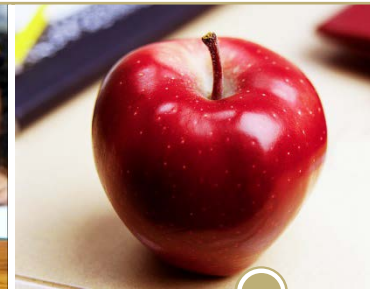


Fountain Valley School District: Process Followed and Proposals Received for Lease or Sale of Former Fred Moiola School Site



Fountain Valley
School District

*"Preparing today's youth
for tomorrow's future."*



Presented by:

Andreas C. Chialtas
AALRR

History of Moiola Site

1) Completed Surplus Property Procedure

- Advisory “7-11” Committee held public meetings, reviewed projections, and recommended lease of Property back in April 2013
- District Board declared Moiola Property surplus and authorized staff to pursue a lease

2) Lease with LePort Educational Institute, Inc.

- Commenced in May 2014
- LePort terminated Lease June 30, 2018

Moiola Site “Reconfirming” Resolution

- On April 19, 2018, the District Board adopted a resolution that:
 - 1) Reconfirmed Declaration of Moiola Site as Surplus Property
 - 2) Declared Intention to Offer Moiola Site for Lease, Ground Lease, or Sale
 - 3) Authorized Seeking Lease, Ground Lease or Sale through Bid Process
 - 4) Authorized Concurrent Waiver Request to Use Request for Proposal Process

Waiver from State Board of Education

- September 6, 2018, the SBE granted a waiver authorizing the District to:
 - 1) Seek Proposals to Sell or Lease the Property through the Request for Proposal Process
 - 2) Select the Proposal that Offers the “Most Beneficial” Terms for the District
 - 3) Accept the “Most Beneficial” Proposal within 60 Days of Board Meeting When Final Proposals are Received
 - 4) Discuss Reasons a Particular Proposal is the “Most Beneficial” in Public Session

Town Hall Meeting

- October 29, 2018, the District held a public meeting to discuss the Property...
 - 1) Review History of Property
 - 2) Discuss District Options for Lease or Sale
 - 3) Solicit Community Input Regarding Concerns About Potential Use of Property and Potential Benefits to Community
 - 4) Summarize Future Potential Actions

Request for Proposal (RFP) Process

- On November 15, 2018, District issued a RFP asking interested parties to propose terms and conditions for lease or sale
- Received and assessed proposals based on price and other factors such as length of lease term, use of Property, deposit structure, due diligence period, etc.
- Initiated further discussions with parties who submitted sale proposals to clarify proposals and determine “best and final” sale offers, and will do same for lease proposals in the coming week or so
- Board to determine “most beneficial” proposal

Disposition Options

1) Lease (“Building Lease”)

- Advantage: Retain Ownership of Property, receive monthly payments, and ensure current classrooms remain on Property for District use after lease ends
- Disadvantage: District is the “landlord” and retains some responsibility as owner of the Property. Fewer parties may be interested because must retain current classroom buildings, and potential income is limited.
- Shorter term of leases make substantial improvements difficult, and early termination is always a risk (i.e., prior LePort lease transaction)

Disposition Options

2) Ground Lease

- Advantage: Retain ownership of Property, receive monthly payments, and give lessee the option to build new buildings on Property so more potential income
- Disadvantage: District is the “landlord” and retains some responsibility as owner of the Property. Lessee would remove current classroom buildings.

3) Sale

- Advantages: Large lump sum payment, and District not responsible for Property as owner
- Disadvantage: District does not retain ownership

Summary of Proposals Received

- 1) Three (3) Building Lease Proposals
- 2) One (1) Ground Lease Proposal
- 3) Twenty (20) Purchase Proposals

* NOTE: The numbering or rank of proposals on the following slides are a “loose” rank; it is difficult to compare deals as terms vary, and the Board shall determine the “most beneficial” proposal

Lease Proposals

Main Factors to Consider...

- 1) Monthly Rent
- 2) Due Diligence Period
- 3) Length of Term
- 4) Planned Use
- 5) The State of Improvements District Acquires After Lease Terminates

Summary of Lease Proposals

(price escalators discussed on next slides)

<u>#</u>	<u>Name</u>
1	Storm Properties (Ground Lease) = \$550,000 per year for 99 years
2	Kinetic Academy (Option #1) (Building Lease) = \$50,000 per month for 10 years
3	Kinetic Academy (Option #2) (Building Lease of 6.9 acre portion) = \$45,000 per month for 10 years
4	Renaissance School International (Building Lease) = \$48,087.60 for 8 years

