

# **School Property Development Act of 2005**

**House Bill 1302**

# General Application:

- The purpose of this legislation is to authorize an alternative method for local school districts to dispose of *unused* land/buildings in an effort to maximize the possible returns to the school district.

# Current methods of disposal of unused/surplus property

- (1) offering for sale at a public bid/auction or (2) donating the property for non-profit purposes
- do not give school districts the opportunity to capitalize on future potential development.

# This legislation provides an additional option

- to convey or exchange the property, reserving a partial or other undivided ownership interest in the property.
- Authority to reserve a non-operational property interest

# Benefits

- The property is returned to the tax rolls of the county and the school district shares in the future returns from the development and/or growth in the value of the property.

# Controls/Restrictions

# Sound Business Practices

- The school board shall use sound business practices when executing exchanges as provided in this section.
  - The school board may utilize the services of the Mississippi Development Authority, the local planning and development district or the Board of Trustees of State Institutions of Higher Learning when executing exchanges as provided in this section.

# Due Diligence Requirements

- The local school board shall require, in any project exceeding Two Hundred Thousand Dollars (\$200,000.00) that the party with whom the school board is contracting shall provide the following information, at a minimum:

# Developer Requirements

- A two-year business plan (which shall include pro forma balance sheets, income statements and monthly cash flow statements);
- Financial statements and tax returns for the three (3) years immediately prior to the date the contract is formed;
- Credit reports on all persons or entities with a twenty percent (20%) or greater interest in the entity;

# Developer Requirements

- Data supporting the expertise of the entity's principals;
- A cost benefit analysis of the project performed by the Mississippi Development Authority, a state institution of higher learning or other entity selected by the local school board; and
- Any other information required by the local school board.

# District Protection

- School board cannot indemnify parties to development
- Liability of Board/District is limited to value of the property interest held by district

# **Opportunity for JPSSD**

***Duling Project***

# **Opportunity for JPSSD**

***Duling Project***

# Recommended Course of Action

- Develop legal standards for an RFP
- Hold press conference at Duling when Governor signs the bill to promote/advertise the project
- Publish RFP
- Engage a consultant to analyze the proposals

# Recommended Course of Action

- Analyze proposals and recommendations from consultant
- Award project contract
- Negotiate terms and execute contract
- Begin development of site (by successful developer)