



FOR YOUTH DEVELOPMENT
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

Roosevelt Purchase Offer

August 26, 2014





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It is with great pleasure that the Eugene Family YMCA submits to you today an offer to purchase the parcel of land where Roosevelt Middle School now sits. It is our intention to build a tremendous resource for our community on that site—one that complements the mission and work of the 4J School District and improves the quality of life for our neighbors.

Included here is:

- 1) A review of the impact the **Public Land** zoning has on our offer
- 2) The **assumptions and restrictions** relevant to this negotiation
- 3) Our **proposal**
- 4) A **brief addendum** regarding removing the conversation about the value of Y programs and services from the land purchase negotiations.

PUBLIC LAND ZONING IMPACT

The YMCA is interested in purchasing the Roosevelt site from 4J and is willing to retain the Public Land zoning classification preferred by the School District. The proposed PL, Public Land zone, is a highly restrictive one and is identified as follows, per EC 9.2680:

The public land zone is intended for public and semi-public uses that are designed to implement the Metro Plan by providing areas for government services and education. Government services include the full spectrum of activities conducted by public agencies, including parks and open space. As used in EC 9.2680 through 9.2687, “public agency” includes public/private partnerships that conduct the activities authorized in those sections.

Public lands are not traded on the open market as there is no established marketplace similar to that of general real estate such as our homes; therefore public lands have no “economic value,” which is not to say that these lands are valueless. Without the appropriate public lands for schools, parks, etc., our private lands, such as our homes, would have less value. Therefore, the value of PL lands is intrinsic in all of the privately owned property within a community.

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2055 Patterson, Eugene OR 97405-2998

P 541 686 9622 F 541 342 4451 www.eugeneymca.org



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This intrinsic value, however, is difficult to translate into economic value for the purposes of buying and selling. Typically, purchases of PL zoned lands are contingent on receiving a zone change to a different land use driven by the market, surrounding uses, and land use plans. Therefore, valuing land that must stay as PL cannot be based on other zoned lands that are easily traded in the general market.

The value of land ownership is built on the premise that at the end of the ownership period the property can be sold on the open market to another user. In the case of PL lands, there are a very limited number of users (public agencies) that may or may not need the land. This situation greatly reduces or eliminates any monetary value that the YMCA may receive at the end of our ownership, many decades from now.

Related to these factors, lending institutions realize these restrictions and are reluctant to lend on properties zoned for public use. The YMCA recognizes the restrictions that this, in turn, places upon our fundraising and financing options.

Recognizing and understanding the restrictions of the Public Land zone, the YMCA is willing to purchase the Roosevelt site from 4J subject to the following terms:

ASSUMPTIONS AND RESTRICTIONS

1. The parcel is located at the corner of East 24th and Hilyard (Y parcel).
2. The Y parcel will consist of one legal lot.
3. Closing will occur as soon as reasonably possible after the Y parcel is a legal lot and the school district has completed demolition of the middle school.
4. The Y parcel is zoned for Public Land.
5. The Y will accept a deed restriction for Public Land which would remain in effect for as long as there is a public school adjacent to the Y parcel.
6. The Y will offer a *Right of First Refusal* to the School District in perpetuity.
7. The Public Land zoning and the proposed deed restrictions will preclude third-party financing of the new Y facility.
8. The Y will be allowed to borrow for and encumber its personal property, such as its furnishings and fixtures.

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PROPOSAL

\$1,500,000 purchase price

\$25,000 earnest money deposit, payable upon execution of the sale agreement

\$125,000 paid at closing

\$1,350,000 promissory note to School District, with 4% interest, signed and delivered at closing

The promissory note will be amortized over 25 years, payable at \$86,416 per year

The promissory note will be secured by a first position trust deed on the Y parcel

There will be no prepayment penalty under the promissory note

REGARDING Y PROGRAMS AND SERVICES

The Y is committed to strengthening the foundations of our community through programs that *nurture our youth to reach their greatest potential* and *support healthy living for people of all ages*. These programs will be relevant to our community's needs and accessible to kids, families, adults and seniors throughout Eugene to the greatest possible extent, complementing the work and mission of 4J. This community benefit is in addition to and independent of the negotiated purchase price of the Roosevelt property. Nonetheless, we look very forward to engaging in separate strategic conversations about how our collective impact can move the dial on critical issues such as student health, academic achievement and summer learning loss.

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