



## Magnolia Public Schools

### Regular Board Meeting

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#### Date and Time

Wednesday November 20, 2024 at 5:30 PM PST

#### Location

Home Office: 250 E. 1st Street, Suite 1500, Los Angeles, CA 90012

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#### Access to the Board Meeting

Teleconferencing locations are provided at each Magnolia Science Academy school site:

- Magnolia Science Academy-1 (18238 Sherman Way, Reseda, CA 91335)
- Magnolia Science Academy-2 (17125 Victory Blvd, Van Nuys, CA 91406)
- Magnolia Science Academy-3 (1254 E Helmick St, Carson, CA 90746)
- Magnolia Science Academy-4 (11330 W Graham Place, Los Angeles, CA 90064)
- Magnolia Science Academy-5 (18238 Sherman Way, Reseda, CA 91335)
- Magnolia Science Academy-6 (745 S. Wilton Ave, Los Angeles, CA 90005)
- Magnolia Science Academy-7 (18355 Roscoe Boulevard, Northridge, CA 91325)
- Magnolia Science Academy-8 (6411 Orchard Ave, Bell, CA 90201)
- Magnolia Science Academy-Santa Ana (2840 W 1st Street, Santa Ana, CA 92703)
- Magnolia Science Academy-San Diego (6525 Estrella Ave, San Diego, CA 92120)

Any interested parties or community members from remote locations may attend the meeting at any Magnolia Science Academy school, or the addresses where Board Members are joining from.

- 2460 W. Bayshore Rd, Apt. 6, Palo Alto, CA 94303 (**Dr. Umit Yapanel**)
- 6525 Estrella Ave, San Diego, CA 92120 (**Dr. Salih Dikbas**)

Dialing information for this meeting is included below:

Dial in: 1-669-444-9171

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**Meeting ID:** 978 5606 4990 - **Passcode:** 021250

**Zoom:** <https://zoom.us/j/97856064990?pwd=MHhBZCtGT0xEMIZpNEZQZVJ3RDBPZz09>

### **Accessibility**

In compliance with the Americans with Disabilities Act (ADA) and upon request, Magnolia Public Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Members of the public who need special accommodations or translation are strongly encouraged to contact Magnolia Public Schools at least 24 hours in advance of the Board meeting so assistance can be assured. Please contact Jennifer Lara at 213-628-3634 or email [jlara@magnoliapublicschools.org](mailto:jlara@magnoliapublicschools.org) with such requests.

Any public records relating to an agenda item for an open session which are distributed to all, or a majority of all, of the Board Members shall be available for public inspection.

### **Public Comment Procedures**

Magnolia Public Schools greatly values public comment during Board meetings. For members of the public who would like to speak, please fill out the Public Speaker Form which can be accessed at [magnoliapublicschools.org](http://magnoliapublicschools.org), there will also be speaker cards to be filled out prior to the beginning of the meeting. By law, the Board is only allowed to discuss or take action on items listed on the agenda. The Board may, at its discretion, refer a matter to MPS staff or add the issue to a future board meeting date for discussion. Public speakers are limited to three (3) minutes and speakers with interpreters up to six (6) minutes.

Please note that the agenda presenting times for when that item will be discussed, or taken action on, is subject to change on the day of the Board meeting to accommodate public speaker times indicated above.

For any questions regarding this meeting please email [board@magnoliapublicschools.org](mailto:board@magnoliapublicschools.org) or call (213) 628-3634 ext. 21101.

### **Board Members:**

Mr. Mekan Muhammedov, Chair  
Ms. Sandra Covarrubias, Vice-Chair  
Dr. Umit Yapanel  
Dr. Salih Dikbas  
Ms. Diane Gonzalez

### **Student Board Member:**

Naim Bayraktar

### **CEO & Superintendent:**

Mr. Alfredo Rubalcava

**Agenda**

	Purpose	Presenter	Time
<b>I. Opening Items</b>			<b>5:30 PM</b>
Opening Items			
<b>A.</b>	Call the Meeting to Order		1 m
<b>B.</b>	Pledge of Allegiance		1 m
<b>C.</b>	Record Attendance and Guests		1 m
<b>D.</b>	Approval of Agenda	Vote	1 m
<b>E.</b>	Public Comments		6 m
<b>F.</b>	Announcements - CEO & Superintendent, Board, Student Board Member		7 m
<b>G.</b>	Approval of Minutes from MPS Regular Board Meeting - October 10, 2024	Approve Minutes	1 m
<b>II. Closed Session</b>			<b>5:48 PM</b>
<b>A.</b>	Public Announcement of Closed Session	FYI	1 m
<b>B.</b>	Conference with Legal Counsel – Anticipated Litigation		15 m
	Significant exposure to litigation pursuant to § 54956.9(b): 1 case		
<b>C.</b>	Conference with Real Property Negotiations (§ 54956.8)		30 m
	Property: 18120 Sherman Way, Reseda, CA 91335		
	Agency Negotiator: Alfredo Rubalcava		
	Negotiating Parties: Magnolia and Current Owner of Property		
	Under Negotiation: Terms of Potential Purchase including Price		
<b>D.</b>	Conference with Legal Counsel – Anticipated Litigation		15 m
	Initiation of litigation pursuant to §54956.9(c): 1 case		

	Purpose	Presenter	Time
<b>E.</b> Report Out of Closed Session	FYI		1 m
<b>III. Information/Discussion Items</b>			<b>6:50 PM</b>
<b>A.</b> Update on Facilities Projects	Discuss	Patrick Ontiveros	15 m
<b>IV. Action Items</b>			<b>7:05 PM</b>
<b>A.</b> Approval of Board Resolution for Creation of Position(s) for Magnolia Science Academy-1 for the Improvement of Educational Programs for Students	Vote	Fiorella Del Carpio	7 m
<b>B.</b> Approval of the Execution of a Purchase and Sale Agreement for the Purchase of 18120 Sherman Way and the Payment of a Non-Refundable Good Faith Deposit	Vote	Patrick Ontiveros	10 m
<b>C.</b> Approval of Intraorganizational Loan Agreement: Magnolia Science Academy-1 to Magnolia Educational & Research Foundation	Vote	Steve Budhraj	7 m
<b>D.</b> Approval of Intraorganizational Loan Agreement: Magnolia Science Academy-Bell to Magnolia Educational & Research Foundation	Vote	Steve Budhraj	7 m
<b>V. Closing Items</b>			<b>7:36 PM</b>
<b>A.</b> Adjourn Meeting			1 m

# Coversheet

## Update on Facilities Projects

**Section:** III. Information/Discussion Items  
**Item:** A. Update on Facilities Projects  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** III\_A\_Updates on Facilities Projects.pdf  
7111 Winnetka Demo-Image\_1.jpg  
7111 Winnetka Demo-Image\_2.jpg  
7111 Winnetka Demo-Image\_3.jpg  
7111 Winnetka Demo-Image\_4.jpg



<b>Agenda Item:</b>	III A: Information/Discussion Item
<b>Date:</b>	November 20, 2024
<b>To:</b>	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
<b>From:</b>	Alfredo Rubalcava, CEO & Superintendent
<b>Staff Lead(s):</b>	Patrick Ontiveros, General Counsel & Director of Facilities Mustafa Sahin, Project Manager Katrina Jimenez, Assistant Project Manager
<b>RE:</b>	Update on Facilities Projects

**Action Proposed:**

This is an informational item, there is no action.

**Purpose:**

Facility Department monthly report to give an update on the existing projects at each campus.

**Updates:**

***MSA5 – 7111 Winnetka***

- CDE Site Plan was approved 9/16.
- CDE Final Site Plan approval expected soon. The design team had to add a bridge from the north balcony to the south balcony to satisfy CDE requirements.
- DSA Approval Updates:
  - Increment 1 (Site Work) was approved 9/25.
  - Increment 2 (Academic Building) was submitted on 10/11. Solar Stellar Solar has received verbal approval of PC plans; written approval expected 11/13. DSA resubmission on track for 11/13.
  - Increment 3 (Gym) planning work has started. DLR will have a change order to repackage the previously designed gymnasium. The gymnasium will need to have some structural modifications due to the fact that the mechanical units were previously located on the academic building and will now have to be placed on the gymnasium.
- Demolition of the building is 97% complete as of 11/7.
- Transformer removal was completed as of 11/12.



- The bid package for Increment I has been updated to combine all 7 scopes of work into a single package. Prequalification packages are due November 18th. Bids are due and will be opened on November 26th. Staff expects to bring a contract for approval to the December 12th Board meeting.
- A cash flow estimate and revised schedule are attached as Exhibit A and Exhibit B, respectively.
- Per the recommendation of counsel, the Silver Creek and Stellar Solar contracts were taken over by DLR Group.

***MSA1 – Gym Building – 18242 Sherman Way***

- Punch List Walk on 9/26.
- EPI started to coordinate with all subcontractors regarding punch list notes on 10/3.
- Documents and Closeout: Owner’s operations manual, floor maintenance, etc. expected late November.
- Flooring, logo and lettering to be completed over Winter Break.

***MSA1 – Bungalows***

- Received TCO on Tuesday, 8/13.
- Facilities Department to renew TCO every six months.

***MSA1 – Alley Closure***

- The updated plans were signed off by the fire department for the Alley Closure.
- Revocable permit application has been submitted by our Land Use Consultant. It is currently being reviewed for approval.
- The Facilities Department is exploring fencing proposals.

***MSA1 – Bank of America Building – 18120 Sherman Way***

- Phase II Report was received on 11/7. The Facilities Department is currently reviewing the conclusions and recommendations, which include suggested mitigation efforts, and pricing them out.
- Counter offer from Magnolia Public Schools was accepted by the Bank of America Building seller; the LOI was signed.



***MSA2 – 16600 Vanowen***

- Received the Letter of Determination on 10/16 from LADOT, approving the traffic assessment. This confirms that there are no significant transportation impacts for our project package.
- The Planning team is currently reviewing the complete package, providing comments, preparing the MND, etc. This process may take a few weeks.
- An RFP for Design Services has been posted and was due on 11/8. The team is currently reviewing the submissions.
- Hearing date, revised budget, and revised schedule is pending.

***MSA SA – Digital Sign***

- Physical sign is up.
- Electrical plans were completed and power was connected.
- Work was inspected and approved by DSA.
- Project was completed on 10/30.

