

East Property Sales Overview Fact Sheet and FAQs

Overview

Address: 12825 West North Avenue

Year Acquired: 2006

Date of congregation meeting authorizing sale: September 15, 2019

Current usage: UUCW labyrinth, fire pit, occasional events

Zoning: R-2 Residential (City of Brookfield)

Municipality: Brookfield

Purchase price in 2006: \$356,500

Annual property taxes: n/a (exempt)

Original size: 2.062 acres

North Ave. eminent domain seizure from east parcel: 0.358 acres

Eminent domain compensation to UUCW for east parcel: \$80,500¹

Remaining lot size: 1.704 acres

Financials

Original purchase price of east property: \$356,500

2019 DOT appraisal (based on R-2 zoning): \$200,000/acre

2019 independent appraisal (best use, different zoning): \$575,000/acre

Annual maintenance costs: ~\$1,500 (mowing, tree removal, etc.)

Current mortgage balance: \$219,248²

Annual carrying costs of mortgage: ~\$22,000

Property taxes: \$0

¹ Compensation was based on a DOT appraisal for the property zoned R-2 residential.

² Current mortgage includes church bldg and east parcel

EAST PROPERTY – GENERAL CONSIDERATIONS

The following considerations were reviewed and discussed with UUCW Board of Trustees and represent a summary of findings from various task forces, including the East Property Task Force and the Financial Call to Action Task Force.

1. Given the current growth projections for UUCW, **continuing to own the east property for future UUCW development is an unlikely scenario.**
2. The financial cost of **the mortgage on the property is a substantial annual cost.** Eliminating this cost, by selling the property would financially benefit UUCW now and into the future.
3. Given required lot sizes, the property **could be sub-divided into two residential lots at most.** Selling the east property for residential development would most likely be less financially advantageous to UUCW than selling the property for commercial development. **This path was not recommended by the East Property Task Force.**
4. The **configuration of the site is challenging,** which will become more so after the widening of North Avenue. The East Property Task Force proposed seeking a licensed assisted living facility as **a primary development option that could work with the lot constraints and fit with UUCW values.**
5. **Joint development,** where UUCW retains the land and partners with another entity to develop it, was **not met with enthusiasm, created business challenges and risked tax-exempt status.**

OFFER SUMMARY

Purchase price: \$550,000 + \$55,000 repaving of the east parking lot + maintenance of east lot³

Development plans: Plans to develop the property into an assisted living facility. Anticipates a one-story building with the maximum # of beds allowed by Brookfield (likely between 40 and 80).

Approach: Given requirements of the city of Brookfield, we would need to convert all of the current church property into a commercial condominium plat.

- UUCW is one unit, Buyer is one unit and the east parking lot is considered “shared space”.
- As a part of the condominium arrangement, Buyer would maintain the east parking lot, UUCW uses it at will, a shared drive would be built into the lot from North Ave.

Timing: Once UUCW accepts the Letter of Intent (LOI), buyer has 10 months to work with UUCW and Brookfield to fine-tune the details and make sure their plans are feasible, or they can back out of the deal. UUCW cannot entertain other offers for the first 60 days after signing the LOI. UUCW also has the right to back out of the deal under certain circumstances, such as matters negatively affecting UUCW’s property tax exemption or ongoing church operations.

³ To include winter snow removal.

FAQs (Frequently Asked Questions)

The following are some frequently asked questions regarding the property, the offer and how the process would unfold.

- **Does this offer represent the best offer UUCW can get?**
 - Possibly. It is impossible to know if there could be a better offer out there. However, the Board understands what the property means to the congregation and in consulting with advisors, felt this was a strong offer especially given the challenges that a buyer faces in developing it (configuration, zoning, etc.). While it far exceeds the residential appraisal, it falls short of the “best use” appraisal. However, given the complexity of developing the lot, the team evaluating the offers feels the dollars offered by the Buyer are likely at or near the top of what could be obtained for the property.
- **Will the City of Brookfield allow an assisted living facility there?**
 - Preliminary conversations with Brookfield indicate yes. What the Buyer is proposing – an assisted living facility – is likely the most complex type of commercial development Brookfield is likely to allow on that parcel. It will require a zoning change.
- **Was the Buyer offer the only offer submitted?**
 - No. A second offer came in after Buyer submitted their offer. While it had its merits, the second offer was a substantially lower offer – less than what UUCW paid for the property originally in 2006 – and thus the Board elected to present what it felt was the best offer to the congregation for consideration.
- **Why a condominium?**
 - Zoning laws require approval from the City of Brookfield to construct a senior living facility larger than 8 beds. The minimum lot size to construct a senior living facility on a single tax parcel that is not part of a condominium plat is 3 acres. The east parcel is only 1.7 acres. After consulting with the City, the Buyer was informed that the 3 acre minimum requirement would not apply to a lot located within a commercial condominium.
 - While it seems unconventional, the commercial condominium arrangement is not an unheard-of style of arrangement. It will give UUCW the benefit of using the east parking lot while Buyer maintains it, as well as some control over the future use of the east parcel. In the condominium documents, UUCW can limit use of the other unit to a senior living facility or other use approved by the church unit.
- **Can you explain the process of creating a commercial condominium & how it would work in this situation?**
 - Real property becomes subject to the condominium form of ownership by recording 2 documents (described below) in the public record at the County Register of Deeds office. These documents will be subject to the approval of UUCW’s executive team. These documents will not be recorded, and therefore the condominium will not be created, until the Buyer has obtained all other required approvals and both parties are prepared to close the transaction.

