

Office of School Facilities
Jaime G. Torrens, Temporary Chief Facilities Officer

SUBJECT: AUTHORIZATION FOR THE SUPERINTENDENT TO FINALIZE NEGOTIATIONS AND EXECUTE ALL AGREEMENTS NECESSARY TO EFFECTUATE THE PURCHASE FROM HOMESTEAD HOSPITAL, INC. OF AN APPROXIMATE 3.6 ACRE SITE AND 100,000-SQUARE FOOT BUILDING, LOCATED AT 1220 NW 1 AVENUE, HOMESTEAD, FOR REUSE AS A SENIOR HIGH SCHOOL FOR MEDICAL TECHNOLOGIES, AT A TOTAL PURCHASE PRICE OF \$7,425,000, AND AUTHORIZATION TO TRANSFER FUNDS TO EFFECTUATE THE PURCHASE

COMMITTEE: FACILITIES AND CONSTRUCTION REFORM

LINK TO STRATEGIC PLAN: IMPROVE CONSTRUCTION SERVICES

Introduction

In accordance with School Board Rule 6Gx13-2C-1.083, the School Site Planning and Construction Committee (SSPCC) at its June 6, 2007 meeting, recommended to the Board the execution of a Conditional Purchase and Sale Agreement (Agreement) with Homestead Hospital Inc. (Owner), to acquire an approximate 3.6-acre site improved with a 3-story, 100,000 square-foot building located at 1220 NW 1 Avenue (Facility), in Homestead proper, and formerly used as the Baptist Health Homestead Hospital, at a purchase price of \$7,425,000. This price includes the real property valuation in the amount of \$7,000,000 plus a \$425,000 amount which represents the collective valuation of medical equipment tagged by District personnel for reuse in the future senior high school for medical technologies. A summary list of such equipment, as prepared by an independent appraiser commissioned by the District, will be submitted to the Board as supplemental information.

The Facility (see location map) will be retrofitted to accommodate an approximate 800 student station senior high school for medical technologies. Establishment of the proposed new senior high school is in keeping with the recommendations previously forwarded to the School Board by the Superintendent's Task Force for Special Interest Schools as part of the secondary school reform initiative; the proposed senior high school will follow the format of a traditional high school with a strong, focused medical technologies academy theme. The proposed curriculum will provide a coordinated approach to teaching and learning with ample opportunities to link the subject matter to real world career experiences through partnerships with local hospitals and universities.

REPLACEMENT

Background Information

Baptist Health Enterprises (Baptist) on behalf of the Owner issued a Request for Offers (RFO) earlier this year, soliciting offers for the purchase of the Facility as well as other adjacent properties; in prior conversations with the District, Baptist conveyed a strong preference for the adaptive reuse of the Facility for educational purposes. The RFO requested interested parties to submit a non-binding Letter of Intent by March 1, 2007 in connection with the acquisition of the Facility and/or the other adjoining parcels. The District's response centered around the Facility's suitability and perfect fit for a potential reuse as a senior high school focusing on the medical technologies. As noted previously, the Facility includes a site 3.6 acres in size, as well as the approximate 100,000 sq. ft. building which previously housed Homestead Hospital.

At its meeting of February 6, 2007, the SSPCC approved the proffer of a Letter of Intent expressing the District's strong interest in acquiring the Facility, for a purchase price of \$7,000,000, which was based on a restricted use appraisal commissioned by the District, and subject to completion of due diligence and final Board approval. Out of three responses received by Baptist, the District was ranked number one. As a result, at its May 2, 2007 meeting, the SSPCC authorized staff to further negotiate and execute an Agreement to acquire the Facility, based on an amount not to exceed \$7,000,000 which represents the high end of the negotiating parameters established in the review appraisal (i.e. \$6,200,000 to \$7,000,000); again subject to due diligence and final Board approval. Additionally, the SSPCC authorized staff to conduct an inventory and valuation of any medical equipment desired by the District to be left in place for reuse in the proposed senior high school.

