



TPF Statement on Termination of Purchase Agreement with River Valley School District
January 17, 2025

In May of 2024, The Pokagon Fund (“Fund”) and River Valley School District entered into a purchase agreement for the former Three Oaks Elementary School building. The Fund contemplated using the building to provide space that would be available for nonprofits and government agencies to rent for the provision of needed programming and services to the residents and communities in the Fund’s service area in furtherance of the Fund’s mission. This agreement, as is common in real estate transactions, provided for a due diligence period during which the buyer has the opportunity to assess the building and its viability for their intended use. The Fund heard an incredible amount of enthusiasm and support for the idea from the community and service providers throughout the process, helping to demonstrate the value and worth of an in-depth investigation into its viability.

During this due diligence period, the Fund worked persistently and allocated significant resources to assess the feasibility of modernizing and readying the building for a new use. Among the information gathered were cost estimates for measures needed to ready the building for occupancy in the next 18 months-two years, an estimate on the major systems of the building that would need to be replaced within the next 5-10 years, and other requirements that would be needed to convert the building. These estimates came at a price that was much higher than anticipated. Further, the revenue projections that we received indicate that, even if the market-rate rents were charged and high rates of occupancy were maintained, the project would not be self-sustaining at any point during the initial 10-year period of the Fund’s ownership and would require substantial subsidy.

While these factors alone make the project extremely unlikely to be sustainable, there are other variables that also influenced this decision. First among them is the prospect of increased costs of construction related to potential tariffs and resulting from natural disasters creating supply and labor constraints in the construction industry. These may not only affect the initial renovations, but also any build outs that individual tenants would need to pay for to make the space usable for their purposes. Meanwhile, many of the tenants envisioned for the building face uncertainty regarding their traditional funding streams in the coming years which may limit their ability to budget for additional space. Other factors also weighed on this decision.

Therefore, after careful consideration of the prospect of purchasing the former Three Oaks Elementary School building, the Fund has acted to terminate the purchase agreement and is seeking a mutual release therefrom with River Valley Schools. The Fund remains committed to working with its grantees to improve the communities and lives of the people in its service area, including the Three Oaks community. It is deeply grateful to the River Valley Board of Education and its administration for their willingness to allow the Fund to explore its vision for the building by conducting a thorough evaluation of the property. The Fund also wishes to thank the several community organizations that took part in the discussions and evaluation of the building.