

Valuation of Proposal from Bob Jones Academy

As part of its request for proposals process for the disposition of the existing Reidville Elementary School (RES) property, the District Five Board of Trustees (Board) has been evaluating and, to the extent necessary, seeking clarification of the proposals received. To date, the Board has had discussions regarding these proposals but has taken no action on either proposal. With respect to the proposal received from Bob Jones Academy (BJA), the Board has determined that:

1. BJA made a contingent offer of \$270,000 for the RES property for use as a private, Christian school. The School District has an appraisal of the RES property for \$650,000.
2. The BJA proposal is contingent upon an inspection of the building not indicating “that the building needs more than the BJA-committed amount.” While concerns about the condition of the RES building are understandable, the Board would have preferred for BJA to have inspected the building prior to submitting its proposal in order to determine its comfort level with the condition of the structure. No time frame was included for the building inspection or any election by BJA not to proceed with the purchase. This contingency significantly impairs the value of the BJA proposal.
3. The BJA proposal is also contingent upon a “[r]eview of any city, county, or state permit/licensing requirements.” While concerns about such requirements are understandable, the Board would have preferred for BJA to have investigated those requirements prior to submitting its proposal, rather than including a blanket contingency. No time frame was included for the review of such requirements or any election by BJA not to proceed with the purchase. This contingency also significantly impairs the value of the BJA proposal.
4. The BJA proposal contains a provision that BJA can discontinue operation of its school after three years if it is not “financially viable” and dispose of the property. At that point, all of the purported benefits of having sold the property to BJA as outlined in the BJA proposal would be lost, and the School District would then have to be satisfied with the new buyer and its plans for the RES property or meet their price. That could result in an untenable (and potentially very expensive) position for the School District. The possibility that the entire transaction can be unwound by BJA three years down the road (after the School District has foregone other opportunities) is a significant negative factor for the Board.
5. The BJA proposal states that it “will seek agreement on acceptable uses of the building based on BJA and Reidville community needs” without any elaboration on what those uses might entail (other than the mention in its cover letter of community use--presumably non-exclusive--of ball fields) which makes it impossible for the Board to place a value on such use. Clearly, the RES property would not be dedicated exclusively to public use.
6. As constituted above, the total value of the BJA proposal is significantly less than the \$270,000 price that was offered. If BJA exercises any one of its contingencies mentioned above, the value of the BJA proposal would become zero if not negative (even without taking into account any lost opportunities by the School District).