***MSA SD - Measure U Bond Charter Allocation***

- A kick-off meeting was held on 10/29 with the MSA-SD Admin, Facilities Department, and SDUSD.
- Assigned Project Manager, Barkha Agarwalla and Architect of Record, Patty Sprotte were in the meeting.
- Site Visit was on 11/14.
- Key timelines were reviewed: planning may take up to 8 months, followed by approximately 2 years for design and approvals, and another 2 years for construction, totaling 3-4 years overall.
- The team also discussed funding sources, including Proposition Z and Measure YY, as well as opportunities for additional grants and flexible budgeting to support school growth and address specific needs.

**Exhibits:**

- Exhibit A. MSA-5 7111 Winnetka Cash Flow
- Exhibit B. MSA-5 7111 Winnetka Schedule
- Exhibit C. MSA-SA Digital Sign Photo





Exhibit A.

MSA 5 7111 Winnetka Cash Flow

Magnolia Cash Flow Analysis			10/30/24									
		Pre-Construction										
		Increment #1 Sitework										
		Increment #2 Site & Building										
Magnolia Costs and Cash Flow Analysis			10/30/24	Responsible	24-Nov	24-Dec	25-Jan	25-Feb	25-Mar	25-Apr	25-May	25-Jun
Cost Code												
001	\$2,948,134	Increment #1 Sitework	\$2,948,134					\$589,627	\$589,627	\$589,627	\$589,627	\$589,627
001-2		Category 1										
001-3		Category 2										
001-4		Category 3										
001-5		Category 4										
001-6		Category 5										
001-7		Category 6										
001-8		Category 7										
	\$2,950,000	Increment #2 Sitework	\$2,950,000									\$400,000
002		Category 1										
002-1		Category 2										
002-2		Category 3										
002-3		Category 4										
002-4		Category 5										
002-5		Category 6										
002-6		Category 7										
002-7		Category 8										
002-8		Category 9										
002-9		Category 10										
003	\$810,000	Solar Carport Project	\$810,000									\$150,000
004	\$25,281,446.00	Increment #2 Classroom Building										
004-1		Factory IOR Cost (paid by Magnolia)	\$150,000							\$ 8,000	\$ 45,000	\$ 45,000
		Design costs	included below									
004-2		Procurement Costs (paid by Magnolia)	\$9,688,254			\$ 1,800,000	\$ 1,900,000	\$ 5,100,000	\$ 888,254			
004-3		Fabrication and Delivery Costs (non-prevailing costs)	\$4,576,288							\$ 238,090	\$1,400,000	\$1,400,000
		Delivery Costs	Included below									
004-4		Installation Costs (prevailing wages appl)	\$9,610,335									\$ 550,000
		Pick Up List Costs	Included below									
004-5		Other: Retainage	\$1,256,569									
005	\$1,416,125	Fees and Permits										
005-1		DSA Increment #2 Fee	\$289,625									
005-2		DSA Increment #1 Fee	\$284,000	Magnolia								
005-3		DSA Gym	TBD	Magnolia								
005-4		Utility Fees: Water, Sewer, Electric, Storm Drain	\$770,000			\$265,000	\$240,000	\$265,000				
005-5		LABOE Permits	\$20,000			\$20,000						
005-6		"A" Permits	\$40,000									
005-7		Urban Forestry Permits	\$9,000					\$4,000				
005-8		LADOT	\$3,500			\$750			\$750			\$750
006	\$2,743,000	A&E										
006-1		Base Fee	\$1,795,000	Magnolia								
006-2		Additional Services	\$500,000	Magnolia				\$250,000				
006-3		Gym Design Fee	TBD	Magnolia								
006-4		SCM Design Fee	\$358,000		\$143,200				\$35,800			
006-5		Solar Design Fee	\$90,000				\$90,000					
007	\$2,423,707	Construction Management Fees										
007-1		CM Fees	\$2,059,000		\$131,420	\$153,660	\$146,550	\$145,750	\$119,110	\$115,310	\$115,310	\$115,310
007-2		General Conditions	\$117,707		inc	inc	inc	inc	inc	inc	inc	inc
007-3		Reimbursements @ Cost	\$247,000		inc	inc	inc	inc	inc	inc	inc	inc
008	\$867,100	Consultant Fees										
008-1		Previous Contracts Paid	TBD	Magnolia								
008-2		Surveyor	\$125,000			\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
008-3		IOR and Onsite Monitor	\$175,000				\$10,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
008-4		IOR Factory	\$140,000					\$25,000	\$25,000	\$30,000	\$30,000	\$30,000
008-5		Special Inspections	\$140,000			\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
008-6		Materials Testing	\$125,000			\$10,000	\$12,000	\$12,000	\$12,000	\$12,000	\$10,000	\$10,000
008-7		Engineering Reports	\$25,000			\$1,923	\$1,923	\$1,923	\$1,923	\$1,923	\$1,923	\$1,923
008-8		Commissioning Agent	\$55,000									
008-9		Wage Compliance Officer	\$50,000						\$3,846	\$3,846	\$3,846	\$3,846
008-10		Arborist Study	\$7,100									
008-11		SWPPP	\$25,000			\$12,500	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150
009	\$0	Insurance and Bonds										
009-1		Builder's Risk	\$0	Magnolia								
009-2		Liability	Contractor/Magnolia									
009-3		P&P Bonds	Contractor Cost									
010	\$1,200,000	Owner Project Costs										
010-1		Owner Contingency	\$1,000,000	Magnolia								
010-2		Owner Legal Costs	\$200,000	Magnolia								
011	\$1,229,000	Owner Supplied/ Vendor or Owner Installed										
011-1		Office Furniture	\$30,000	Magnolia								
011-2		Classroom Furniture	\$190,000	Magnolia								
011-3		Nurses Office	\$6,000	Magnolia								
011-4		Servery	\$2,000	Magnolia								
011-5		Athletic Equipment	\$15,000	Magnolia								
011-6		Netting and BB Fencing/IT-Owner	\$25,000	Magnolia								
011-7		IT for Facility	\$961,000	Magnolia								
011-8		Less ERATE Reimbursement										
		Anticipated Cash flow Required		\$0	\$274,620	\$451,910	\$2,313,623	\$3,203,450	\$5,928,206	\$1,922,200	\$2,235,856	\$3,336,606
	\$41,868,512	Totals		\$0	\$1,850,342	\$2,302,252	\$4,615,876	\$7,819,325	\$13,747,531	\$15,669,731	\$17,905,587	\$21,242,194
		Cumulative		\$0	\$1,850,342	\$2,302,252	\$4,615,876	\$7,819,325	\$13,747,531	\$15,669,731	\$17,905,587	\$21,242,194

Magnolia Cash Flow Analysis			10/30/24										
		Pre-Construction											
		Increment #1 Sitework											
		Increment #2 Site & Building											
Magnolia Costs and Cash Flow Analysis			10/30/24	Responsible	25-Jul	25-Aug	25-Sep	25-Oct	25-Nov	25-Dec	26-Jan	26-Feb	
Cost Code													
001	\$2,948,134	Increment #1 Sitework	\$2,948,134										
001-2		Category 1											
001-3		Category 2											
001-4		Category 3											
001-5		Category 4											
001-6		Category 5											
001-7		Category 6											
001-8		Category 7											
	\$2,950,000	Increment #2 Sitework	\$2,950,000			\$380,000	\$375,000	\$350,000	\$325,000	\$300,000	\$275,000	\$265,000	
002		Category 1											
002-1		Category 2											
002-2		Category 3											
002-3		Category 4											
002-4		Category 5											
002-5		Category 6											
002-6		Category 7											
002-7		Category 8											
002-8		Category 9											
002-9		Category 10											
003	\$810,000	Solar Carport Project	\$810,000					\$150,000	\$150,000	\$150,000	\$210,000		
004	\$25,281,446.00	Increment #2 Classroom Building											
004-1		Factory IOR Cost (paid by Magnolia)	\$150,000		\$45,000	\$7,000							
		Design costs		included below									
004-2		Procurement Costs (paid by Magnolia)	\$9,688,254										
004-3		Fabrication and Delivery Costs (non-prevailing costs)	\$4,576,288		\$1,400,000	\$138,138							
		Delivery Costs		included below									
004-4		Installation Costs (prevailing wages appl)	\$9,610,335		\$550,000	\$1,455,000	\$1,410,000	\$1,410,000	\$1,410,000	\$1,410,000	\$1,200,000	\$215,335	
		Pick Up List Costs		included below									
004-5		Other: Retainage	\$1,256,569										
005	\$1,416,125	Fees and Permits											
005-1		DSA Increment #2 Fee	\$289,625										
005-2		DSA Increment #1 Fee	\$284,000	Magnolia									
005-3		DSA Gym	TBD	Magnolia									
005-4		Utility Fees: Water, Sewer, Electric, Storm Drain	\$770,000										
005-5		LABOE Permits	\$20,000										
005-6		"A" Permits	\$40,000					\$25,000				\$15,000	
005-7		Urban Forestry Permits	\$9,000			\$5,000							
005-8		LADOT	\$3,500				\$750			\$500			
006	\$2,743,000	A&E											
006-1		Base Fee	\$1,795,000	Magnolia									
006-2		Additional Services	\$500,000	Magnolia									
006-3		Gym Design Fee	TBD	Magnolia									
006-4		SCM Design Fee	\$358,000										
006-5		Solar Design Fee	\$90,000										
007	\$2,423,707	Construction Management Fees											
007-1		CM Fees	\$2,059,000		\$115,310	\$115,310	\$113,990	\$107,170	\$105,490	\$95,090	\$81,730	\$49,700	
007-2		General Conditions	\$117,707		inc	inc	inc	inc	inc	inc	inc	inc	
007-3		Reimbursements @ Cost	\$247,000		inc	inc	inc	inc	inc	inc	inc	inc	
008	\$867,100	Consultant Fees											
008-1		Previous Contracts Paid	TBD	Magnolia									
008-2		Surveyor	\$125,000		\$12,000	\$11,000	\$10,000	\$10,000	\$10,000				
008-3		IOR and Onsite Monitor	\$175,000		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000		
008-4		IOR Factory	\$140,000		\$30,000								
008-5		Special Inspections	\$140,000		\$12,000	\$12,000	\$12,000	\$12,000	\$10,000	\$10,000			
008-6		Materials Testing	\$125,000		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$9,000			
008-7		Engineering Reports	\$25,000		\$1,923	\$1,923	\$1,923	\$1,923	\$1,923	\$1,923	\$1,923		
008-8		Commissioning Agent	\$55,000						\$13,750	\$13,750	\$13,750	\$13,750	
008-9		Wage Compliance Officer	\$50,000		\$3,846	\$3,846	\$3,846	\$3,846	\$3,846	\$3,846	\$3,846	\$3,846	
008-10		Arborist Study	\$7,100										
008-11		SWPPP	\$25,000		\$1,150	\$1,150	\$1,150	\$1,150	\$1,000				
009	\$0	Insurance and Bonds											
009-1		Builder's Risk	\$0	Magnolia									
009-2		Liability		Contractor/Magnolia									
009-3		P&P Bonds		Contractor Cost									
010	\$1,200,000	Owner Project Costs											
010-1		Owner Contingency	\$1,000,000	Magnolia									
010-2		Owner Legal Costs	\$200,000	Magnolia									
011	\$1,229,000	Owner Supplied/ Vendor or Owner Installed								\$409,667	\$409,667	\$409,667	
011-1		Office Furniture	\$30,000	Magnolia									
011-2		Classroom Furniture	\$190,000	Magnolia									
011-3		Nurses Office	\$6,000	Magnolia									
011-4		Servery	\$2,000	Magnolia									
011-5		Athletic Equipment	\$15,000	Magnolia									
011-6		Netting and BB Fencing/IT-Owner	\$25,000	Magnolia									
011-7		IT for Facility	\$961,000	Magnolia									
011-8		Less ERATE Reimbursement											
		Anticipated Cash flow Required			\$0	\$2,196,229	\$2,155,367	\$1,953,659	\$2,096,089	\$2,056,009	\$2,418,776	\$2,210,916	\$972,298
	\$41,868,512	Totals			\$0	\$23,438,423	\$25,593,790	\$27,547,449	\$29,643,538	\$31,699,548	\$34,118,324	\$36,329,239	\$37,301,537
		Cumulative			\$0	\$23,438,423	\$25,593,790	\$27,547,449	\$29,643,538	\$31,699,548	\$34,118,324	\$36,329,239	\$37,301,537