- 1) Condominium Plat, which is a map depicting the boundaries of each condominium unit and identifying the common areas. In this case, the common areas will consist of a joint entrance driveway (to be relocated near where the dumpsters are currently located) and the east parking lot. The church condominium parcel will consist of all current church land other than the east parcel and the portion of the east parking lot to be designated as common area (ie the church building, the entire west parking lot and the land surrounding the west parking lot and adjacent to the building on the north and south will be included within the church parcel).
- 2) Declaration of Condominium, which is an agreement between the unit owners on condo ownership and governance of common areas. This document will require the owner of the senior living parcel to re-pave and thereafter maintain the east parking lot and will ensure that UUCW has the right to use the east parking lot. There will be a condominium association consisting of representatives of the owners of the 2 parcels. The condo association will meet from time to time as appropriate to discuss maintenance needs or operational issues.

- **How does the condominium structure affect UUCW's ownership and use of the real property?**
 - Currently, UUCW owns 2 parcels of real estate – one parcel contains the church building and west parking lot while the other parcel contains the east property. After the condominium is created, UUCW will still own the church building and west parking lot as a single tax parcel, and will be entitled to the exclusive ownership and possession of the church building and west parking lot. UUCW will also hold an undivided ownership interest in the common areas, specifically the east parking lot, and will have shared use rights of such common areas.
- **So, are we selling the east parking lot?**
 - No. We are not selling the east parking lot outright. But we will share the ownership with Buyer as a function of the condominium agreement. It is considered a common area and both parties have rights to it.
- **Will Buyer be using the east parking lot?**
 - Yes. Buyer will construct parking on the Buyer unit that will be used first to serve their needs, however Buyer will also have rights to use the east parking lot. UUCW will look to delineate desired usage that suits our needs in the negotiation of the condominium agreement.
- **Will the condominium structure affect UUCW's property tax exemption?**
 - No. The condominium unit owned by UUCW will be a separate tax parcel and will be evaluated for property taxes completely separately from the senior living condominium unit. Currently, UUCW has a property tax exemption and pays only minimum property taxes as a result of our lease of space to a for-profit preschool. We do not anticipate this to change. The LOI with Buyer gives UUCW approval rights over any matters that affect UUCW's land, property tax exemption or ongoing church operations, so UUCW will approach the City of Brookfield during the due diligence period to verify that the proposed transaction will not change UUCW's property tax exemption.
 -

- **Does being in a condominium agreement with Buyer mean they have a say in church business.**
 - No. We own our own property and are a separate entity. On the flip side, we don't have a say in their business.

- **Is this deal as complicated as it sounds?**
 - Compared to certain other property sales, it would be fair to say this is a complex transaction requiring multiple layers of approvals. There is a potential for UUCW to spend time and money negotiating a transaction that does not materialize. That said, UUCW has been, and will continue to be, good stewards of its resources – human, financial and the like.

- **If the congregation votes to accept the offer, is it a done deal?**
 - Yes and no. If the congregation votes to accept the offer, the Executive Team, the Board and its advisors will work with Buyer to finalize the sale. UUCW cannot entertain any additional offers during the 60-day period we have granted to them in the Letter of Intent to Purchase. If, however, they are not able to work with Brookfield to develop the property to their needs, they may terminate the agreement. If that happens or if the congregation votes to decline the offer, the property will continue to be marketed for sale in hopes of finding a suitable buyer. Additionally, if UUCW uncovers something in the finalization of the condominium agreement that impacts our tax status or ongoing church operations, we too can terminate the arrangement.

Information Q&A Sessions

In advance of the congregational meeting, please join us for one of the following informational sessions. The purpose is to answer as many member questions as possible in advance of the meeting where the motion is discussed.

Please read the information packets in advance and, if possible, have it available to reference while attending one of the sessions as your question(s) may already have been addressed.

<p>Thursday, September 10th at 7 pm Informational Q&A Session - Sale of East Property</p> <p>Contact UUCW for the meeting link.</p>	<p>Wednesday, September 16th at 7 pm Informational Q&A Session - Sale of East Property</p> <p>Contact UUCW for the meeting link.</p>
---	--