

## EXECUTIVE SUMMARY

### Third Amendment to Agreement of Sale and Purchase with D.R. Horton, Inc.

As stated in the Agenda Request Form (ARF), The School Board of Broward County, Florida (SBBC) at its January 14, 2020 School Board Operational Meeting (SBOM), voted to defer the Third Amendment to Agreement of Sale and Purchase (Third Amendment) to the February 19, 2020 Regular School Board Meeting (RSBM) for further discussions and consideration. To address School Board Members questions as to the reason for the widespread variation in the three (3) appraisals conducted for the 0.975-acre parcel, and consistent with related Board Members discussions/expectations, the District retained the services of an appraiser to review the three (3) appraisal reports; and the findings of the appraisal review is attached hereto as Exhibit No. 8. Also, additional information which addresses the School Board members comments/Board directive have been incorporated into the Executive Summary for this Board item. Furthermore, in addition to the July 30, 2019 and December 9, 2019 progress report memorandum to School Board Members as related to the relocation of Community School South (CSS) to Flanagan High School, and ESOL to Pines Lakes Elementary School, and which memorandum detailed the status of the planned relocation to the cited destinations, the revised timeline for these relocations are attached to this Board item, as Exhibit No. 6.

For additional background purposes, Section 1013.28, Florida Statute, allows a school board to dispose of any land or real property that is by resolution of the SBBC, determined to be unnecessary for educational purposes as recommended in an educational plant survey.

In December 2018, the Agreement of Sale and Purchase (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 a 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 SBOM, 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 was the developer for 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. 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 Section 1013.14(1)(b), Florida Statutes (FS), and School Board Policy 7002-B, three (3) appraisals were obtained to determine the value of the 0.975-acre parcel, at which time the appraisers were informed by staff of SBBC'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.

At the January 14, 2020, SBOM, discussions regarding the appraisals provided additional School Board members input and Board directive. To this end, NPC was convened and presented the three (3) appraisals as well as the review of the appraisals conducted by Autrey Appraisals to the NPC for review. Subsequently, the NPC met on February 13, 2020, and upon review and deliberation of the three (3) appraisal reports and the Autrey Appraisals review report, voted to establish \$693,270.00 as the value for the 0.975-acre parcel; hence the presentation of the \$693,270.00 value to the SBBC for further consideration as the reduction amount from the original price of \$21,025,000 offered by D.R. Horton, Inc to purchase the reduced 23.50 acre South Area Portable Annex site. It should be noted, that the NPC decided to establish the value based on the minimum asking price set by the NPC in October 2017 of \$17,400,000.00, and not the appraisal reports presented at the February 13, 2020 NPC meeting. The value established for the 0.975-acre parcel is \$693,270; the NPC derived this value based on the cost per square foot calculations for the 0.975-acre parcel. The NPC thought it to be prudent to set such price based on the 2017 minimum asking price to align with the 2017 market value at the time the \$17,400,000 price was established.

If approved by SBBC, this Third Amendment would reduce the purchase price from **\$21,025,000.00** to **\$20,331,730.00**, a decrease of **\$693,270.00**. The Third Amendment would also reduce the number of acres being sold to D.R. Horton, Inc. from **24.475** to **23.50** due to the removal of the 0.975-acre parcel from the sale transaction. It should also be noted, if approved, SBBC will retain all its easement rights to the 0.975-acre parcel, until such time additional action is taken by SBBC to vacate the granted easement in the near future, most likely prior to closing on the land sale transaction.

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.

In addition to the updated timeline, attached to this Board Item as Exhibit No. 6 regarding the ongoing efforts to relocate Community School South (CSS) to Flanagan High School, and ESOL to Pines Lakes Elementary School; the SBBC directed staff at its January 14, 2020, SBOM to provide a summary of the relocation efforts. This summary is as follows:

#### **PROJECT UPDATE AS OF February 2020:**

Relocation of ESOL and CSS from the South Area Portable Annex site is complete. Currently, work is ongoing to finish details of all operational requirements, with the installation of some furnishings and data communications, scheduled for completion by the end of February 2020. At Pines Lakes Elementary School, construction of the permanent parking is slated for completion at the end of June 2020. Also, students occupied the new building at Flanagan High School in January of 2020, and the portable complex permit to install a permanent restroom on the School campus was received in January 2020. Thus, efforts are ongoing to complete all work at both sites by no later than the end of June 2020.

It should be noted that as of date, the South Area Portable Annex site is empty of activity, with data and telecommunication devices removed from the site.