Magnolia Cash Flow Analysis			10/30/24			
		Pre-Construction				
		Increment #1 Sitework				
		Increment #2 Site & Building				
Magnolia Costs and Cash Flow Analysis			10/30/24	Responsible	26-Mar	Total
<b>Cost Code</b>						
001	\$2,948,134	<b>Increment #1 Sitework</b>	\$2,948,134			\$2,948,134
001-2		Category 1				
001-3		Category 2				
001-4		Category 3				
001-5		Category 4				
001-6		Category 5				
001-7		Category 6				
001-8		Category 7				
	\$2,950,000	<b>Increment #2 Sitework</b>	\$2,950,000		\$280,000	\$2,950,000
002		Category 1				
002-1		Category 2				
002-2		Category 3				
002-3		Category 4				
002-4		Category 5				
002-5		Category 6				
002-6		Category 7				
002-7		Category 8				
002-8		Category 9				
002-9		Category 10				
003	\$810,000	<b>Solar Carport Project</b>	\$810,000			\$810,000
004	\$25,281,446.00	<b>Increment #2 Classroom Building</b>				
004-1		Factory IOR Cost (paid by Magnolia)	\$150,000			\$150,000
		Design costs	included below			
004-2		Procurement Costs (paid by Magnolia)	\$9,688,254			\$9,688,254
		Fabrication and Delivery Costs (non-prevailing costs)				
004-3		Delivery Costs	\$4,576,288			\$4,576,288
		Installation Costs (prevailing wages applied)	included below			\$0
004-4		Pick Up List Costs	\$9,610,335			\$9,610,335
		Other: Retainage	included below			\$0
004-5			\$1,256,569		\$1,256,569	\$1,256,569
005	\$1,416,125	<b>Fees and Permits</b>				
005-1		DSA Increment #2 Fee	\$289,625			\$289,625
005-2		DSA Increment #1 Fee	\$284,000	Magnolia		\$284,000
005-3		DSA Gym	TBD	Magnolia		
005-4		Utility Fees: Water, Sewer, Electric, Storm Drain	\$770,000			\$770,000
005-5		LABOE Permits	\$20,000			\$20,000
005-6		"A" Permits	\$40,000			\$40,000
005-7		Urban Forestry Permits	\$9,000			\$9,000
005-8		LADOT	\$3,500			\$3,500
006	\$2,743,000	<b>A&amp;E</b>				
006-1		Base Fee	\$1,795,000	Magnolia		\$1,795,000
006-2		Additional Services	\$500,000	Magnolia		\$500,000
006-3		Gym Design Fee	TBD	Magnolia		
006-4		SCM Design Fee	\$358,000			\$358,000
006-5		Solar Design Fee	\$90,000			\$90,000
007	\$2,423,707	<b>Construction Management Fees</b>				
007-1		CM Fees	\$2,059,000		\$31,500	\$2,423,707
007-2		General Conditions	\$117,707		inc	inc
007-3		Reimbursements @ Cost	\$247,000		inc	inc
008	\$867,100	<b>Consultant Fees</b>				
008-1		Previous Contracts Paid	TBD	Magnolia		TBD
008-2		Surveyor	\$125,000			\$125,000
008-3		IOR and Onsite Monitor	\$175,000			\$175,000
008-4		IOR Factory	\$140,000			\$140,000
008-5		Special Inspections	\$140,000			\$140,000
008-6		Materials Testing	\$125,000			\$125,000
008-7		Engineering Reports	\$25,000			\$25,000
008-8		Commissioning Agent	\$55,000			\$55,000
008-9		Wage Compliance Officer	\$50,000		\$3,846	\$50,000
008-10		Arborist Study	\$7,100			\$7,100
008-11		SWPPP	\$25,000			\$25,000
009	\$0	<b>Insurance and Bonds</b>				
009-1		Builder's Risk	\$0	Magnolia		TBD
009-2		Liability	Contractor/Magnolia			TBD
009-3		P&P Bonds	Contractor Cost			TBD
010	\$1,200,000	<b>Owner Project Costs</b>				\$0
010-1		Owner Contingency	\$1,000,000	Magnolia		TBD
010-2		Owner Legal Costs	\$200,000	Magnolia		TBD
011	\$1,229,000	<b>Owner Supplied/ Vendor or Owner Installed</b>				\$1,229,000
011-1		Office Furniture	\$30,000	Magnolia		incl
011-2		Classroom Furniture	\$190,000	Magnolia		incl
011-3		Nurses Office	\$6,000	Magnolia		incl
011-4		Servery	\$2,000	Magnolia		incl
011-5		Athletic Equipment	\$15,000	Magnolia		incl
011-6		Netting and BB Fencing/IT-Owner	\$25,000	Magnolia		incl
011-7		IT for Facility	\$961,000	Magnolia		incl
011-8		Less ERATE Reimbursement				
	\$41,868,512	<b>Totals</b>		\$0	\$1,571,915	\$40,668,452
		<b>Cumulative</b>		\$0	\$38,873,452	



Exhibit B.

MSA 5 7111 Winnetka Schedule

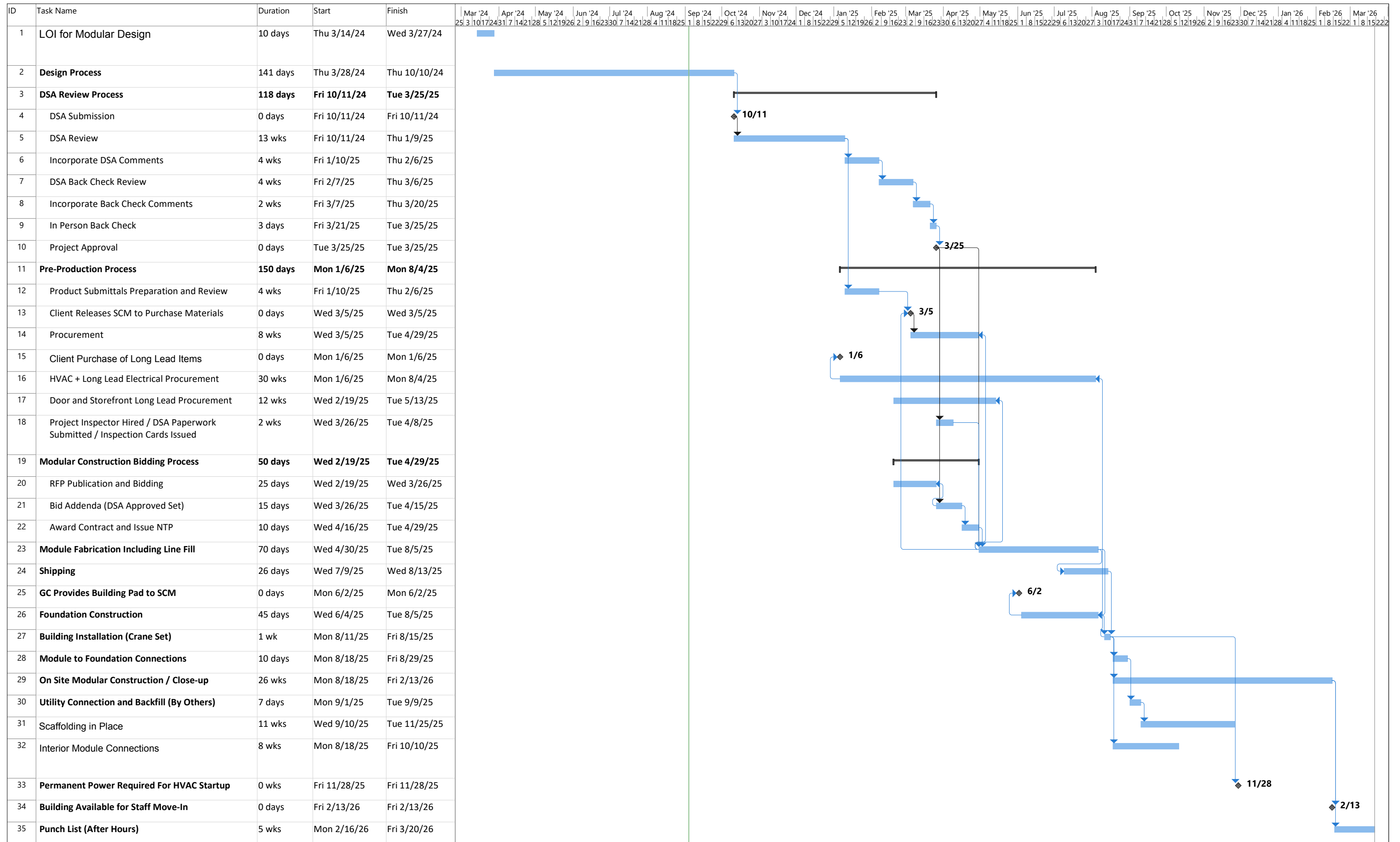




Exhibit C.

