

**KANSAS CITY PUBLIC SCHOOLS (KCPS) SURPLUS SCHOOLS
REPURPOSING PROCESS OVERVIEW
JUNE 2022**

The Repurposing Initiative is Kansas City Public Schools' (KCPS) program for promoting the reuse/redevelopment of its surplus school sites with a focus on repositioning the sites so they once again serve as valuable assets for Kansas City's neighborhoods. In order to achieve this, the repurposing process seeks to balance the market realities of redeveloping unique but challenging real estate properties, while also ensuring that community members have a meaningful voice at the table throughout the process.

The following provides an overview of the 4-phase repurposing process so that interested buyers and community members have a solid understanding of the process, as well as, KCPS' standard closing documents. For more information about individual surplus sites, please visit our website at: www.kcpublicschools.org/repurposing.

PHASE 1: PROPOSAL SOLICITATION

- KCPS solicits proposals through two methods – a) list site with Real Estate Broker (currently Block Real Estate Services) or b) issue a Request for Expressions of Interest (RFI) – this is similar to a traditional Request for Proposal (RFP) process. Regardless of the method used to solicit proposals, KCPS sets a proposal deadline that is at least 30-45 days after the RFI is issued/site is listed.
- Prior to the proposal deadline, KCPS will host a public meeting, often in conjunction with the neighborhood association(s), to provide information about the proposal solicitation process and to gather feedback from community members about reuse possibilities and desired community benefits. Feedback from the public meeting will be shared with interested buyers via the repurposing website.
- During the proposal solicitation process, KCPS and/or brokerage representatives will schedule a site tour(s)/open house(s). These are open to the public, although space may be limited and sign-up required due to building conditions.
- Proposal requirements are outlined in the ***Offering Guidelines*** that are available on the [Repurposing website](http://www.kcpublicschools.org/repurposing).
- If no proposals are received by the RFI's proposal deadline, sites will be listed with KCPS' Real Estate Broker. If no proposals are received through the initial broker listing, proposals will then be accepted on a first-come, first-served basis.

PHASE 2: PROPOSAL EVALUATION

- Proposal(s) received by the proposal deadline will be reviewed by the Proposal Review Committee. Proposals are evaluated based on the following criteria:
 - Overall Project Feasibility (Financeable and Sustainable);
 - Respondent Team's Qualifications/Track Record in completing similar projects and/or financial and organizational capacity to complete the project; and
 - Community benefits and consistency with community goals/reuse priorities as identified during the repurposing process.

- Based on the initial review of each proposal, if additional information is needed, the Repurposing/brokerage team will contact proposal teams, outline what information is needed and provide a deadline for submitting the additional information.
- If the Review Committee determines that there is one or more viable proposals that warrant community/board consideration, staff will begin term sheet negotiations.
- Upon completion of term sheet negotiations, KCPS will invite the team(s) to present their reuse proposal(s) to the community at a public meeting. KCPS coordinates with the local neighborhood association(s) in scheduling/hosting/publicizing the meeting. During the proposal presentations, community members will have an opportunity to ask questions of the proposal team(s) as well as KCPS. KCPS will also collect written feedback from community members. Written feedback will be evaluated and be factored into final recommendations presented by KCPS staff to the KCPS board.
- Based on the Review Committee's evaluation of the proposal(s) as well as the feedback collected from community members, KCPS staff will either proceed with contract negotiations with a preferred buyer, ask multiple parties to revise/resubmit their proposals, or reject all proposals.
- KCPS's sales contracts include several provisions to ensure that projects are a) completed in accordance with the proposal presented to the community, and b) provide a community/public benefit. The contract references these provisions, but not all terms/details are finalized until after the contract is executed. All the following provisions survive the closing and are recorded as Exhibits to the Warranty Deed or as a separate agreement that is recorded along with the Deed. These include:
 - Additional Public Meeting Requirements (in advance of rezoning/permitting)
 - Continuing Right of First Refusal (recorded as Exhibit to Warranty Deed)
 - Property Tax Abatement Restriction (recorded as Exhibit to Warranty Deed)
 - Property Use Restriction Agreement (recorded as separate document)
 - Benefits Agreement (recorded as separate document)
 - Right to Repurchase Agreement (recorded as separate document)
 - For additional details on each of these agreements/provisions, please see ***Appendix A: Contract Terms and Conditions***
- If KCPS staff/buyer reach acceptable contract terms, the Superintendent will bring a recommendation to the School Board for approval to enter into a sales contract. Missouri State Statute requires a 2/3 board approval to enter into a sales contract (at least 5 of 7 members).