Lease Proposals #1-2

#	Name	Lease Rent Payment	Length of Term / Use	<u>Due Diligence</u> Period	<u>Deposit Structure</u>
1	Storm Properties (Ground Lease)	<p>\$550,000 per year (\$45,833 per month). Every 10 years, rent increase 15%. NNN lease. Base Rent starts 30 days following Certificate of Occupancy with first 3 months abated to facilitate lease-up and stabilization</p>	99 years with no extension for high density multiple dwelling development	6 months with 18 options to extend for 1 month each with deposit of \$5,000. Payment is nonrefundable but applicable to Price	\$10,000 which is non refundable but applied to lease payment
2	Kinetic Academy (Option #1) (Building Lease)	<p>\$50,000 per month with annual escalator based on Consumer Price Index or comparable index</p>	10 years (willing to negotiate) with two 5 year extensions for K-8 Charter School	15 days	\$20,000 deposit to be applied to first month's rent and non-refundable if terminate during due diligence

Lease Proposals #3-4

<u>#</u>	<u>Name</u>	<u>Lease Rent Payment</u>	<u>Length of Term / Use</u>	<u>Due Diligence Period</u>	<u>Deposit Structure</u>
3	Kinetic Academy (Option #2) (Building Lease of 6.9 acres on western side)	\$45,000 per month with escalator based on the Consumer Price index. 60% of base rent will be paid until eastern site of property is developed	10 years (willing to negotiate) with two 5 year extensions for K-8 Charter School	15 days	\$20,000 deposit to be applied to first month's rent and non-refundable if terminate during due diligence
4	Renascence School International (Building Lease)	\$48,087.60 (\$1.20 sq. ft. for 40,073 sq. ft.) with 3% with annual increase	8 year lease with option to purchase for "fair market value." PreK - 8 grade with availability to rent during non-school hours and offering after-school enrichment programs	45 days	None

Purchase Proposals

Main Factors to Consider...

- 1) Price
- 2) Proposed Development
- 3) Due Diligence Period
- 4) Deposit Structure
- 5) Closing Timeframe

Purchase Proposal Price Summary

1	Brookfield (Option #2) = \$37,150,000 or \$36,150,000	11	Brandywine Homes = \$25,742,216
2	The Olson Company = \$36,500,000	12	Lennar = \$26,500,000
3	Shea Homes (Option #2) = \$38,150,000 or 36,125,000	13	Brookfield (Option #3) = \$21,400,000
4	Shea Homes (New Option) = \$35,500,000 or \$34,200,000	14	Far West Industries = \$21,000,000
5	Watt Communities = \$35,000,000	15	Warmington = \$20,000,000
6	Tri Pointe = \$34,060,000	16	Storm Properties = \$20,000,000
7	Shea Homes (Option #1) = \$29,700,000 or \$30,800,000	17	Melia Homes = \$19,000,000
8	Brookfield Residential (Option #1) = \$29,400,000	18	Century Communities = \$18,000,000
9	William Lyon Homes = \$29,000,000	19	William Homes = \$18,000,000
10	Trumark Homes = \$28,100,000	20	Ry Properties dba Pacific Summit Land = \$5,000,000

Purchase Proposals #1-2

<u>#</u>	<u>Name</u>	<u>Purchase Price</u>	<u>Development Plan</u>	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
1	Brookfield (Option #2)	<p>\$37,150,000 if District waits until permits & improvement rights, or</p> <p>\$36,150,000</p>	<p>79 units w/ 1 acre park</p> <p>(6.1 resident units per acre w/ average lot size of 4,500 sq. ft.)</p>	<p>DD = 60 days with extra 30 days for \$100,000 add'l deposit</p> <p>Deposit = \$1,000,000 at execution, with \$100,000 nonrefundable. \$2,615,000 after DD, so \$3.615M (or \$3.715M) total non-refundable</p>	<p>18 months from DD or after approval of tentative track map & expiration of appeal periods, whichever first. No extension</p>
2	The Olson Company	\$36,500,000	80 units w/ 1 acre park	<p>DD = 75 days</p> <p>Deposit = \$1,200,000 upon opening of escrow (refundable) & add'l \$2,400,000 at end of DD, period become non-refundable, so \$3.6M total non-refundable</p>	<p>Upon approval of entitlements & expiration of appeal period or <u>12 months</u> after DD. No extension</p>