MSA-SA Digital Sign Photo













## Coversheet

### Approval of Board Resolution for Creation of Position(s) for Magnolia Science Academy-1 for the Improvement of Educational Programs for Students

**Section:** IV. Action Items  
**Item:** A. Approval of Board Resolution for Creation of Position(s) for Magnolia  
Science Academy-1 for the Improvement of Educational Programs for Students  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:**  
IV\_A\_Approval of Board Resolution for Creation of Positions for MSA-1.pdf



<b>Agenda Item:</b>	IV A: Action Item
<b>Date:</b>	November 20, 2024
<b>To:</b>	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
<b>From:</b>	Alfredo Rubalcava, CEO & Superintendent
<b>Staff Lead(s):</b>	Fiorella Del Carpio, Chief People Officer Brad Plonka, Principal
<b>RE:</b>	Approval of Board Resolution for Creation of Position(s) for Magnolia Science Academy (MSA)-1 for the Improvement of Educational Programs for Students

**Action Proposed:**

I move that the Board approve Board Resolution #20241120-01 for creation of position(s) for Magnolia Science Academy-1 to add the Substitute Teacher and School Coach positions to improve the school's educational programs for students.

**Purpose:**

The purpose of adding a substitute teacher position at Magnolia Science Academy-1 is to provide consistent instructional support and classroom stability during teacher absences or unforeseen staffing needs. With recent challenges such as teacher misassignments and the need for greater classroom flexibility, a dedicated substitute teacher will ensure that students continue to receive quality instruction without interruption. This role will also reduce strain on existing staff, allowing them to focus more effectively on their primary responsibilities. Adding this position will support a smooth and effective learning environment for our growing student body.

The purpose of adding a School Coach position at Magnolia Science Academy-1 is to provide a proper athletic coach for our growing sports program. A dedicated coach will give our student-athletes appropriate support to improve their athletic fundamentals, teamwork, and responsibility.



**Budget Implications:**

The addition of a substitute teacher position and a School Coach position at Magnolia Science Academy 1 will result in an additional cost of \$61,455 and \$24,375, respectively. The total increase to the MSA 1 budget will result in an increase in personnel costs of approximately \$86,000. The school has increased its enrollment since the July 1 Adopted Budget and therefore the revenue from the additional enrollment will be sufficient to cover the costs for the additional expenses. We will include these costs as well as provide updates on enrollment, revenues and expenditures into the MSA 1 2024-25 First Interim Report to be presented to the board on December 12, 2024.

**Conclusion:**

This investment will help maintain instructional continuity and after school support, and positively impact overall school operations and student learning.

**Exhibits:**

- Board Resolution #20241120-01
- Substitute Teacher Job Description
- School Coach Job Description
- MSA-1 Organizational Chart

Resolution #20241120-01

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**

**RESOLUTION**

**CREATION OF POSITION FOR  
FOR MAGNOLIA SCIENCE ACADEMY-1 (“MSA-1”) FOR THE IMPROVEMENT OF  
EDUCATIONAL PROGRAMS FOR STUDENTS**

**WHEREAS**, Magnolia Educational & Research Foundation (“MERF”) is a non-profit organization operating public charter schools in Southern California; and

**WHEREAS**, MERF is reconfiguring the structure of MSA-1 educational programs to provide the greatest targeted benefit to students with an emphasis on hands-on learning and support; and

**WHEREAS**, MERF has determined that adding an additional Substitute Teacher and School Coach position is in the best interest of the school; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of MERF (the “Board”) that:

1. MSA-1 will hire one (1) full time Substitute Teacher position.
2. MSA-1 will hire one (1) part time School Coach position.
3. These changes will become effective immediately. The CEO is hereby directed by the Board to take all actions necessary to effectuate this Resolution.

**PASSED AND ADOPTED** by the Board this 20th day of November, 2024, by the following vote:

AYES:

NOES:

RECUSE:

ABSENT:

The undersigned Board Chair does hereby certify that the foregoing is a full, true, and correct copy of the Resolution adopted by the said Board at its meeting on the above date and by the vote above stated, which resolution is on file in the office of MERF.

---

Board Chair



## **Substitute Teacher**

### **Position Summary:**

Magnolia Science Academy-1 is seeking a dedicated and adaptable Substitute Teacher to provide high-quality instructional support and maintain a productive classroom environment during regular teachers' absences. The Substitute Teacher will ensure that students' learning experiences remain uninterrupted by following lesson plans, fostering student engagement, and upholding the school's standards of excellence. This position requires flexibility, professionalism, and a commitment to student success across various subjects and grade levels.

### **Key Responsibilities:**

- Classroom Instruction: Implement lesson plans and instructional activities as prepared by the regular classroom teacher, ensuring consistency in student learning objectives.
- Classroom Management: Maintain an organized and positive classroom environment, encouraging respectful behavior and active student participation.
- Student Engagement: Adapt instructional strategies to meet the diverse needs of students, engaging them in meaningful learning activities.
- Progress Monitoring: Observe and support student progress, assisting with assignments, and providing feedback as necessary.
- Communication: Collaborate with other staff members and communicate effectively with students to support a smooth transition during teacher absences.
- Record Keeping: Maintain accurate records of student attendance, behavior, and any notable academic achievements or challenges.
- Professional Development: Participate in any training or orientation sessions required to stay informed on school policies, classroom management techniques, and instructional strategies.
- School Policies: Adhere to and enforce all school policies, including those related to student safety, confidentiality, and ethics.

### **Work Schedule and Compensation:**

- Schedule: This is a full-time substitute position, with hours and specific assignments varying depending on daily needs.
- Salary: \$65,000 annually, with benefits.





# MAGNOLIA PUBLIC SCHOOLS

250 E. 1<sup>st</sup> St. Ste 1500 Los Angeles, CA 90012

P: (213) 628-3634 F: (714) 362-9588

## School Coach Job Description

### Job Summary

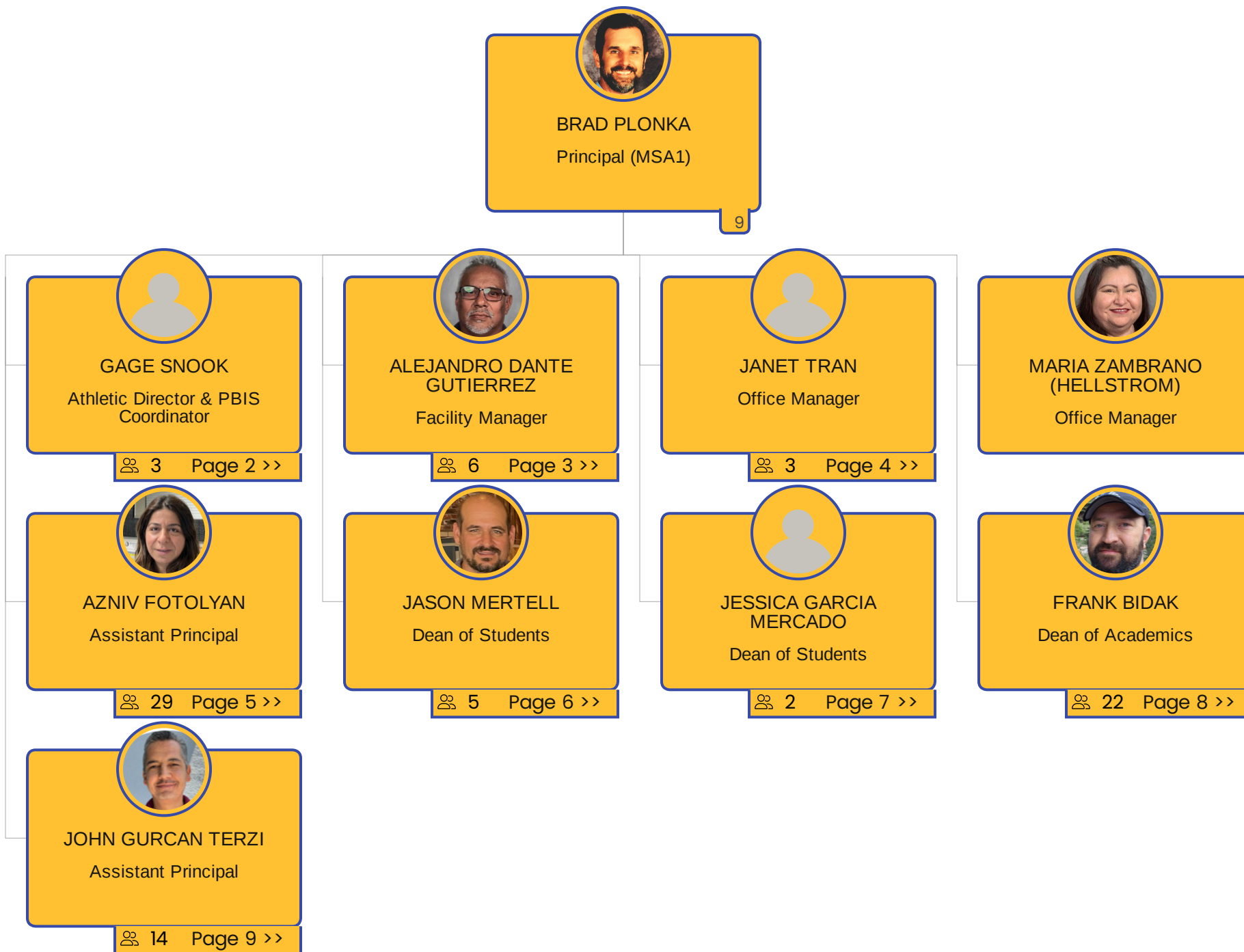
Assist young players' confidence, skill and potential to transform them into self-aware, strong individuals, in sports and in their daily lives.