PHASE 3: DUE DILIGENCE & CLOSING

- During the due diligence period, KCPS will host several additional meetings (in accordance with the contract terms) to get feedback from community members on two agreements: Property Use Restriction Agreement and the Benefits Agreement. These agreements must be finalized prior to the end of the due diligence period. For additional details on each of these agreements/provisions, please see ***Appendix A: Contract Terms and Conditions***
- Repurposing staff will monitor and execute standard due diligence/closing activities required of KCPS as the Seller.

PHASE 4: AFTER CLOSING

- After the property is sold, Repurposing staff monitors the terms and agreements that survive closing, and provides updates/recommendations to the Superintendent and Board on any necessary actions (releases, amendments, extensions, etc).
- If a buyer proposes a change to the uses outlined in the Property Use Restriction Agreement, KCPS hosts a public meeting(s) to gather community feedback prior to making any decisions regarding the buyer's request.

APPENDIX A
CONTRACT TERMS AND CONDITIONS

1. Benefits Agreement

KCPS, Buyer and an organization representing the community (typically the Neighborhood Association(s)) shall enter into a mutually agreed Benefits Agreement with the purpose of ensuring that KCPS stakeholders receive on-going benefit from the redevelopment of the site. The Benefits Agreement must be finalized prior to the end of the due diligence period and is recorded at Closing. The sales contract will outline additional public meeting requirements to ensure that KCPS and the Buyer effectively engage community members in the development of the Benefits Agreement.

2. Continuing Right of First Refusal

A Right of First Refusal is recorded with the Special Warranty Deed as an Exhibit providing KCPS with a continuing right of first refusal to repurchase the Property for a period of 20 years following the Closing in accordance with the terms and conditions outlined in the offer that the Owner is ready to accept.

3. Property Tax Abatement Restriction

KCPS and Buyer shall reach agreement on whether property tax abatement is allowable and if so, at what terms. The terms are outlined in an Exhibit to the Special Warranty Deed and recorded at Closing.

4. Property Use Restriction Agreement

KCPS and Buyer shall reach agreement on a Property Use Description of how the property may be developed (in accordance with the Buyer's proposal to KCPS), to include a provision that no K-12 school use of the property is allowed for 20 years without written consent from the School Board. These terms are outlined in a Property Use Restriction Agreement that must be finalized prior to the end of the due diligence period, is recorded at Closing and is binding on future owners of the Property. KCPS shall release some/all of the restrictions, as outlined in the Agreement, when the Buyer receives a certificate of occupancy consistent with the Property Use Description.

5. Public Meeting Requirements

In connection with Buyer's proposed redevelopment of the Property, Buyer shall host a minimum of two (2) public meetings in partnership with the applicable neighborhood association(s) in advance of Buyer appearing before either the City of Kansas City, Missouri's City Plan Commission or Board of Zoning Adjustment, for the purpose of providing notice of/advertising the redevelopment project and to obtain community

input on Buyer's site plan and intended use for the Property. Buyer shall give a minimum of one (1) week's notice of the public meeting so that Seller can notify stakeholders. This requirement shall survive the Closing of the Contract.

6. Right to Repurchase Agreement

A Right to Repurchase Agreement is recorded at Closing, providing that KCPS shall have the right to re-purchase the Property at 80% of the purchase price if the Buyer has not received construction financing to implement a development plan consistent with the provisions of the Property Use Description within 24 months after Closing.

APPENDIX B
REPURPOSING PROCESS OVERVIEW CHART

REPURPOSING PROCESS OVERVIEW

PHASE 1: PROPOSAL SOLICITATION

Solicit proposals using Request for Expressions of Interest (RFI) process or listing with broker

Site tour/open house(s)

If no proposals received through RFI process, site is listed with broker

Community discussion to discuss repurposing process & reuse possibilities

Proposal deadline (minimum 30-45 days after RFI issued/broker listing)

If no proposals received through initial broker listing, proposals accepted on first-come first-served basis

PHASE 2: PROPOSAL EVALUATION

Proposal review committee evaluates/scores proposals

Term sheet negotiations

Finalize contract / board approval

If additional information is needed, staff contacts proposal team(s)

Public reuse proposal presentations / community feedback collected

PHASE 3: DUE DILIGENCE & CLOSING

Community meetings re: Benefits Agreement (BA) / Property Use Restriction Agreement (PURA)

Finalize BA/PURA prior to end of due diligence period

Standard due diligence/ closing activities

PHASE 4: AFTER CLOSING

Project updates for community

Monitor terms/agreements that survive closing (e.g., public meetings, ROFR, PURA, BA, Right to Repurchase, Abatement restriction)