Purchase Proposals #3-4

#	Name	<u>Purchase Price</u>	<u>Development Plan</u>	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
3	Shea Homes (Option #2)	<p>\$38,150,000</p> <p>or</p> <p>\$36,125,000</p>	<p>10 units @7,200 SF, 85 units @3,600 SF</p> <p>no park in site plan</p>	<p>DD = 60 days. District option: \$38,125,000 if closing after City building permits for model homes, \$36,125,000 if closing after City approve tentative tract map Deposit = \$500,000 deposit @ opening, refundable before DD, \$3,112,500 to \$3,315,000 upon approval of DD nonrefundable. So, \$3.815M to \$3.6125M total</p>	<p>10 days after closing condition selected by District but no later than 12/31/2021. No extension</p>
4	Shea Homes (new Option)	<p>\$35,500,000</p> <p>or</p> <p>\$34,200,000</p>	<p>83 units at 4,500 SF</p> <p>no park in site plan</p>	<p>District option: \$35,500,000 if closes after City issues building permits for model homes, \$34,200,000 if close after City approval of tentative tract map. Deposit = \$500,000 deposit @ opening refundable before DD, \$3.05M to \$2.92M upon approval of DD nonrefundable. So, \$3.55M to \$3.42M total</p>	<p>10 days after closing condition selected by District but no later than 12/31/2021. No extension</p>

Purchase Proposals #5-6

#	Name	Purchase Price	Development Plan	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
5	Watt Commun.	\$35,000,000	<p>22 units@ 6,000 SF</p> <p>86 units@ 3,000SF.</p> <p>No park, but “recreation spaces, per City's standards”</p>	<p>DD = 75 days</p> <p>Deposit = Initial Deposit \$200,000 refundable until end of DD, \$800,000 after DD both applicable to Price</p>	<p>18 months after DD. one 6 month extension by \$500,000 non-refundable but applicable to Price</p>
6	Tri Pointe	\$34,060,000	<p>At least 80 single family detached lots</p> <p>(6.1 units per acre and 0.68 acre park)</p>	<p>DD= 60 days</p> <p>Deposit = \$50,000 non-refundable at open opening of escrow. At end of DD, \$1,000,000 nonrefundable. \$500,000 more non-refundable at 12 mos. from DD.</p>	<p>Revised 18 mos. From DD. (2) 90 day extensions of \$250K each</p>

Purchase Proposals #7-8

#	<u>Name</u>	<u>Purchase Price</u>	<u>Development Plan</u>	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
7	Shea Homes (Option #1)	<p>\$30,800,000</p> <p>or</p> <p>\$29,700,000</p>	If City approves single family residential plan w/ 7,200 sq. ft. lots and a 1 acre park	<p>DD= 60 days. District choice: \$30,500,000 if close after City issues building permits for model homes, \$29,700,000 if close after City approval of tentative tract map</p> <p>Deposit = \$500,000 deposit upon opening escrow, refundable before DD, \$2.58M to \$2.44M upon approval of DD, nonrefundable. So, \$3.08M or \$2.97M total</p>	10 days after closing condition selected by District but no later than 12/31/2021 . No extension
8	Brookfield Residential (Option #1)	\$29,400,000	3.9 resident units per acre average lot size 7,200 sq. ft.) - so 50 units w/ 1 acre park	<p>DD = 60 days with extra 30 days for \$100,000 add'l deposit</p> <p>Deposit = \$850,000 at execution, with \$100,000 nonrefundable. \$2,090,000 after DD, so \$2.94M total non-refundable</p>	18 months from DD or after approval of tentative track map & expiration of appeal periods, whichever first. No extension

Purchase Proposals #9-10

#	Name	<u>Purchase Price</u>	<u>Development Plan</u>	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
9	William Lyon Homes	\$29,000,000	52 single family residential units on 7,200 square foot lots w/ 1 acre park	DD = 60 days Deposit = Initial deposit \$50,000 after execution, \$1,950,000 upon approval of DD which shall be non-refundable, so \$2M total non-refundable	18 months after DD or issuance of grading permit. Two 90 days periods for deposit of \$250,000 each non-refundable & applied to Price
10	Trumark Homes	\$28,100,000	49 single family lots minimum of 7,200 sq. ft. w/ 1 acre public park	DD = 60 days Deposit = Good Faith deposit \$20,000 non-refundable, \$100,000 after PSA execution refundable during DD, \$200,000 upon approval of DD non-refundable; so \$320,000 non-refundable @ DD	30 days after approval of entitlements & appeal period but no later than 18 months after DD. No extension

Purchase Proposals #11-12

<u>#</u>	<u>Name</u>	<u>Purchase Price</u>	<u>Development Plan</u>	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
11	Brandywine Homes	\$25,742,216	64 detached single family homes w/ 7,200 sq. ft. lots range size 2,400-3,300 sf	DD = 60 days Deposit = \$150,000 upon execution nonrefundable after DD but applicable to Price / \$300,000 after DD period nonrefundable but applicable to Price	No later than 12 months from approval of DD or 10 days after Buyer's approval of TTM. 4 periods of 30 days each w/ deposit of \$25,000. Nonrefundable but applicable to Price
12	Lennar	\$26,500,000	65 new home community	DD = 60 days Deposit = \$20,000 for DD period. \$100,000 w/in 5 business days of execution & \$400,000 after DD Period, both shall be nonrefundable after DD & applied to Price	5 days after tentative tract map approval, including applicable appeal periods. No extension