### Job Responsibilities

- Train a team of athletes on a constant basis for the ideal physical condition in their sport by using methods to help improve nutrition, muscle development, athletic skill and mental toughness.
- Teach individuals about everything related to the sport's rules and regulations to help athletes develop a high level of understanding of their chosen game.
- Create specific physical performance conditioning programs to increase athletic performance, confidence and team winning percentage.
- Evaluate team and individual athletic performance consistently using video, photography, data sheets and other means and addressing skills deficits during practice sessions.
- Schedule practice sessions with athletes, work with the league to develop a game schedule during the season and ensure transportation and lodging are provided for travel when needed.
- Choose members of the coaching support staff and coordinate goals and strategies for improvement with assistant coaches and other staff members.
- Select and ensure top quality of team equipment, supplies and facilities, such as uniforms, practice equipment, conditioning materials, game balls, fields, indoor game areas or courts.
- Develop effective job coaching and employment plans
- Communicate with students to understand their goals and ambitions
- Assist students to discover and overcome their personal barriers and set goals
- Assess the strengths of individuals and teach them to use them effectively
- Guide students in learning to complete job tasks
- Help in the development of motivation and skills
- Monitor and evaluate progress of students
- Keep records and documentation and prepare appropriate reports
- Oversees the safety condition of the facility or area in which assigned sport is conducted at all times that students are present.
- Enforces rules and regulations concerning conditioning of players and their health and safety.
- Reports injuries to the school admin as well as completing and submitting incident reports
- Exercises great care in dealing with all injuries and particularly those that are of a serious nature. In all cases, the coach should assure that the injured athlete is receiving competent medical care. Following injuries of a serious or prolonged nature, the coach should secure the signed approval of the doctor and parent before the athlete is allowed to participate again in athletic activities.
- Provides supervision of all athletes until they have left the building and/or site.
- Ensures that all windows, doors, and gates are locked in any area that has been used.
- Coaching games in the evening
- Traveling with the team on the bus
- Coaching at tournaments on certain weekends
- Taking care of the equipment and inventory
- Maintaining effective communication with the athletic director
- Collaborating with after-school personnel for attendance purposes.
- Other job related duties and schedules assigned by supervisor

### Physical Demands and Work Environment

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. While performing the duties of this job, the employee is regularly required to stand, bend, and sit for long periods of time. The employee must also be able to listen and hear students, lift and/or move up to 50 pounds and be appropriately mobile, including by escorting students across campus as needed. This job description should not be construed to imply that these requirements are the only duties, responsibilities, and qualification for this job. Incumbents may be required to follow any additional related instructions, acquire related job skills and perform other related work as required or assigned. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.



<< Page 1



**GAGE SNOOK**  
Athletic Director & PBIS  
Coordinator

3



**VACANT**  
Afterschool Coach



**Ethan Arroyo**  
Afterschool Coach



**Andrew Gauthier**  
Afterschool Coach



<< Page 1



FRANK BIDAD  
Dean of Academics

8



Kerry Teague  
Physical Education Teacher

4



CAROLYN TALCOTT  
ELD & Title 1

3



PAUL SILVA  
Math Teacher

2



MESUT DENIZ  
Science Teacher

2



CIDERIO FLORES  
Spanish Teacher

2



ARIANA TORANZO  
Substitute Teacher



FARISHAD BASHEER  
AHAMED  
Computer Science Teacher

1



VACANT  
Substitute Teacher



LAWRANCE MATHEW  
SARENANA  
Teacher Aide



CHRISTOPHER NAM-LE  
HUYNH  
Physical Education Teacher



ALYSSA ALEXIS LOPEZ  
Physical Education Teacher



COREY AGUILAR  
Substitute Teacher



FREDDY GARCIA  
English Teacher



BIRUTE MIKULEVICIUTE  
English Teacher



JARED STONE  
English Teacher



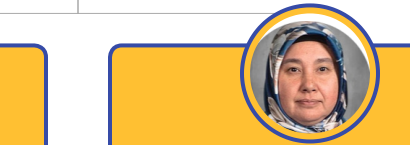
JOSHUA EHRENBERG  
Math Teacher



STEVEN NGUYEN VO  
Math Teacher



DOUGLAS SMITH  
Science Teacher



ELIF SAHIN  
Science Teacher



STEPHANE REYNAUD  
Spanish Teacher



MARIA SAMANO  
Spanish Teacher



GREG COLLINS  
GILLILAND  
Computer Science Teacher

## Coversheet

### Approval of the Execution of a Purchase and Sale Agreement for the Purchase of 18120 Sherman Way and the Payment of a Non-Refundable Good Faith Deposit

**Section:** IV. Action Items  
**Item:** B. Approval of the Execution of a Purchase and Sale Agreement for the Purchase of 18120 Sherman Way and the Payment of a Non-Refundable Good Faith Deposit  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:**  
IV\_B\_Purchase of 18120 Sherman Way and Execution of Purchase and Sale Agreement.pdf



<b>Agenda Item:</b>	IV B: Action Item
<b>Date:</b>	November 20, 2024
<b>To:</b>	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“ <b>MPS</b> ”) Board of Directors (the “ <b>Board</b> ”)
<b>From:</b>	Alfredo Rubalcava, CEO & Superintendent
<b>Staff Lead(s):</b>	Patrick Ontiveros, Director of Facilities & General Counsel Mustafa Sahin, Project Manager Katrina Jimenez, Assistant Project Manager
<b>RE:</b>	Approval of Purchase of 18120 Sherman Way and Execution of Purchase and Sale Agreement between HH Sherman, LLC, as Owner and Seller, and Magnolia Educational & Research Foundation for the Benefit of Magnolia Science Academy-7, as Purchaser

**Action Proposed:**

MPS Staff recommends and moves that the Board approve (1) the execution by MPS Staff of a purchase and sale agreement for the property located 18120 Sherman Way (the “**Property**”) by and between HH Sherman, LLC, as seller (the “**Owner**”), and Magnolia Educational & Research Foundation, as buyer, for the Benefit of Magnolia Science Academy-7, a draft copy of which is attached Exhibit A with such changes as MPS Staff may deem necessary, appropriate and in the best interests of MPS and (2) the non-refundable deposit of Two Hundred Twenty Five Thousand Dollars (\$225,000) as a good faith deposit but applicable to the purchase price at the close of escrow.

**Purpose:**

Purchasing the Property will allow MPS to relocate Magnolia Science Academy—7 (“**MSA-7**”) to a permanent private facility. MSA-7’s lease at its current facility expires after the 2026-27 school year. At its new location, MSA-7’s elementary school will serve as a potential feeder to MSA-1’s middle school ensuring robust demand for enrollment at MSA-1. MSA-7 students will still need to go through a lottery for spots at MSA-1.

**Background:**

The Property is located at 18120 Sherman Way on the same block as the MSA-1 campus. It consists of approximately 49,000 square feet of land and an approximate 12,000 square foot building. The first floor consists of 10,047 square feet while the partial second floor consists of approximately 2,000 square feet. The location of the Property and pictures of the Property are attached as Exhibit A. Bank of America previously occupied the Property. Upon learning that the Property would become vacant, MPS’s broker



Dan Morrar at InSite School Services, approached the owner about a possible sale or long term lease. MPS Staff initially considered a long term lease, but because of the cost MPS Staff determined that only a purchase was viable and in the best interest of MPS.

MPS and the Owner negotiated a term sheet which was signed on November 5, 2024. Following the signature of the term sheet the Owner prepared a purchase and sale agreement which is still undergoing final review.

### **Analysis:**

#### **Due Diligence**

As part of its due diligence MPS Staff had the following analyses completed

- ALTA and Topographic Survey
- Phase I Environmental Site Assessment and Phase II
- Asbestos and Lead Based Paint Survey
- Land Use Analysis
- Constructability and Pricing by 2 general contractors
- Schematic Design

The Phase I recommended further testing at the Property. A phase II study was completed and identified certain conditions that will need to be mitigated. The summary pages from the phase I and phase II studies are attached as Exhibit B. The costs of those mitigation measures, if needed, are included in the budget summary set forth below. None of the other studies identified any red flags. The land use analysis, which included a case management meeting with the planning department confirmed that the northern parcel fronting Sherman Way does not require any discretionary entitlements, only compliance with certain design standards due to the fact that the parcel is within a community design overlay, or CDO. However, adding green space to the existing parking lot on the south side of the alleyway will require a zone change, similar to what was done for the parking lot parcels serving 18220 Sherman Way (the high school building) and 18238 Sherman Way (the middle school building).

#### **Conceptual Drawings**

The plans prepared by Berliner Architects are attached as Exhibit C. One plan shows partial expansion of the second floor to accommodate up to 360 students. Another plan shows the full expansion of the second floor to accommodate up to 470 students. The budget below reflects the complete build out of the second floor to accommodate the higher number of students.

#### **Schedule**

A draft schedule is as follows:



Timeline for Development of 18120 Sherman Way			
Action	Start	End	Duration
Escrow	13-Nov-24	15-Jan-25	63
Close of Escrow	15-Jan-25	15-Jan-25	0
Plan Preparation	15-Jan-25	15-Apr-25	90
Permits	15-Apr-25	12-Oct-25	180
Construction	13-Oct-25	10-Jul-26	270
Occupancy	11-Jul-26	25-Jul-26	14

While MPS Staff believes that the Property can be completed in time for a fall 2026 school occupancy, MPS Staff recommends that MPS plan for a fall 2027 occupancy.

**Budget**

MPS Staff’s draft development budget and sources and uses are as follows:

SOURCE	AMOUNT	USE	AMOUNT
PCSD Equity	\$ 2,000,000.00	Acquisition Costs	\$ 7,600,000.00
MPS Equity	\$ 3,000,000.00	Hard Costs	\$ 7,754,123.00
3rd Party Loan	\$ 14,979,123.00	Soft Costs	\$ 1,500,000.00
		Financing Costs	\$ 750,000.00
		Management Costs	\$ 375,000.00
		Contingency	\$ 2,000,000.00
<b>Total</b>	<b>\$ 19,979,123.00</b>	<b>Total</b>	<b>\$ 19,979,123.00</b>
		Surplus/(Deficit)	\$ -

**Impact:**

MPS Staff believes that the acquisition of the Property for MSA-7 will ensure that it has a home at the end of its current lease. Moreover, MSA-7 will act as a feeder to MSA-1 ensuring continued robust enrollment at MSA-1.

