



DISPOSITION PROCESS INFORMATION:
KCPS SURPLUS SCHOOL SITES

WINTER 2011

Kansas City Public Schools (KCPS) is utilizing two disposition processes: 1) issuance of Requests for Expressions of Interest (RFI) and 2) Broker Representation in order to identify/evaluate prospective buyers/tenants for its surplus school sites. The following provides background information about each process, as well as general requirements/regulations the KCPS must follow. The District will identify on its website which disposition process will be used for a site as the information becomes available.

1. State Statute Requirements Re: Disposition

In accordance with State Statute Section 177.073, the District may sell/lease real property no longer required for the operation of a school program by an affirmative vote of not less than 2/3 of all the members of the School Board. The School Board may authorize the sale/lease of real property through the following means:

- (1) by listing the property with one or more real estate brokers licensed by the state of Missouri;
- (2) to the highest bidder through a formal bidding process; or
- (3) to a community group, city, state agency, municipal corporation, or any other governmental subdivision of the state located wholly or partially within the boundaries of the district at such sum as may be agreed upon.

2. Current Ownership

The Kansas City, Missouri School District Building Corporation (“Building Corporation”) holds title to the school sites and leases them to the District. As such, the District is bound by terms outlined in lease and bond agreements. Under these agreements, the District may sell or sublease property not required for the operation of a school program. The sales price must be at least “fair market value” and acceptable to the bond insurer. The Building Corporation Board must also approve the sale of District property. If the District subleases property, the term of the lease cannot exceed 12 months, and it needs to match the underlying bond lease (terminates on June 30th of each year). While the sublease cannot be subject to mandatory renewal on the part of the lessee, it can be renewed. Subleases require written consent from the bond insurer and an opinion of bond counsel that the sublease will not affect the tax-exempt status of the bonds. Note: The District is in the process of getting each surplus school site appraised in order to determine fair market value and may elect to publish the fair market values.

3. KCPS Disposition Processes

To date, KCPS has received more than 130 informal proposals/inquiries for its closed school sites. Based on the types of interest received as well as community feedback, the District will be soliciting proposals/offers for each surplus school site through one of two processes.

a. Request for Expressions of Interest (RFI)

For the sites that have strong interest from community groups, i.e., non-profits, the District is issuing a Request for Expressions of Interest (RFI) as a means of soliciting proposals/offers. Whereas State Statute allows school districts to enter into direct negotiations with community groups, the District

has elected to utilize a public solicitation process so that any/all interested parties, whether they are non-profit or for-profit, may submit a proposal.

All RFIs will be posted on the KCPS website's e-bidding system for a minimum of 45 days, with a notice included on the Repurposing Initiative's webpage. For each site, the District will host:

- 1) One or two open houses for interested parties to tour the facility/grounds; and a
- 2) Pre-submittal conference at which District staff will provide an overview of the RFI and entertain questions from interested parties.

All questions/inquiries will be collected by the District's Purchasing Department and answers provided via Addendum(s) that will be posted to the e-bidding system.

Responses to the RFI will be reviewed and evaluated by a Review Committee. Upon review, the District will host a public meeting for interested parties to present their proposals/interest in the site to local stakeholders. Stakeholder feedback will be considered by the District in the final decision-making/evaluation of proposals.

If it is determined that the strongest/preferred proposal received in response to an RFI is submitted by a community group, city, state agency, municipal corporation, or any other governmental subdivision of the state located wholly or partially within the boundaries of the district, the District may then elect to enter into direct negotiations in accordance with State Statute Section 177.073.

If it is determined that the strongest/preferred proposal received in response to an RFI is submitted by an agency/entity that does NOT qualify as a community group, city, state agency, municipal corporation, or any other governmental subdivision of the state located wholly or partially within the boundaries of the district, then the District would have to either list the site with a broker and/or utilize a formal bidding process before it could sell/lease the site to that entity. In the event the site is listed with a broker, the proposals/offers received in response to the RFI will be provided to the broker in a timely manner for consideration.

b. Broker Representation

The District will utilize a broker representative (Block Real Estate Services) under several scenarios as a means of soliciting proposals/offers:

- For sites that have received strong interest from for-profit entities during the Repurposing Initiative process;
- When the District issued an RFI for a site(s) and the stronger/strongest proposals received were from for-profit entities rather than non-profits/governmental entities. In accordance with State Statute Section 177.073, the District cannot proceed with negotiations with a for-profit entity unless the site is listed with a broker or a formal bidding process is conducted. In such cases, the proposals/offers received in response to the RFI will be provided to the broker in a timely manner for consideration; and

- For sites that have received minimal interest during the Repurposing Initiative process and require additional marketing services.

Block Real Estate Services is hosting a website, www.surpluskcschools.com, which provides information on the sites for which it is providing brokerage services for the District. A notice will also be included on the KCPS's Repurposing Initiative website. Block will market each site and accept offers/proposals for an identified minimum time period (30-45 days typically) before evaluation/consideration by the District's Review Committee. Each offer/proposal must include supplementary information/documentation as required by the District.

Similar to the RFI process, upon review of the received offers/proposals, the District will host a public meeting for interested parties to present their proposals to local stakeholders. Stakeholder feedback will be considered by the District in the final decision-making/evaluation of proposals.

c. Required Approvals

Lease/sale agreements must obtain the following approvals prior to execution:

- 1) Affirmative vote of not less than 2/3 of all the members of the School Board
Note: District staff will review proposal(s)/negotiated agreements with the School Board in closed session; however, the Board will vote on lease/sale agreements in open session. The School Board currently meets two times per month (typically 2nd and 4th Wednesdays). The Board currently takes action on board items at the second meeting of the month.

- 2) Approval of the Building Corporation Board

Upon an affirmative vote of the School Board, District staff will coordinate with the Building Corporation Board to hold a public meeting to consider the approval of a lease/sale agreement. This meeting will take place within 1-4 weeks after the School Board meeting.

- 3) Bond insurer approval

As each of the school sites is serving as collateral for bonds that were issued, the bond insurer must also authorize the sale of a surplus school. The District is working with the bond insurer to ensure that it can take action within 30-45 days after approval by the Building Corporation Board.