

UNICRU





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Submittal

By

Gordon D. King, Michael D. Holzgang and Brad Christiansen

To

Commercial Association of Realtors

“THE FACTS”

Tenant: UNICRU, INC.
an Oregon corporation

Landlord: Equity Office Properties

Building: Nimbus Corporate Center
(Buildings 2 and 3)

Address: 9525 SW Gemini Drive
Beaverton, Oregon

Building Type: Flex/Business Park Office Space

Square Feet: 64,727

Term: Seven (7) years

Brokerage Representation:

For Tenant: Colliers International
(Gordon King, Mike Holzgang and Brad
Christiansen)

For Landlord: Trammell Crow (Jeff Falconer and Mike Nye)

Interior Planning: WGS Design, Inc. (Paul Gibbons)

Contractor: RnH Construction

Comments Regarding Additional and/or Related Transactions:

After successful completion of this transaction, two San Francisco-based high-tech firms (Guru.com and Xperius, Inc.) were purchased by Unicru. We traveled to San Francisco on behalf of Unicru and with the assistance of Jim Sobel of our Colliers San Francisco office, assisted in consolidating these two businesses into a 15,305 square foot sublease from Electronic Arts, Inc. at 300 California Street in the San Francisco district. We anticipate that Unicru will lease the balance of the 10,694 square feet currently available at their Nimbus headquarters location by third quarter of 2004.

Case Study

By

Gordon King, Mike Holzgang and Brad Christiansen

For

UNICRU

Unicru is a rapidly growing provider of computerized hiring management systems (one of the *Inc.'s* 500 fastest growing private companies in America). Over a one-year period, Gordon King, Mike Holzgang, and Brad Christiansen worked on the relocation of the headquarters for this rapidly growing business.

Challenge

- Assist with the needs of a firm that was growing from 136 employees to as many as 270 employees, with a leasehold expiring two years from the inception of our engagement.
- Upgrade the image of a firm that occupied third-generation space with eight to ten year old furnishings -- space that had not been remodeled in nearly a decade.
- Develop a working team that could deliver professionally designed space that could meet the President and CEO's demand that the space have a technology look, but the transaction be "economically determined."
- Co-manage the process with the Operations Manager and with the active involvement of the President and Chief Executive Officer, Chief Financial Officer, Technology Manager, Internal Legal Counsel, as well as interface with our team's interior designer, WGS Design, Inc., to present a unified negotiating strategy and presentation.
- Negotiate the first major westside lease transaction in the post-911 market that had not yet had enough demand to clearly determine what were appropriate (i.e., adjusted) recession-oriented rental rates.
- The Operations Manager and related staff members had grown weary of the typical business park management "headaches" with regard to lighting replacement, repairs, maintenance, and related cost accounting. He desired that we would identify and qualify avenues to reduce the time spent on real estate management issues and thereby make his time more productive.

Services

- Gordon and Mike did an initial catalog of over 50 potential availabilities of 40,000 square feet or greater.
- A request for proposal was forwarded to 29 potential relocation sites extending from Kruse Way along the 217 corridor west to Hillsboro. 17 responded, 16 were summarized using 30 decision-making variables, and then re-summarized using 10 financially-oriented variables.
- In working with WGS Design, our initial search parameter was 57,000 square feet in the Westside marketplace.
- Four projects were short-listed just as the executive group began to also consider locational and political considerations, as well as determine in the process a “campus-style” image was preferred. Given the then evident geographical preference for Washington Square, PS Business Park’s Creekside Corporate Center and Equity Office Properties became the two finalists.
- In order to assist the Operations Manager’s time management regarding facilities, we suggested a “modified” gross lease to avoid the risks and labor costs associated with the typical business park leases that place repair and maintenance obligations upon the Tenant. In final negotiations, we also made sure that this approach toward leasehold negotiating in a business park had the following “fallout:”
- To ensure that the HVAC system, as required by the lease, was in “good working order and repair and adequate for normal office use,” our team used Rick Dusa of MKE & Associates Consulting Engineers to provide a tenant-oriented HVAC audit for the 20-year old Nimbus Technology Center. After over one month of active negotiation regarding this issue, a \$66,000 credit to Unicru was provided for repair to existing ducting, replacement of duct furnaces, and for installation of seven new HVAC units.
- With the assistance of WGS Design, initial tenant improvements and schematic plans were bid prior to final negotiations at Creekside and Nimbus. For budgeting purposes, tenant improvements costs were estimated at \$23.38 per square foot.
- Active team negotiation changed the “front-runner” from Creekside to Nimbus largely through the extremely responsive and aggressive posture of Equity Office Properties. When we were approaching the end of negotiations, Equity Office Properties delivered a draft lease as their final response to our request, along with a certificate for a signing bonus!
- At the end of the project, the tenant improvement allowance was \$34.15, the balance between the actual cost of such improvements and the negotiated allowance (approximately \$700,000) was allocable to furnishings, wiring, and associated relocation expenses under the terms of the leasehold.