Purchase Proposals #13-14

#	Name	Purchase	Development Plan	Due Diligence (DD) / Deposit	Escrow Period
		Price		Structure	
13	Brookfield (Option #3)	\$21,400,000	Price for unentitled land	<p>DD = 60 days</p> <p>Deposit = Upon execution, \$100,000 nonrefundable & applicable to Price. Additional deposit \$250,000 upon execution, refundable if terminate during DD. \$1,790,000 after DD Period, nonrefundable & applicable to Price</p>	90 days after approval of feasibility period or December 2019. No extension
14	Far West Industries	\$21,000,000	Single family residential community	<p>DD = 45 days</p> <p>Deposit = Upon execution, initial deposit \$250,000 refundable before DD period. w/in 5 days of DD period, \$1,750,000. After DD period, both non-refundable. Plus other terms.</p>	120 days after City approval of tract map & appeals period or 18 months after agreement execution. Buyer can extend after 18 months for an additional 6 months. Plus other terms.

Purchase Proposals #15-16

<u>#</u>	<u>Name</u>	<u>Purchase Price</u>	<u>Development Plan</u>	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
15	Warmington	\$20,000,000	Developed lots w/ 1 acre public park	DD = 60 days Deposit = Initial Deposit \$25,000 refundable during DD; after DD, \$275,000 released to Seller & non-refundable (EXCHANGE)	60 days after approval of entitlements & expiration of all approvals or 10 months after DD. Option to extend 3 separate 60 days for \$50,000 applicable to Price
16	Storm Properties	\$20,000,000	Single family homes sold to general public	DD = 6 months Deposit = Total Deposit \$250,000 released as follows: \$10,000 upon execution, nonrefundable but applicable to purchase. \$240,000 released after DD nonrefundable but applicable to Price	10 days after approval of all entitlements & expiration of appeal time or 18 months from approval of DD. No extension

Purchase Proposals #17-18

<u>#</u>	<u>Name</u>	<u>Purchase Price</u>	<u>Development Plan</u>	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
17	Melia Homes	\$19,000,000	51 residential town homes	<p>DD = 60 days</p> <p>Deposit = \$250,000 after execution of Agreement applicable to Price & non-refundable after DD period. After DD period, \$500,000 non-refundable & applicable to Price</p>	<p>Whatever is first: 30 days after city approves entitlements or 18 months after Buyer's approval. Extend 2 periods of 60 days for deposit of \$10,000 each, applicable to Price & retained by Seller if Buyer defaults</p>
18	Century Commun.	\$18,000,000	Residential housing	<p>DD = 60 days</p> <p>Deposit = \$50,000 after opening of escrow, \$100,000 after DD Period, \$50,000 w/in 5 days of City notice of entitlement application complete, \$50,000 w/in 5 days of City Planning Commission recommendation to approve entitlement, all refundable until Buyer approves title & DD</p>	<p>No later than 12 months after DD period. Extend 2 periods of 90 days each w/ \$25,000 for each non-refundable & applied to Price</p>

Purchase Proposals #19-20

<u>#</u>	<u>Name</u>	<u>Purchase Price</u>	<u>Development Plan</u>	<u>Due Diligence (DD) / Deposit Structure</u>	<u>Escrow Period</u>
19	William Homes	\$12,500,000	50 single family detached homes average 7,200 square feet	DD = 90 days Deposit = Initial deposit \$25,000 refundable during DD; after DD, \$75,000 additional deposit nonrefundable but applicable to Price	15 days after zoning change & tentative tract map approved & all appeal periods expired or 24 months following expiration of DD
20	Ry Properties dba Pacific Summit L& Funding I	\$5,000,000	3.8 dwelling units per acre & 1 acre community park	DD = 45 days Deposit = \$20,000 upon execution of P&S Agreement non-refundable but applicable to Price	15 days after expiration of DD Period

District Next Steps

- 1) Confirm “Best and Final” Proposals (Sale, Lease, and Ground Lease)
- 2) Present Final Proposals to Board at Next Board Meeting (April 25, 2019)
- 3) Board Selects the “Most Beneficial” Proposal
- 4) State Reasons for Selecting the “Most Beneficial” Proposal in Public Session
- 5) Enter into Agreement with Selected Proposer within 60 Days

Questions



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