**Budget Implications:**

A pro forma analysis is attached as Exhibit D. Based on analysis by the MPS Finance Department, the costs are projected to be higher in the beginning in the early stages at (15.9% based on per-pupil funding) but are projected to go down into 26/27 and the multi-year projections as enrollment increases (7% to





3.9% based on per-pupil funding). MPS Staff assumes that it will receive SB 740 funds for the Project going forward (included in the aforementioned projections).

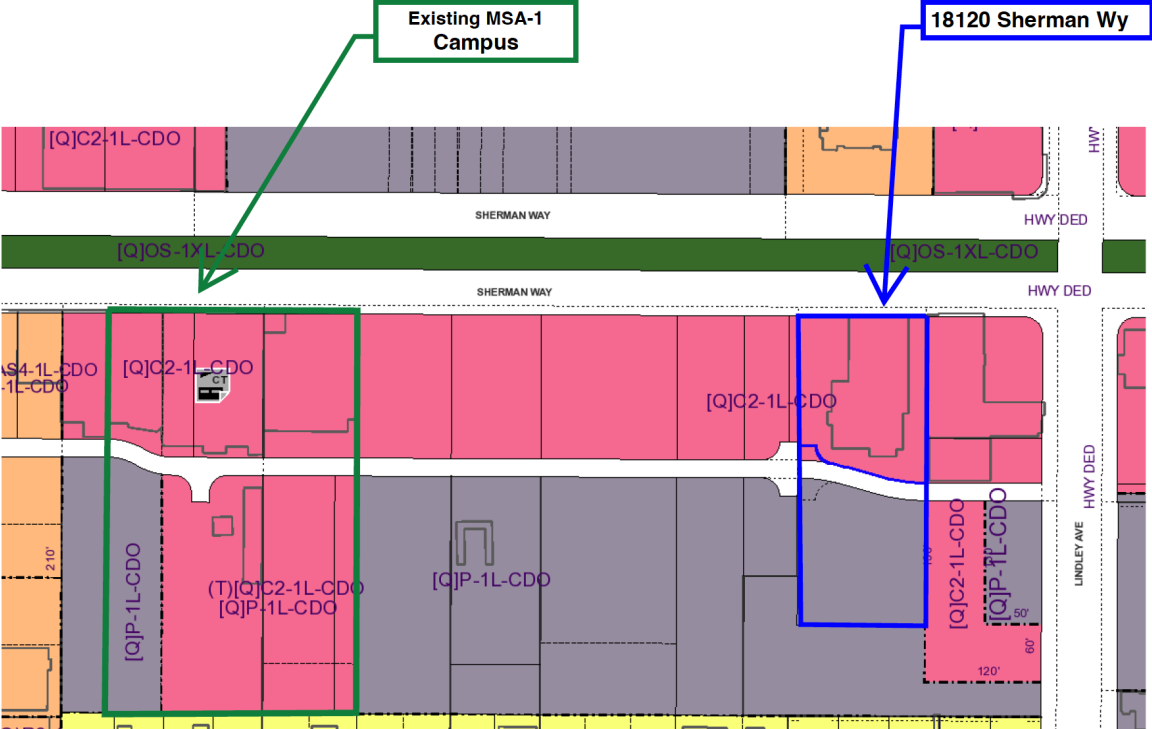
MPS Staff anticipates that it will use a combination of MPS equity and a loan to close escrow on the purchase of the Property. MPS Staff is presently talking to both short term and long term lenders. MPS Staff is currently evaluating financing options to ensure sustainability.

**Exhibits:**

- Exhibit A      Location of Property & Pictures of the Property
- Exhibit B      Phase I and Phase II Summary and Conclusions
- Exhibit C      Conceptual Drawings
- Exhibit D      Pro Forma Financial Analysis



Exhibit A





**MAGNOLIA**  
PUBLIC SCHOOLS





Exhibit B

Phase I and Phase II Summary and Conclusions



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**PHASE I ENVIRONMENTAL SITE ASSESSMENT**  
**Proposed Public School Facility**  
**18120-18118 Sherman Way**  
**Reseda, CA 91335**  
**APN 2125-036-083**



*Submitted to:*

***Magnolia Public Schools***  
***250 E. 1<sup>st</sup> Street, Suite 1500***  
***Los Angeles, California 90012***

*Prepared by:*

***Clark Seif Clark, Inc.***  
***P.O. Box 4299***  
***Chatsworth, California 91313***  
***Tel: (818) 727-2553***  
***Fax: (818) 727-2556***

**CSC Project Number: 10000259.02**

**August 2, 2024**



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**APPENDICES**

Appendix A.....Location Map, Site Maps, Evacuation Plan Maps, and Assessor’s Parcel Map

Appendix B.....Site Reconnaissance Photographs

Appendix C..... EDR Historical Research Documentation

Appendix D..... EDR Environmental Lien and Activities and Use Limitations Search Report

Appendix E..... EDR Radius Map Report with GeoCheck

Appendix F.....Supplemental Documentation

Appendix G..... EDR Lightbox Vapor Screen Report

Appendix H..... Special Terms and Conditions

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# PHASE I ENVIRONMENTAL SITE ASSESSMENT

## Proposed Public School Facility

### 18120-18118 Sherman Way

### Reseda, CA 91335

### APN 2125-036-083

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## 1.0 SUMMARY

Clark Seif Clark, Inc. (“CSC”) performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of the American Society for Testing and Materials (“ASTM”) "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process", E 1527-21 (“Phase I ESA”), for the property located at 18120 and 18118 Sherman Way in the City of Reseda, County of Los Angeles, State of California (“Subject Property”). The Los Angeles County Assessor Parcel Number (APN) for the property is 2125-036-083. A Location Map and Site Map are included in Appendix A along with Assessor’s Parcel Map and copies of facility evacuation maps, which show selected rooms. A detailed deed description is provided in the EDR Environmental Lien and AUL Report included in Appendix D.

This report was prepared for the exclusive use and benefit of Magnolia Public Schools (“User”); any User-affiliate obtaining an interest in the Subject Property; and User-designated third parties (“Designated Third-Party Users”) to whom User has granted reliance in writing.

The primary goal of a Phase I Environmental Site Assessment is to identify the presence of recognized environmental conditions. The term recognized environmental condition (“REC”) means the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater or surface water of the property. The term includes *hazardous substances* and *petroleum products* even under conditions in compliance with regulations.

A secondary goal of a Phase I ESA is to identify the presence of a potential vapor encroachment condition. The term vapor encroachment condition (“VEC”) is the presence or likely presence of vapors from volatile chemicals of concern (“COCs”) in the subsurface of the property caused by migration of vapors from contaminated soil and/or groundwater either on or near the Subject Property.

The Subject Property consists of a single parcel covering approximately 1.06 acres. It is located on the south side of Sherman Way, west of Lindley Avenue, in Reseda, California, a neighborhood in the San Fernando Valley area of the City of Los Angeles.

Assessor’s Parcel 2125-036-083 is approximately 1.06 acres, assigned the address 18120 Sherman Way, Reseda, California, 91335. A second street address, 18118 Sherman Way, was assigned to the northern part of the building on the Site around 2006.



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The Site is located on the south side of Sherman Way just west of the intersection with Lindley Avenue. The Site is developed with a two-story office building on the northern part of the Property. An east-west oriented alley (City right-of-way) bisects the property. The building structure covers approximately 23 percent of the overall property. Paved parking is present on the west side of the building and in the southern part of the property, and driveways are present on the west and east sides of the building. The majority of the building is utilized for a Bank of America bank and financial center. Layout of the property is shown on figures included in Appendix A.

Historically, the Subject Property was developed as a residential farm at least since the late 1920s. The bank building was constructed around 1958, during a period when commercial development in the area was increasing.

In 2006, the northern portion of the building was occupied by the Erebuni Bakery Café with the street address 18118 Sherman Way. In May 2015, the 18118 space was occupied by the Reseda Neighborhood Council (RNC). The RNC remains a tenant, but does not currently convene in the space, which is mainly used for storage. The Magnolia Public School plans to utilize the Subject Property for use as a school.

Currently, adjoining properties include a grocery store, church, and office building on the north side of Sherman Way, retail spaces and vacant property adjacent to the east, vacant land and residential properties to the south, and fenced vacant property adjacent to the west of the Subject Property.

Properties to the north and west were commercially developed by the early 1960s. A gasoline service station was constructed at the southwest corner of Sherman Way and Lindley Avenue adjacent to the east of the Subject Property around 1965 and operated until around 1984. The retail center was developed on this Adjoining Property by around 1988, when Cavalier Cleaners (former dry cleaner) began operation in one of these commercial spaces. The dry cleaners operated until around 2022.

There is no history of industrial use on the Subject or Adjoining Properties aside from previous presence of a gasoline service station followed by a dry cleaners at the property on the southwest corner of Sherman Way and Lindley Avenue, and former dry cleaners historically operated on Adjoining Properties to the west (former Susans Cleaners and Alterations, approximately 1996-2009) and southeast (former Reseda One-Hour or One-Hour Martinizing, approximately 1975-2014).

The Subject Property appears in two historic state environmental databases, associated with former hazardous waste disposal, including asbestos abatement waste. There are no records indicating any releases of hazardous materials to the soil, soil vapor, groundwater or surface waters by occupants or past owners of the Subject Property.



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The Adjoining Property to the east had documented release of fuel hydrocarbons from leaking underground storage tanks at a former Exxon-Mobil gasoline station that impacted soil and groundwater, with ultimate case closure by the Regional Water Quality Control Board (RWQCB). This property was subsequently the site of a former dry cleaner (Cavalier Cleaners) which had documented release of chlorinated volatile organic compounds (VOCs) to soil, soil vapor, and groundwater. The EDR Proprietary database of historic information revealed no records indicating that any manufactured gas plants, automobile service stations, or dry cleaners were present on the Subject Property or Adjoining Properties aside from a historical automobile service station and dry cleaner at 7155 Lindley Avenue and historical dry cleaners at the Adjoining Properties to the west and southeast.

This Phase I ESA identified a REC and VEC on the Subject Property associated with the former Cavalier Dry Cleaners facility immediately adjacent to the east of the Subject Property. In addition, RWQCB closure of a LUST case on the same property constitutes a CREC. Although the LUST site was closed, residual petroleum hydrocarbons and associated VOCs remain in soil and groundwater at the Adjoining Property.