Results

- The full economics of this transaction cannot be disclosed.
- Lease negotiations were actively pursued and insured that the base document reflected a carefully tailored, “modified gross lease” that provided for installation of UPS and other specialized equipment, a determination of fair market value for the option to renew, properly documented an expansion option, established specific limitations on what would be considered operating expenses, and provided sufficient protection regarding hazardous waste.
- The due diligence on this project was rather extensive – such careful documentation should be viewed as both a service and a result.
 - During the process, it was discovered the site’s adjacent to the former ViewMaster facility was problematic in that the DEQ had, in November 1998, ordered GAF Corporation and Mattel to provide a comprehensive investigation of the site. With the assistance of legal counsel, we produced and reviewed DEQ clean-up plans.
 - In addition, as mentioned above, the 20-year old facility had a functionally obsolete HVAC system.
 - As we were reviewing the title reports (an unusual event in lease negotiations), there was no evidence of any variances to allow the previous building expansion over the top of a platted sanitary sewer easement located between the two building wings. These records were lost in the transfer of the property between Spieker Partners and EOP. During our due diligence, EOP eventually produced approved plans for the construction connector between the buildings, as well as a fully executed permit to obstruct the previously referenced easement.
- Our active negotiating posture accomplished the lowest rental rate in a flex office building in nearly a decade and provided the following tenant-oriented concessions:
 - \$50,000 signing bonus
 - Signage on the building
 - Exterior of the building was re-painted and the site was re-landscaped
 - Expansion rights for provided for any and all upcoming availabilities within the park
- As part of the aggressive lease negotiations, the lease was signed with the following contingencies, all of which “added value” in the form of transaction and economic certainty.
 - The lease settlement be reached with Credence Systems/IMS (the former space occupant)
 - Approval of HVAC repair and replacement plans (see prior reference)

- Approval of all construction documents and plans (including a list of removables)
 - Agreement as to a “not-to-exceed” construction cost for tenant improvements
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- As demonstrated by the enclosed pictures, with Paul Gibbons’ masterful assistance, a carefully planned image, but cost-effective facility, was developed.
 - Creation of a user-friendly environment, including a large employee lounge surrounded by outdoor landscaping that provides a “northwest feeling” with 25 tons of boulders, a dry creek bed and natural grasses. The design portion of the project also featured numerous high-end, unique finishes including bamboo/plywood weave walls in the lobby area, glass-etched stonewalls and boulevard lighting.
 - Over \$700,000 was allocable to furnishings, wiring, and related moving costs.
 - Expansion space was “pocketed” for 24 months for future tenant expansion.

The Business Journal

PORTLAND

LATEST NEWS

April 23, 2003

Unicru expanding into new Beaverton digs

Heidi J. Stout

Unicru Inc.'s rapid growth, both in revenue and head count, has prompted company officials to lease new office space at Nimbus Corporate Center in Beaverton. The move will allow Unicru to boost the number of people it employs from 136 to as many as 270.

Unicru operations manager Derek Vanderzanden said growth in personnel will keep pace with financial growth; although he wouldn't disclose specifics, he said Unicru's business in the first quarter of 2003 was 170 percent of projections.

Unicru, a provider of hiring management systems, plans to leave its current 45,000-square-foot office at Nimbus Oaks, 9300 S.W. Nimbus Ave. in Beaverton, which is owned by Melvin Mark Co. and Schnitzer Northwest, on Sept. 1. Its new digs at 9525 S.W. Gemini Drive are owned by Equity Office Properties Trust.

