KELLER INDEPENDENT SCHOOL DISTRICT

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11D.   **Action**   **Date: October 2, 2006**

SUBJECT: **OPTION AGREEMENT AND RIGHT OF FIRST REFUSAL**

BOARD GOAL: **All systems in the Keller Independent School District will be effective, efficient, and accountable in support of the district's mission.**

FISCAL NOTE: **Potential Future Acquisition of an Elementary School Site**

Background Information:

- Crowne Point is a proposed 850 home development in north Keller that was approved by the City of Keller last winter.
  - Projected build-out is five to seven years.

- The developer, Meritage Homes, has been working with the school district to structure an agreement whereby the district would have an option to purchase a school site now or in the future if it is determined that an elementary school will be needed to serve the development as well as the surrounding area of the development.

- The developer and the district have worked out an Option Agreement and Right of First Refusal, the details of which have been previously provided to the Board.

Administrative Considerations:

- An option agreement as structured in this particular arrangement gives the district the ability, without any current financial obligation, to monitor the progress of residential development in both the developer's project and the surrounding area before determining whether a school in that particular part of the district is needed.

- The site that has been platted by the developer is suitable for an elementary school.

- Should the district elect to exercise the option to purchase the property at any point during the option period, the financial consideration in the agreement is (1) reasonable relative to the current market for tracts similar in size to the one in the agreement, and (2) gives the district a known amount for which to budget funds at a later point in the future.

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The administration recommends that the Board approve the Option Agreement and Right of First Refusal as presented.

Respectfully submitted,

Bill Stone, Asst. Supt.
Business Operations