Further, historical presence of residential structures and agricultural land use constitute a REC for potential presence of lead and/or pesticides in soil at the Subject Property.

As discussed in ASTM Standard Practice E 1527-21, no Phase I ESA can completely eliminate uncertainty regarding the potential for RECs in connection with a site. See Section 7 (Findings) and Section 8 (Opinions) of this report for a more thorough discussion of the Subject and Nearby Properties.

## 2.0 INTRODUCTION

### 2.1 Objective

The purpose of the assessment is to identify potential environmental concerns resulting from current and previous uses of the Subject Property and adjoining properties in general accordance with the requirements of ASTM Standard E1527-21 *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. A second component of a User's environmental site assessment process might be to address issues that are of specific concern to the User and are primarily categorized as Business Environmental Risks (BERs) that could potentially impact future land use, and development costs, and might require on-going mitigation measures to ensure occupant and worker safety.

### 2.2 Scope of Services

In conducting the Phase I ESA for User, CSC performed the following activities in accordance with the contracted scope of services described below:



## 7.0 FINDINGS

CSC performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of the American Society for Testing and Materials (“ASTM”) "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process", E 1527-21 (“Phase I ESA”), at the property addressed as 18120 Sherman Way, Reseda, California. Site location map, site maps, and Assessor Maps are presented in Appendix A, along with copy of Assessor’s Parcel Map and evacuation maps depicting selected rooms. Photographs of the Subject Property are presented in Appendix B.

The Subject Property consists of a single parcel covering approximately 1.06 acres with Assessor’s Parcel Number 2125-036-083, assigned the address 18120 Sherman Way, Reseda, California, 91335. A second street address, 18118 Sherman Way, was assigned to the northern part of the building on the Site around 2006.

The Site is located on the south side of Sherman Way, west of Lindley Avenue, in Reseda, California, a neighborhood in the San Fernando Valley area of the City of Los Angeles. The Site is developed with a two-story office building on the northern part of the Property. An east-west oriented alley (City right-of-way) bisects the property. Paved parking is present on the west side of the building and in the southern part of the property, and driveways are present on the west and east sides of the building. The majority of the building is utilized for a Bank of America bank and financial center.

In 2006, the northern portion of the building was assigned the street address 18118 Sherman Way, and operated as the Erebuni Bakery Café. An oil-water separator or clarifier appears to have been installed outside the northwest corner of the building around the same time frame. Floor sinks and a grated floor drain likely operated by the café remain present in the northwestern part of the building.

In May 2015, the 18118 space was occupied by the Reseda Neighborhood Council (RNC). The RNC remains a tenant, but does not currently convene in the space, which is mainly used for storage.

Other features observed in the building include offices, electrical and telephone rooms, storage areas, employee break room, and restrooms. As noted above, a kitchen area was formerly operated in the northwest part of the building by the Erebuni Bakery Café.

Zoning for the property is C2 – Commercial Zone, part of the Reseda Central Business District Community Design Overlay District, indicating Employment Mixed Use, which includes most potential commercial uses. Site Location, Site, and Assessor Parcel Maps are presented in Appendix A along with copies of evacuation maps showing some individual rooms.



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Aside from historical presence of a gasoline service station and dry cleaner on the adjacent property to the east and historical dry cleaners on adjacent properties to the west and south, there is no history of industrial or commercial use on the Subject or Adjoining Properties.

## 7.1 Subject Property

The on-site inspection, historical aerial photograph review and government agency review of the Subject Property have identified that a controlled recognized environmental condition (CREC) was documented at the Subject Property related to leaking underground fuel and oil storage tanks, soil and groundwater remediation, and closures issued. Closure was granted based on commercial land use. Remnant impacts to groundwater and soil vapor, and possible soil vapor impacts from PCE and/or other chlorinated VOCs may constitute a potential VEC.

The Subject Property is not listed on any of the following Federal or State databases that would indicate a release of hazardous chemicals or wastes to the subsurface of the Subject Property:

- Federal NPL site list
- Federal CERCLIS list
- Federal RCRA CORRACTS facilities list
- Federal RCRA non-CORRACTS TSD facilities list
- Federal institutional control/engineering control registries
- Federal ERNS list
- Selected state and tribal lists of hazardous waste sites identified for investigation or remediation (*i.e.*, ENVIROSTOR, landfill and/or solid waste disposal site lists/databases)
- Institutional control/engineering control registries, Voluntary Cleanup Program sites and Brownfield sites.
- Current and Historic Automobile Service Stations
- Current and Historic Dry Cleaning Facilities
- Current and Historic Manufactured Gas Plants on the Subject Property.

## 7.2 Adjoining and Nearby Properties

The on-site inspection, historical aerial photograph review and government agency review of the nearby properties have not revealed evidence of current, historical or controlled environmental conditions (RECs, HRECs or CRECs) on any of the Adjoining Properties, with exception of a CREC related to a closed LUST case and a REC due to documented release of chlorinated VOCs at the adjacent property to the east. The proximity of this site indicates that a REC and VEC extend to the Subject Property.



### 7.3 Tier 1 Vapor Encroachment Screen

According to the American Society of Testing and Materials Standard Guide for Vapor Encroachment Screening on Property Involved in Real Estate Transactions (ASTM E2600-15), the purpose of a Tier 1 Vapor Encroachment Screen (Tier 1 VES) is to use Phase I ESA-type information to determine if a vapor encroachment condition (VEC) exists at the subject site.

The screening area of concern (“AOC”) for nearby sites is one-third of a mile ( 1,760 feet) around the subject site, unless the use of a shorter distance such as for petroleum hydrocarbon chemicals of concern (“COC”) provided by subsection 8.3.2 of ASTM Standard Practice E 2600-15. The screening AOC for petroleum hydrocarbon COCs is one-tenth of a mile (528 feet).

In performing VEC evaluations, CSC uses the Buonicore Methodology: 1,760 feet upgradient, 100 feet downgradient, and 365 feet in the crossgradient directions. (See: [Paper 2011-A-301-AWMA: Methodology for Identifying the Area of Concern Around a Property Potentially Impacted by Vapor Migration from Nearby Contaminated Sources.](#)) Distance measurements are from the known or suspect contaminated property to the user-defined target property boundary.

CSC utilized the EDR Lightbox VEC Screening application to perform screening using the most conservative (non-petroleum hydrocarbon) up-, cross-, and down-gradient distances. The downgradient search distance was increased to 160 feet to capture the former Cavalier Cleaners site, which is closer than plotted by the EDR database search. Groundwater flow direction was set at 120 degrees (toward east-southeast) based on previous monitoring at the former Cavalier Cleaners site. The EDR Vapor Encroachment Screen report (7694967.2s Vapor Encroachment Screen, July 18, 2024) generated by the application is included in Appendix H.

**Table 7-1: Facilities Screened for a VEC<sup>1</sup>**

Address	Databases	Distance (Feet)	Comment
7155 Lindley Avenue	CPS-SLIC HAZMAT LA CORTESE HAZNET LUST HWTS	<154 ft E	Leaking fuel tank case closed Former Cavalier Cleaners case open. HVOC impacts to soil, soil vapor, and groundwater
18132 Sherman Way	EDR Hist Cleaner	109 ft W	Former Susans Cleanera and Alterations, operation between 1996-2009

<sup>1</sup>Assumes a groundwater flow direct to the east-southeast on historical gradients at adjacent site within 90 degree total variance.

The Subject Property was identified for applicable databases within the specified vapor screening search radii. The only databases that the Subject Property appears in are HWTS and HAZNET. The only hazardous waste documented as generated at the Subject Property is asbestos.



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Therefore, there is no indication of any potential vapor encroachment arising from the Subject Property itself.

The primary issue is potential lateral migration of PCE and/or other halogenated VOC soil vapors from the former Cavalier Cleaners facility immediately east of the Subject Property. Although SVE has been conducted at the former Cavalier Cleaners site, the full lateral extent of vapor impacts in the subsurface is not known and impacts at this site constitute a VEC for the Subject Property.

The adjacent upgradient former Susans Cleaners and Alterations site at 18132 Sherman Way is not known to have any releases or subsurface impacts but did operate for at least 13 years. There is potential that undiscovered subsurface impacts may be present at that location, so this site may be a potential VEC for the subject property.

Other upgradient sites including historical drycleaners, LUST sites, etc. are considered not to pose potential for a VEC at the Subject Property due to distance, no releases being reported, documentation of less than significant impacts, and/or case closure by regulating agency.

## **7.4 User-Provided Information and Documentation**

### **7.4.1 Preliminary Title Report**

Recorded land title records were not provided by the User or owner for review by CSC as part of this Phase I ESA.

### **7.4.2 Previous Investigations and User-Provided Documentation**

No previous environmental investigations were provided by the User or Owner for review by CSC as part of this Phase I ESA aside from four documents from the RWQCB pertaining to closure of the former Exxon-Mobil LUST site (included in Appendix F).

### **7.4.3 Site Plan**

CSC obtained a copy of Exhibit B-1-Db, Sheets 01 and 02, Floor Area Measurements (Gensler, prepared for American Financial Realty Trust, December 29, 2004) depicting the general floor plan layout of the building. A separate generalized floor plan for the Reseda Neighborhood Council portion of the building was also provided (Sheet A1.1 prepared by John S. Dodson, Licensed Architect, undated). In addition, CSC obtained photographs of evacuation plan maps showing selected rooms within the building. Copies of these plans are included in Appendix A.



## 7.5 Environmental Liens or Activity and Use Limitations (“AUL”)

CSC reviewed the EDR Environmental Lien and AUL Search Report (Inquiry 76964967.2s dated June 28, 2024). A copy is provided in Appendix D. There were no environmental liens or activity and use limitations found by EDR for the Subject Property as far back as 1980. The current legal owner is identified as HH Sherman, LLC.

## 7.6 Orphan Properties

Orphan properties are sites contained in government record reports that cannot be geographically mapped or geocoded due to an inadequate or incomplete address in the government database or computer map file.

The list of orphan properties contained in the EDR Radius Map Report (Appendix E) for the Subject Property was reviewed by CSC: The two orphan sites, an unresolved LUST site and an ENVIROSTOR Phase I ESA site, appear to be more than one mile from the Subject Property and therefore are not within the area of concern for the Subject Property.