Unicru will initially lease 64,727 square feet of space, with an option to expand into the remaining 10,694 square feet in the building any time in the next two years.

Vanderzanden said the new office space will be significantly upgraded before Unicru moves in; the 20-year-old single-story flex building was most recently the home of Credence Systems. All but 8,500 square feet of Unicru's total space will be built out as an office environment, and the rest will serve as a small assembly area and warehouse space for recruitment kiosks.

Upgrades include exterior painting and landscaping, 18 to 20 new heating, ventilation and air cooling units, an employee kitchen with an oven, outdoor seating and a wireless network.

"There's not a part of the building that went untouched," said Gordon King of Colliers International, who, with colleagues Mike Holzgang and Brad Christiansen, represented Unicru. The expected lease signing date was pushed back time and time again as both parties fine-tuned the agreement, and the deal was finally inked April 15. King said "all the parts [of the agreement] were moving until the end."

Vanderzanden said this deal, among the largest in the region this year, was his first lease transaction. "It has been very complicated, but [the brokers'] commitment and Equity Office's commitment to completing this transaction was incredible," he said. "We never would have gotten to this point without a tremendous amount of work by all parties."

Nancy Ward of Equity Office and Jeff Falconer of Trammell Crow Co. represented the landlord.

Vanderzanden said Unicru considered 17 locations ranging from Hillsboro to Kruse Way, but the employees preferred the Washington Square area. The short list included Unicru's current location, which could not provide contiguous space in one building. Paul Gibbons of WGS Design will provide Unicru's space planning.

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Human Resource Executive[®]

Top Products

Top Of The Line

Human Resource Executive editors announce their selections for this year's top HR products.

In this issue, the editors of *Human Resource Executive* once again recognize 10 HR products that stand out from the pack. Not surprisingly, technology continues to dominate this year's list of winners. Indeed, only a handful of entries received don't sit on a server somewhere. Further, the selections address a wide array of HR issues—from pre-employment screening and workforce management to compensation planning and performance management. In most cases, the products are entirely new; in a few cases, they represent a major overhaul of an existing application. In each and every case, however, we believe they deliver real value to the marketplace. As always, if you decide to evaluate these products, we strongly recommend you conduct the necessary due diligence before making your selection.

PRODUCT: Unicru Total Workforce Acquisition Solution

SUPPLIER: Unicru Inc., Beaverton, Ore.

DESCRIPTION: Primarily a creator of workforce selection and optimization applications for hiring hourly employees, Unicru now introduces a "talent management platform" that leverages advanced Microsoft.net Web services technology. Unicru's Salaried Solution, which can be purchased separately or integrated with its hourly solution, uses a proprietary tool called SmartMatch that combines artificial intelligence with human intelligence to fit the job applicant to the company culture. The product features configurable workflows for managing all stages of the candidate relationship as well as streamlined requisition and offer-approval processes. It also integrates an advanced "selection science" into the recruiting process, including Unicru SmartMatch (a knowledge-based search-and-match engine) and Smart Assessments. Unicru's Salaried Solution costs between \$2.50 to \$3.50 per employee per month.

COMMENTS: The fact that Unicru has processed 18 million applicants for a number of employers (including six of the 40 largest ones) isn't enough to earn it an award on the salaried side of the fence. But seeing how it has taken that track record and applied it to the search for the best salaried candidates is impressive. Working with some of the leading staffing organizations for three years, Unicru finally decided the time was right to enter the salaried arena, and employers who take a look will see why. During a demonstration, the most striking aspect of Unicru's Salaried Solution is how easy HR executives, business unit executives, hiring managers and recruiters can get their hands on the kind of objective insight necessary for the right candidate match. It's a neat combination of selection science, hiring-manager decision support and workforce intelligence. And using the most familiar tech tools today, Web and e-mail (including Microsoft Outlook integration), there is practically no aspect of the hiring process that this company leaves to chance. Unicru clearly has succeeded in taking its history of helping employers find and hire the best hourly workers to another level. As a result, it offers one of the slickest, most effective salaried talent acquisition packages in an already crowded market segment.

