

Bend investors bid on The Bulletin real estate

By KATHLEEN MCLAUGHLIN
Bend Bulletin

BEND — A Bend real estate investor bid \$13.25 million to buy out of bankruptcy *The Bulletin's* headquarters — property near Oregon State University-Cascades that includes 2.5 acres of vacant land with development potential.

Next Development Group, led by Bradley Kent, would pay cash for the property, according to an asset purchase agreement filed in bankruptcy court Wednesday.

Prior to filing for Chapter 11 bankruptcy protection in January, *The Bulletin's* parent company, Western Communications, had listed its office building and printing plant on Chandler Avenue for \$20 million. It was one of the highest-priced real estate listings in Bend in February 2017.

Completed in 2000, the 86,394-square-foot building sits on close to 10 acres. It's in a mixed-use urban zone, which allows for dense development with a variety of commercial and residential uses.

Western Communications hired real estate brokers in Portland and Bend in April, and their combined



Bend Bulletin Photo, File

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databases reached 2,000 potential buyers, according to a motion filed Wednesday.

The brokers, CBRE and Compass Commercial Real Estate Services, had contact with 75 potential buyers and provided confidentiality agreements and access to due diligence documents to 39.

The deadline for competing bids would be 5 p.m., Oct. 15, according to the motion. An auction, if needed, would be held Oct. 18 in the offices of Tonkon Torp LLP.

The next high bidder would have to exceed Next Development's offer by at least \$400,000, and sub-

sequent bidding would go up in \$100,000 increments, according to the agreement.

As the stalking horse bidder, Next Development could earn a \$300,000 breakup fee — if it's approved by the bankruptcy court — in the event that it's outbid. Competitors would have to provide cash to cover the breakup fee in addition to a deposit and 10% of the purchase price.

Because of debt tied to the building, Western Communications owed about \$19.1 million to its main creditor, Sandton Credit Solutions Master Fund III, LP. Sandton's claim is down to about \$16 million since Western

Communications sold five other newspapers in California and Oregon plus other real estate, said Tony Summers, an attorney at Lane Powell PC in Portland who represents Sandton.

Several other associates of Western Communications also have liens on the real estate. They are Malory Jean McCool, Anna Jane Stevens, Western Communications Chairwoman Elizabeth C. McCool, Alex Leigh McCool, Margaret C. and Gregory F. Cushman, Mary Jean Chandler, Jeffrey C. Cushman, John A. Costa and Denise B. Costa, according to the motion.

Those creditors loaned

money to Western Communications before the bankruptcy filing, Tonkon Torp attorney Michael Fletcher said. Selling the real estate would repay them and property tax collectors in Deschutes and other counties, he said.

With EO Media Group of Salem expected to complete its purchase of *The Bulletin* and *Redmond Spokesman* Aug. 30, Sandton would gain another \$2.3 million. EO Media is buying the newspaper business, not the real estate.

Although EO Media Group bid \$3.65 million for the papers, more than \$1 million of that will go to various parties, including the firm that brokered the newspaper sale, Deschutes County for personal property taxes on *The Bulletin's* printing press, and the newspapers' employees and vendors.

Rhode Island Suburban Newspapers, which was the first bidder for the newspapers, will receive a \$67,500 breakup fee.

Western Communications' attorney Al Kennedy of Tonkon Torp argued to keep an additional \$570,000 in escrow to pay lawyers and other professionals for their work so far.

"This entire Chapter 11 has been necessary to pre-

serve the going concern value of those newspapers," Kennedy said during a hearing Monday in Portland. "Had this not been filed, and had all of the expenses not been incurred, those newspapers would've closed down."

Summers argued that the professional fees should be paid from the sale of the real estate, which could close at the end of October if no other bidders come forward.

U.S. Bankruptcy Judge Trish Brown agreed to allow \$300,000 from the newspapers' sale to be held in escrow. "That gives you incentive to keep going — right?" she said.

The building's sale includes a two-year lease with EO Media Group, though that can be terminated early with 180 days' notice, according to the agreement. EO Media has until the end of November to move the printing press out of the Chandler Avenue building.

Heidi Wright, chief operating officer of EO Media, has said *The Bulletin's* press will be marketed for sale. The company has already arranged to shift printing to a press owned by Pamplin Media in Prineville. Wright will become publisher of *The Bulletin* on Sept. 1.

Forecast for Pendleton Area

