

## City of Bend's hands now tied? Notes on JRP termination agreement, exclusive purchase option

by Bruce Ewert

BEND, Ore. -- Reading over the agreements terminating the City's nascent Master Developer relationship with Ray Kuratek's and Jeff Holtzman's Juniper Ridge Partners, LLC (JRP), one thing stands out: they gain not only \$2,515,000, but also an exclusive three-year option on the 50 acres surrounding the Les Schwab property. At a price to be set by up to three appraisals (one by a City appraiser, one by a JRP appraiser, and, if there is no agreement, a third by an appraiser chosen by the Deschutes County Judge) which will almost certainly come in at the same price as Les Schwab paid, \$7/sq ft with no SDC's, since that is the only true comparable. And then JRP gets a 6% "finders fee" knocked off the appraised price. The mechanics of the agreement are that the city will deliver an "Entitlability Notice" to JRP, which will then have a total of 105 days to exercise their option and close the transaction, and will then have an additional two years to begin development. JRP will be responsible for all infrastructure improvements, and must prove their financial capability for such work to purchase the property. It is an all or nothing purchase--the 50 acres will not be broken down for partial purchase by JRP. There don't seem to be any usage restrictions, as the zoning has not been changed for this property as it has on the Les Schwab parcel. There is no requirement for using the land for employment purposes, and in fact it states:

City acknowledges that through this Agreement, JRP is purchasing excess City property and is developing the same for JRP's own purposes and pursuant to JRP's own development plans. This is not a contract by which JRP is constructing an improvement for, or to the specifications, the City or any other municipality or governmental entity.

How is the city planning to develop anything at JR without JRP? How is the city planning to make our \$50 million dollar investment, counting the Cooley/97 interchange, back? Are we going to get badly need jobs or more unneeded housing? Another interesting thing is that both Juniper Ridge Partners LLC and Heather Kuratek are listed as contractors in the Termination Agreement and Release. There is absolutely no indication of actual amounts paid to any contractors by JRP, and there doesn't seem to be any accounting or audit requirement at all. Just the desire to pay them off and get out from under any potential lawsuit. Another thing that isn't clear is when does the time clock start ticking with entities like Cooper Robertson on the city's dime? Does this agreement provide the taxpayers with Bend a master plan at a known cost or are we going to continue to pay Cooper Robertson and others going forward? Is the city going to be billed from now on rather than JRP? These questions are not answered in the agreements. My biggest concern is the map shown in the Option and Purchase and Sale Agreement:

This is the first 50 acres to be developed, what the city is hoping to be able to develop with the additional \$40 million investment in the Cooley/97 interchange and subsequent sign-off by ODOT. According to the Issue Summary, the city is hoping to have a funding source for the new interchange in the not too distant future:

We are beginning to communicate with investors who might assist us in funding the 97/Cooley mid-term intersection improvement project. We hope to find a funding solution by Fall 2008.

Of course, this is six months behind what we were told just a month or two ago, but in this economic climate it probably isn't that big of deal. What's going to be the by far more important part of any such agreements is the precise number of trips allocated to Juniper Ridge. Garzini has to negotiate the full 3000 for divying up between potential funders and JR, without any going to existing and future housing infrastructure in the area, or developing even 50 acres is dead in the water. I've heard several rumors now that the main source of this funding is going to be Walmart, in conjunction with the development of their land on the NW corner of the intersection. Even with this investment at Cooley/97, the city will not be able to develop any more than 50 acres without other vehicular access, which is another big question mark. Where and at what cost? Perhaps the

council and staff will inform us of their plans regarding this issue soon. This will be a fascinating week. Signing up for a \$2.5 million payoff at the same time you are hearing about cuts in vital city services has to be gut wrenching for any members of the council that truly have the interests of all of Bend's citizens in mind.

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