

An evaluation committee consisting of Tania Cole - Facilities Department, Valerie Kaster - Facilities Project Services, Mark Clark - Appraiser's Office, and Paul Regehr - Purchasing evaluated the proposals based on criteria set forth in the RFP. The committee sent additional questions to the three (3) proposers and the committee was satisfied with the responses.

References were checked and all resulted in positive recommendations. The evaluation committee unanimously selected Martens Commercial Group, LLC dba NAI Martens based on the RFP evaluation criteria and their staff's previous years' of experience with the county.

Questions and Answers

Richard Powell: What would be a typical example as to why we would use a commercial real estate brokerage service in the function of county government? What is their purpose?

Tania Cole: Last year we used NAI Martens for the search firm for the county building. They were very critical and very helpful through the process of finding us available buildings for the square footage size we had for parking. They were able to come back and give us several options. Then we were able to prioritize as to what we thought would be good available properties for us. They began negotiations with the owners or the landlords to be the go-between the county and the owners for the properties. Currently we are using NAI Martens for the WIC Lease. They are currently in a USD 259 building and they needed to find lease space. They had a particular zip code and we approached our on-call real estate broker to find suitable locations within that zip code that would be a lease. We are looking for this many offices, this type of open space, breakrooms, etc. They are able to do a search and give us available properties that fit within that.

Richard Powell: So we use them first and as a resource to assist us with our needs. Are their points in having a contract with one of these types of organizations? Do they also represent us in the actual purchase?

Tania Cole: That is correct. They do. They will be a owner representative for us.

Richard Powell: In the interest of the competitive process, I'm just curious can you explain as far as percentage of the charge for property acquisitions and dispositions. How those play out? I guess it's probably the whole picture but specifically the cost effectiveness of the on-call hourly rate versus the annual fee. Then how these percentages, 3% charge to seller for acquisitions and 6% with a decreasing amount based on the total value of the disposition of a property. How do those play out as far as cost effectiveness across the three bidders?

Tania Cole: I will tell you typically across that we're looking at acquisitions. Dispositions will have the same commission. Where we made our evaluation was in the on-call hourly fee versus the annual fee. Let me start with NAI Martens. If the work they're doing results in a real estate transaction, they will recoup the commission from that. If it does not result in a transaction then they will charge us the hourly fee. The other two, Weigand and Lange Real Estate, have come to us and said you have an annual fee for our services. For Lange it's \$19,900.00, with Weigand that's \$50,000.00 annually. Now, they will reimburse. So with Lange Realty, they will reimburse us the \$19,900.00 if their commissions are above that amount. With Weigand they're \$50,000.00 annually, they will reimburse us 10% of their commissions up to \$25,000.00. The basis of our choice for NAI Martens is basically we don't have to pay an annual fee. What we will have to pay is an hourly fee if it does not result in a real estate transaction.

Russell Leeds: Based on our previous work with Martens, we didn't expend large amounts.

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Tania Cole: Yes, there were years where we didn't expend anything with them or it was a very low fee. Last year was a pretty significant year with the Admin Building. We did use them for that.

Russell Leeds: With the evaluation of the committee, collectively, was Martens the most cost effective?

Tania Cole: Yes.

Richard Powell: Did you say the current agreement that we have is with NAI Martens?

Tania Cole: Yes.

Richard Powell: How long have we had this particular agreement?

Tania Cole: I believe it's five (5) years. We have the same one (1) year, with four (4) one (1) year options to renew.

Richard Powell: Okay, thank you.