

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

SUBJECT: THAT THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, (I) ACCEPT THE DONATION OF A SCHOOL SITE IN THE CITY OF DORAL IN LIEU OF PAYMENT OF EDUCATIONAL FACILITIES IMPACT FEES, (II) GROUND LEASE SUCH SITE TO THE DOWNTOWN DORAL COMMUNITY DEVELOPMENT DISTRICT (CDD) FOR A TERM OF NOT LESS THAN 20 YEARS, (III) CONSTRUCT AN APPROXIMATELY 800 STUDENT STATION CHARTER SCHOOL FROM PROCEEDS OF BONDS TO BE ISSUED BY SUCH CDD, FOR LEASE BY THE CDD TO A NOT FOR PROFIT CHARTER SCHOOL AT RENTALS SUFFICIENT TO PAY THE CAPITAL COST OF THE SCHOOL, (IV) MANAGE THE OPERATION OF THE CHARTER SCHOOL; AND FURTHER, THAT THE SUPERINTENDENT BE AUTHORIZED TO FINALIZE NEGOTIATIONS, AND THE CHAIR AND/OR THE SUPERINTENDENT, AS MAY BE REQUIRED, BE AUTHORIZED TO EXECUTE AND DELIVER THE FOLLOWING AGREEMENTS IN ORDER TO IMPLEMENT THE FOREGOING:

- A. A TRI-PARTY AGREEMENT BETWEEN THE SCHOOL BOARD, THE CITY OF DORAL (CITY) AND CM DORAL DEVELOPMENT COMPANY LLC, ITS SUCCESSORS OR ASSIGNS (DEVELOPER), AMENDING THAT CERTAIN MASTER DEVELOPMENT AGREEMENT RECORDED ON OCTOBER 3, 2006 (OR. BK. 24968, PGS. 2689-2725), BETWEEN THE CITY AND DEVELOPER TO PROVIDE FOR DONATION TO THE SCHOOL BOARD OF AN APPROXIMATE 3-ACRE SCHOOL SITE LOCATED AT THE SOUTHEAST CORNER OF N.W. 84 AVENUE AND N.W. 53 STREET (SCHOOL SITE) IN LIEU OF EDUCATIONAL FACILITIES IMPACT FEES BASED ON A DISTRICT-COMMISSIONED APPRAISAL, FOR CONSTRUCTION BY THE BOARD OF AN ELEMENTARY SCHOOL WITH APPROXIMATELY 800 STUDENT STATIONS (SCHOOL) TO SERVE THAT CERTAIN MIXED-USE PLANNED UNIT DEVELOPMENT IN THE DOWNTOWN DORAL DISTRICT; AND**
- B. A COVENANT RUNNING WITH THE LAND BY DEVELOPER, IN FAVOR OF THE SCHOOL BOARD, CONVEYING THE SCHOOL SITE IN LIEU OF IMPACT FEES; AND**
- C. AN INTERLOCAL AGREEMENT BETWEEN THE SCHOOL BOARD, THE CITY AND THE CDD PURSUANT TO WHICH THE SCHOOL BOARD WILL:**

- a. AGREE TO GROUND LEASE THE SCHOOL SITE TO THE CDD;
 - b. AUTHORIZE THE CDD TO ISSUE DEBT FOR ALL CAPITAL COSTS ASSOCIATED WITH THE DESIGN AND CONSTRUCTION OF THE SCHOOL ON THE SCHOOL SITE, INCLUDING BUT NOT LIMITED TO , PREPAYMENT OF ALL GROUND RENT OWED TO THE SCHOOL BOARD FOR THE FULL TERM OF THE GROUND LEASE, PAYMENT OF THE COSTS OF DESIGNING, CONSTRUCTING, FURNISHING AND EQUIPPING THE SCHOOL, PAYMENT OF CAPITALIZED INTEREST ON THE DEBT WITHIN IRS GUIDELINES, FUNDING A DEBT SERVICE RESERVE IF REQUIRED, AND PAYMENT OF COSTS OF ISSUANCE;
 - c. AUTHORIZE THE SCHOOL DISTRICT TO PROCURE AND MANAGE THE DESIGN AND CONSTRUCTION SERVICES REQUIRED TO BUILD THE SCHOOL;
 - d. REQUIRE THE CDD TO SUB-LEASE THE SCHOOL SITE AND SCHOOL TO A NOT-FOR-PROFIT CHARTER SCHOOL, WITH REVENUES FROM SAID SUB-LEASE TO SERVICE THE DEBT ISSUED BY THE CDD FOR ALL COSTS ASSOCIATED WITH THE GROUND LEASE OF THE SCHOOL SITE AND THE DESIGN AND CONSTRUCTION OF THE SCHOOL;
 - e. AUTHORIZE THE SCHOOL TO BE MANAGED BY THE SCHOOL DISTRICT, PURSUANT TO A MANAGEMENT AGREEMENT;
 - f. REQUIRE THAT AT THE END OF THE TERM OF THE GROUND LEASE WITH THE CDD, THE SCHOOL IMPROVEMENTS WILL REVERT TO THE SCHOOL BOARD AT NO COST;
 - g. ENTER INTO A SUBORDINATION AND STANDSTILL AGREEMENT, AS MAY BE REQUIRED; AND
- D. ANY OTHER DOCUMENTS THAT MAY BE REQUIRED TO EFFECTUATE THE IMPLEMENTATION OF THE FOREGOING AGREEMENTS

