

CONTINUATION OF SUMMARY EXPLANATION AND BACKGROUND

In December 2018, the Agreement between SBBC and D.R. Horton, Inc., for the sale of the South Area Portable Annex 24.475 Acreage Site, for a purchase price of \$21,025,000, was approved and became effective on December 20, 2018. As result of a title defect identified during the Title Review Period, the First Amendment to the Agreement (First Amendment) was presented to SBBC for consideration and approved at the March 5, 2019 School Board Operational Meeting, which granted D.R. Horton, Inc. an additional thirty (30) days under the Inspection Period to further research outstanding title issues and amend the legal description as necessary. Thereafter, on June 25, 2019, the SBBC approved as amended, the Second Amendment to the Agreement (Second Amendment) with D.R. Horton, Inc. to further address the title issues discovered during the Title Review Period and provide clarifying language to pertinent sections of the Agreement.

Thereafter, and upon further due diligence by Broward County Public Schools (BCPS) staff and D.R. Horton, Inc., it was revealed that the 0.975-acre parcel of land discovered during the Title Review Period, was in fact dedicated to the SBBC via an Easement Deed granted by K. Hovnanian at Pembroke Shore, Inc., who is the developer of the adjacent community. The 0.975-acre parcel of land had been previously identified in the property's boundary survey and Broward County Property Appraiser's records as being owned by the SBBC. However, upon this discovery, BCPS staff worked with DR. Horton, Inc. and K. Hovnanian at Pembroke Shore, Inc. for a potential solution regarding the 0.975-acre parcel. After several failed attempts to come to a resolution, on September 9, 2019 D.R. Horton, Inc. informed BCPS staff via an email correspondence, of its desire to move forward with the purchase of the South Area Portable Annex Site; however, requested that the 0.975-acre parcel be removed from the sale due to pending title issues, and that the purchase price be reduced accordingly.

Upon receipt of D.R. Horton, Inc. September 9, 2019 email correspondence, requesting the removal of the 0.975-acre parcel from the sale transaction and the reduction of the sales price, in accordance with School Board Policy 7002-B, three (3) appraisals were obtained to determine the value of the 0.975-acre parcel. At the time the appraisals were solicited, the appraisers were informed by staff of BCPS's rights and interest in the 0.975-acre parcel and requested that each appraiser derive an opinion of value with consideration of BCPS disposing its rights to the 0.975-acre parcel. Subsequently, in late September 2019, staff received three (3) opinion of values for the 0.975-acre parcel in the amounts of \$465,000, \$755,000, and \$1,000,000. Upon receipt of the three (3) appraisals, staff took the average of the three (3) appraisals, less the cost of each appraisal report and derived a fair value for the 0.975-acre parcel to be \$737,783.33. Thereafter, via the SBBC's cadre attorney, communicated to D.R. Horton, Inc. the \$737,783.33 reduction to the purchase price staff would present to the SBBC for consideration.

If approved by SBBC, this Third Amendment to Agreement of Sale and Purchase (Third Amendment) would reduce the purchase price from **\$21,025,000.00** to **\$20,287,216.67**, a decrease of **\$737,783.33**. The Third Amendment would also reduce the number of acres being sold to D.R. Horton, Inc. from **24.475** to **23.50**; hence removing the 0.975-acre parcel from the sale transaction. It should also be noted, if approved, SBBC will retain all its rights to the 0.975-acre parcel.

Currently in the Second Amendment, D.R. Horton, Inc. is entitled to three (3) ninety (90) day extensions during the Entitlement Approval Period, which extension shall be accompanied by an extension fee in the amount of fifty thousand dollars (\$50,000.00) per extension. However, as a component of this Third Amendment, D.R. Horton, Inc., is also requesting the right to extend the Entitlement Approval Period for an additional three (3) ninety (90) days, and which extension shall be accompanied by an extension fee in the amount of ninety thousand dollars (\$90,000.00) per extension. If this request is approved, D.R. Horton, Inc. would then be entitled to six (6) ninety (90) day extensions during the Entitlement Approval Period via this Third Amendment, and such extensions shall be subject to the extension fees as stated herein.