The Owner countered the District's purchase offer of \$7,000,000 with an offer in the amount \$8,000,000, and after further negotiations, Owner agreed to a final purchase amount of \$7,425,000, which includes the value of select pieces of medical equipment that are to remain at the Facility, for reuse in the proposed school. At its June 6, 2007 meeting the SSPCC was provided with an update on the negotiations with the Owner, including the results of the equipment inventory and valuation. Pursuant to the updated information, the SSPCC recommended that an Agreement be executed to acquire the Facility for the recommended purchase price of \$7,425,000; all subject to completion of due diligence and final School Board approval.

Additional Information

The Facility is presently located in the GU (General Use) District and the City of Homestead's Department of Planning and Zoning has issued a letter of land use/zoning compliance for the proposed school. It should also be noted that City of Homestead representatives were in attendance at the SSPCC meetings during which the proposed school was discussed and expressed their full support for this initiative.

In terms of remaining due diligence, a Phase I environmental assessment has been completed with favorable results; a Phase II assessment is underway as is an Asbestos Survey, which will be required as a condition of obtaining a building permit for the retrofit of the facility. While responses from the Army Corps of Engineers, Miami-Dade County Historic Preservation and DERM's water control section are pending, they are all

expected to be favorable, as the Facility is not historic in nature and the fully developed and urban nature of the property eliminates the possibility or need for environmental wetland mitigation. In addition, a preliminary feasibility assessment of the Facility's suitability for reuse as a senior high school has already been conducted, along with interdepartmental visual inspections, all with favorable results.

Recommended Board Action

The SSPCC has recommended to the Board execution of an Agreement with the Owner to acquire the Facility, substantially in conformance with the following terms and conditions:

- The total purchase price for the Facility will be \$7,425,000, which includes the value of the real property at \$7,000,000 and the value of select medical equipment established at \$425,000 by an independent appraisal commissioned by the District, and which equipment is to remain at the Facility for reuse by the senior high school;
- The Board will deposit the sum of \$700,000 as earnest money into an escrow account to be held by the School Board Attorney's office, which shall be credited towards the purchase price at closing;
- The Owner shall be responsible for the payment of any and all outstanding taxes, special assessments or liens, if any;
- The Board will be responsible for the cost of the survey, Title Insurance Commitment and premium for the Title policy obtained by the Board for issuance of the Commitment;
- The Board shall agree to the filing of a restrictive covenant running with the land or other appropriate document as may be determined by the School Board Attorney, stipulating that future use of the Facility shall not include a hospital; and
- The Facility will be used to provide an educational facility for medical technologies.

The general legal description of the Facility is attached hereto and labeled as Exhibit "A", but will be more specifically defined upon completion of a certified survey of the Site.

RECOMMENDED: That the School Board of Miami-Dade County, Florida:

1. authorize the Superintendent to finalize negotiations and execute all agreements necessary to effectuate the purchase from Homestead Hospital, Inc. of an approximate 3.6 acre site and 100,000-square foot building, located at 1220 NW 1 Avenue, Homestead, for reuse as a senior high school for medical technologies, at a total purchase price of \$7,425,000, subject to the terms and conditions referenced above; and
2. authorize the transfer of funds in the amount of \$7,425,000 from funding structure 0331 5660 0205 0861 7400 (Project No. A01137-former S/S JJ1) to funding structure 0331 5660 7040 0861 7400 (Project No. 00373300-Senior High School for Medical Technologies).

PG:scjM

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

RE: Folio # 10-7812-000-0390

LEGAL: The West $\frac{1}{2}$ of the North $\frac{1}{2}$ of the South $\frac{1}{2}$ of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$, LESS the North 30.00 feet and the South 30.00 feet and the West 30.00 feet and the East 40.00 feet thereof, all in Section 12, Township 57 South, Range 38 East, all lying and being in Miami-Dade County, Florida.

Commonly known as: 1220 NW 1st Avenue, Homestead, Fl

The exact legal description of the Property shall be determined during the Inspection Period of the Agreement, pursuant to a certified survey approved by Buyer and Seller.

LOCATION MAP