COMMITTEE: FACILITIES AND CONSTRUCTION REFORM

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

Introduction

The Board, at its meeting of April 18, 2012, approved Agenda Item F-5, which authorized the Superintendent to further explore with the City of Doral (City) and CM Doral Development Company, LLC (“Developer”), a partnership through which the School Board

would procure and manage the design and construction of an elementary school on property to be contributed by Developer to the Board, in lieu of impact fees, with funding issued through the Doral Community Development District ("the CDD"), for future operation by a not-for-profit charter school and managed by the District. Since then, a number of discussions between the District and Developer have taken place to further refine this hybrid concept and ensure its viability prior to presentation to the Board and the City for approval.

As noted in the April 18th Board item, in 2006, the City approved a Master Development Agreement (Development Agreement) with Developer setting forth terms and conditions associated with a mixed-use development ("the Project") located in the area known as Downtown Doral. The Project is generally located between N.W. 79 and 87 Avenues, and south of N.W. 54 Street. The Development Agreement, still in effect, allows the retention of approximately 465,000 square feet of commercial space, along with new uses consisting of approximately 2,840 new residential units, additional office space of up to 400,000 square feet, retail/commercial space of up to 180,000 square feet, and municipal/civic space for use by the City of up to 100,000 square feet; this latter component was completed recently.

In addition to the above, the Development Agreement also includes the intended set aside of a site ("the school site") upon which to construct a school for up to 800 students to serve the Project, in a manner acceptable to the City and Developer. Under the Development Agreement, Developer agreed to give the City the option to have the school site conveyed to the City solely for the construction of a municipal charter school. The timeline for the City to exercise that option was the latter of January 1, 2010 or the date of issuance of the 1,420th residential permit, which has not yet occurred. Based on prior discussions with the Developer and the City Manager, the City indicated it did not intend to exercise this option. The Development Agreement provides that absent City interest in the option, Developer can then elect to dedicate or otherwise convey the school site to the School Board in lieu of impact fees or other consideration. The City's formal rejection of the school site for a municipal charter school will need to be effected through an amendment to the Development Agreement, which is one of the conditions precedent to the full implementation of this proposal as described in this item.

Additional Information

A proposal has now been formulated in sufficient detail to allow its presentation to the Board. The action steps and documents envisioned to be required for its full implementation are as follows:

1. City Council approval of an amendment to the Development Agreement affirming the City's intent not to exercise its option to the school site ("the school site") for a municipal charter, thereby allowing the school site's proffer by Developer to the Board, in lieu of educational facilities impact fees;
2. Developer, its successors or assigns, will then convey to the Board the approximate 3-acre school site located at the southeast corner of N.W. 84 Avenue and N.W. 53 Street, in lieu of payment of educational facilities impact fees ("the impact fees"). The value of the school site will be determined based on a District-commissioned

appraisal in accordance with the governing County Ordinance provisions. To effect this transaction, a covenant running with the land will be prepared by the District and recorded in the public records of Miami-Dade County. As is customary, the covenant will stipulate that should the impact fees be less than the value of the school site, the Board shall not have to pay the difference and conversely, that if the impact fees are more than the value of the school site, the delta shall be paid to the Board. It should be noted that Developer will deliver the school site to the Board, vacant and ready to build;

3. Upon conveyance of the school site to the Board, the Board shall ground lease same to the CDD for a term of not less than 20 years, for the purpose of constructing an elementary charter school of up to 800 student stations ("the school");
4. Design, construction and outfitting of the school shall be from proceeds of bonds to be issued by the CDD for lease by the CDD to a not for profit charter school at rentals sufficient to pay the capital cost of the school. The District shall procure the design and construction services for the school and manage the processes from start to completion of the school;
5. The District shall assist with the development of the curriculum and manage the operation of the charter school under a management agreement and at a mutually agreed upon fee;
6. It is anticipated that if the school site is turned over to the Board and funding is available by fall of 2012, the school could open in time for the 2014-15 school year.

In order to effect the above noted, the following agreements (some of which are briefly described above) are anticipated:

- A. A tri-party agreement between the Board, the City and Developer, its successors or assigns, amending that certain Development Agreement recorded on October 3, 2006 (OR. BK. 24968, pgs. 2689-2725), between the City and Developer to provide for donation to the School Board of the school site in lieu of impact fees based on a District-commissioned appraisal, for construction by the Board of an elementary school with up to 800 student stations to serve primarily the Project; and
- B. A covenant by Developer running with the land in favor of the School Board, conveying the school site in lieu of impact fees; and
- C. An Interlocal Agreement between the Board, the City and the CDD (collectively "the Parties") pursuant to which the Board will:
 - a. agree to ground lease the school site to the CDD;
 - b. authorize the CDD to issue debt for all capital costs associated with the design and construction of the school on the school site, including but not limited to:
 - i. prepayment of all ground rent owed to the Board for the full term of the ground lease;
 - ii. payment of the costs of designing, constructing and equipping the school;
 - iii. payment of capitalized interest on the debt within IRS guidelines;
 - iv. funding a debt service reserve, if required; and
 - v. payment of costs of issuance.

- c. authorize the School District to procure and manage the design and construction services required to build the school, pursuant to an agreement acceptable to the Parties;
- d. require the CDD to sub-lease the school site and school to a not-for-profit charter school, with revenues from said sub-lease to service the debt issued by the CDD for all costs associated with the ground lease of the school site and the design and construction of the school;
- e. authorize the school to be managed by the School District, pursuant to a Management Agreement acceptable to the Parties;
- f. require that at the end of the term of the ground lease with the CDD, the school site and the school improvements will revert to the School Board at no cost. At that time, the Board shall provide the not-for-profit charter school the option to lease the school site and school improvements for up to three additional terms of ten (10) years each, based on mutually acceptable terms and conditions; and
- g. enter into a subordination and standstill agreement, as may be required.

The above-described instruments will ensure that the rights, duties and responsibilities of the parties are clearly articulated, and that the Board is not exposed to financial liabilities or obligations associated with the design, construction or operation of the school. Further, this hybrid model will allow the Board to be part of the process of delivering a quality educational facility in an area of high growth, by lending its expert services in the areas of construction and charter school management without a commitment of funding or financing.

The Office of School Facilities, Office of Financial Services, and School Choice, District/School Operations, recommend approval of the present proposal and recommended action steps.

RECOMMENDED: That the School Board of Miami-Dade County, Florida, (i) accept the donation of a school site in the City of Doral in lieu of payment of educational facilities impact fees, (ii) ground lease such site to the Downtown Doral Community Development District (CDD) for a term of not less than 20 years, (iii) construct an approximately 800 student station charter school from proceeds of bonds to be issued by such CDD, for lease by the CDD to a not for profit charter school at rentals sufficient to pay the capital cost of the school, (iv) manage the operation of the charter school; and further, that the Superintendent be authorized to finalize negotiations, and the Chair and/or the Superintendent, as may be required, be authorized to execute and deliver the following agreements in order to implement the foregoing:

- A. a tri-party agreement between the School Board, the City of Doral (City) and CM Doral Development Company LLC, its successors or assigns (Developer), amending that certain Master Development Agreement recorded on October 3, 2006 (OR. BK. 24968, pgs. 2689-2725), between the City and

Developer to provide for donation to the School Board of an approximate 3-acre school site located at the southeast corner of N.W. 84 Avenue and N.W. 53 Street (school site) in lieu of educational facilities impact fees based on a District-commissioned appraisal, for construction by the Board of an elementary school with approximately 800 student stations (school) to serve that certain mixed-use planned unit development in the Downtown Doral District; and

- B. a covenant running with the land by Developer, in favor of the School Board, conveying the school site in lieu of impact fees; and
- C. an Interlocal Agreement between the School Board and the CDD pursuant to which the School Board will:
 - a. agree to ground lease the school site to the CDD;
 - b. authorize the CDD to issue debt for all capital costs associated with the design and construction of the school on the school site, including but not limited to, prepayment of all ground rent owed to the School Board for the full term of the ground lease, payment of the costs of designing, constructing, furnishing and equipping the school, payment of capitalized interest on the debt within IRS guidelines, funding a debt service reserve, if required, and payment of costs of issuance;
 - c. authorize the School District to procure and manage the design and construction services required to build the school;
 - d. require the CDD to sub-lease the school site and school to a not-for-profit charter school, with revenues from said sub-lease to service the debt issued by the CDD for all costs associated with the ground lease of the school site and the design and construction of the school;
 - e. authorize the school to be managed by the School District, pursuant to a Management Agreement;
 - f. require that at the end of the term of the ground lease with the CDD, the school improvements will revert to the School Board at no cost;
 - g. enter into a subordination and standstill agreement, as may be required; and
- D. Any other documents that may be required to effectuate the implementation of the foregoing agreements.

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