## 7.7 Data Gaps

The objective of historical research is to develop a history of the previous uses of the subject property and surrounding area in order to assist in determining the likelihood of a release of a hazardous substance as a result of past land use. The environmental professional is required under ASTM E5727-13 Standard to research use of the Property at five-year intervals from 1940 to the present, or, if the subject property was already developed in 1940, to the first date of development.

The Subject Property was developed prior to 1940, and residential and agricultural use of the property appears to date back to at least 1928. The Subject Property appears to have been initially developed with a possible farm residence among other agricultural properties in the area, possibly adding additional structures by 1938 and through 1947, based on historical aerial photographs.

Based on City Directory listings, the Subject Property was commercially developed as a bank since around 1958, and specifically as a Bank of America since approximately 1962. The Subject Property has been used for the same purpose since then.

Adjoining and nearby properties generally have a similar history, with some residential/agricultural land use initially, and denser residential development as well as commercial development beginning by the early 1960s.

Data gaps in historical information include the following:

- 25-year period between 1903 and 1928
- Six-year period between 1932 and 1938





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- Six-year period between 1952 and 1958
- Six-year period between 1983 and 1989
- Six-year period between 1989 and 1995

No environmental changes of significance to the Subject Property were found when comparing the findings between the years noted.

Other data gaps identified include:

- The lack of available information about potential soil vapor impacts extending onto the Subject Property or evaluation of indoor air.

In lieu of interviewing regulatory agency personnel, CSC relied on online database sources identified in Appendix F and listed in Appendix K to obtain relevant information.

There were no data gaps in historical information that resulted in a data failure.

## 8.0 OPINIONS

Based upon the historical documents reviewed in Appendix C and the publically available environmental records in Appendices D, E and F, CSC has sufficient information to support the opinions and conclusions expressed in this report. Historic aerial photographs and topographic maps establish that the Subject Property likely had at least one structure, possibly a residential farm, as far back as 1928 with additional structures by 1938. The existing bank building was constructed circa 1958 and has operated to the present. Based on review of online LADBS records for building permits issued in 2006, a 56- by 58-foot space in the northern part of the building was operated as the Erebuni Bakery/Café, with kitchen space in the northwestern part of the building. That portion of the building was assigned the address 18118 Sherman Way. The oil-water separator outside the northwestern part of the building appears to have been installed around the same time and may have been used for grease separation. No permit was found for the oil-water separator. The Reseda Neighborhood Council has reportedly occupied the northern part of the building since 2015, also utilizing the 18118 Sherman Way address. The Reseda Neighborhood Council still occupies the space but no longer convenes there.

Nearby sites which are solely identified in environmental databases as RCRA-LQG, RCRA-SQG WASTE, HAZNET, CERS, HWTS, etc., are evaluated because hazardous wastes are currently being generated or were generated in the past. Some of these sites have been identified as properties with current or past contamination by hazardous materials, hazardous waste or petroleum products. However, they are either downgradient, sufficiently distant, not significantly impacted, and/or have received case closure and, therefore, are not of current environmental concern to the Subject Property.



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The Subject Property is not secured by fencing/walls or entrance gates; there could be slight potential that illegal dumping or spills of hazardous materials would occur or have occurred on the Site.

## 8.1 Recognized Environmental Conditions (Current, Controlled and Historic)

The Subject Property appears in HAZNET and HWTS databases under temporary status for periods in the past. Potential generation of hazardous waste does not necessarily suggest the existence of current recognized environmental conditions. The chief question is as follows:

- Whether residual VOC soil vapor associated with past releases at the adjoining former Cavalier Cleaners site may extend onto the Subject Property and pose potential for vapor intrusion of PCE or other compounds with low health risk-based screening levels.

Recognized Environmental conditions (RECs) and Controlled Recognized Environmental conditions (CRECs) are documented on the Adjoining Property immediately east of the Subject Property and constitute a REC at the Subject Property. Source impact(s) at the adjacent property are suspected to pose potential threat to the Subject Property due to proximity of that site. This constitutes a Vapor Encroachment Condition (VEC) at the Subject property in addition to a REC.

Further, historical presence of residential structures and agricultural land use constitute a REC due to potential presence of lead (from lead-based paint) and/or pesticides in soil at the Subject Property.

The EDR Proprietary database of historic information revealed no records indicating that any manufactured gas plants or automobile service stations were present on the Subject Property or adjoining properties, except for a historical gasoline station at the adjacent property to the east (LUST case closed, with residual impacts). In addition, the former dry cleaners Site Cleanup case at the same site remains open and work is ongoing, although soil vapor extraction has decreased soil concentrations substantially at that site.

Due to historical presence of residential structure(s) in the late 1920s to 1940s, potential lead impacts to shallow soils from lead based paint are also considered to constitute a REC at the Subject Property. Further, historical agricultural use of the property is similarly considered to constitute a REC due to potential remnant pesticides.

A Phase II Environmental Subsurface Investigation is recommended at the Subject Property, to include soil vapor sampling in the driveway on the east side of the building and indoor air sampling within the first floor building space to confirm the presence (and concentration) or absence of VOCs in indoor air. A minimum of two rounds of air sampling at multiple sampling stations (including exterior ambient background samples) should be conducted to evaluate possible seasonal or other conditional variation, in accordance with recommendations in *Supplemental Guidance: Screening and Evaluating Vapor Intrusion, Final Draft* (DTSC,



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February 2023). The responsible party for the former Cavalier Cleaners site is planning to negotiate access for soil vapor sampling (and indoor air sampling, if soil vapor concentrations are elevated above screening levels) at the Subject Property, although the schedule for this is unknown.

Phase II shallow soil sampling to evaluate potential lead or pesticides in soil is not recommended unless construction activities that will expose soil are planned at the Site. As long as the ground is covered by structure and paving the potential for exposure of site personnel is negligible.

## 8.2 *De Minimis* Conditions

A *de minimis* condition generally does not present a threat to human health or the environment and generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. *De minimis* conditions do not include conditions classified as RECs, historical RECs or CRECs.

The presence of the oil-water separator may be considered a *de minimis* condition in that it does not appear to present a threat to human health or the environment, but there are potential management concerns with respect to maintaining the unit and accumulated oils or solids. The small area of degraded asphalt on the east side of the building may also be considered a *de minimis* condition. The oil-water separator is also considered a Business Environmental Risk.

## 8.3 Vapor Encroachment Conditions

The Tier 1 vapor encroachment screening (Tier 1 VES) suggested the potential for vapor encroachment conditions (VECs) resulting from a release of volatile organic compounds on the Subject Property. The likelihood of impacted soil vapor in the subsurface extending onto the Subject Property from the adjoining property to the east constitutes a VEC at the Subject Property, as noted above.

## 9.0 CONCLUSIONS

CSC performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of American Society for Testing and Materials (ASTM) "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process", E 1527-21 and in general conformance with the scope of work included in the Master Environmental Service Agreement between CSC and the User. Any exceptions to, or deletions from, this practice are described in Section 11.0 entitled *Special Terms and Conditions* of this report.

A VEC is considered to exist on the Subject Property. VOCs on adjoining and nearby properties have occurred within the area of concern ("AOC") specified in ASTM Standard E-2600-2015 as of the date of this report.

Further, subsurface VOC in soil vapor related to releases of PCE at the adjacent property to the



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east also constitute a REC at the Subject Site. As such, subsurface investigation is recommended. The responsible party for the adjacent property is planning to conduct additional assessment at neighboring properties, but the schedule for that work is not known and depends in part on the course of negotiations for access.

Due to historical presence of residential structure(s) in the late 1920s to 1940s, potential lead impacts to shallow soils from lead based paint are also considered to constitute a REC at the Subject Property. Historical agricultural use of the property is similarly considered to constitute a REC due to potential residual pesticides. However, shallow soil sampling for these constituents is not recommended unless intrusive redevelopment of the Site is planned, such as re-paving, grading, or other construction. As long as the site remains covered by building structure or paving, potential exposure of on-site personnel will be negligible.

## 9.1 Data Failures

The only data gaps in historic information were as follows:

- 25-year period between 1903 and 1928
- Six-year period between 1932 and 1938
- Six-year period between 1952 and 1958
- Six-year period between 1983 and 1989
- Six-year period between 1989 and 1995

No environmental changes of significance to the Subject Property were found when comparing the findings between the years noted.

The only other data gap identified is:

- The lack of available information about potential soil vapor impacts extending onto the Subject Property or evaluation of indoor air.

No data gaps in historical information or readily ascertainable and publically available environmental records were identified that would materially affect the opinions and conclusions regarding RECs or VECs expressed in this report.

## 9.2 Recommendations

CSC recommends conducting soil vapor sampling along the driveway on the east side of the building to determine whether chlorinated VOC vapors have migrated to the Subject Property, and indoor air sampling to evaluate whether vapor intrusion may be occurring within the building. If ambient air screening levels are exceeded, it may be necessary to implement mitigation measures such as increasing air exchange rate of HVAC system, or creating a positive pressure environment within building space.



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**PHASE II ENVIRONMENTAL SITE ASSESSMENT  
FORMER BANK OF AMERICA FACILITY**

**PROPOSED CHARTER SCHOOL SITE**

18120 Sherman Way  
Reseda, California 91335

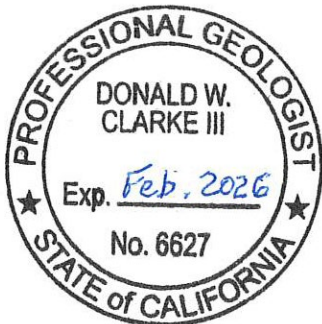
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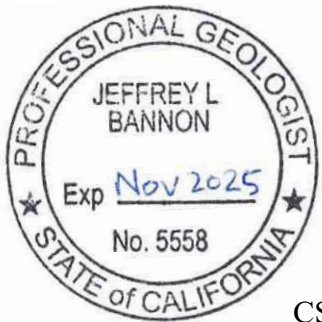
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**November 6, 2024**



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## **APPENDICES**

Appendix A	Geophysical Report
Appendix B	Laboratory Analytical Reports



## List of Acronyms

bgs	below ground surface
CalEPA	California Environmental Protection Agency
COPC	chemicals of potential concern
DRO	Diesel range organics
DTSC	Department of Toxic Substances Control
ESA	Environmental Site Assessment
ft	feet
GRO	Gasoline range organics
HERO	Human and Ecological Risk Office
HHRA	Human Health Risk Assessment
in	inch
Magnolia	Magnolia Public Schools
mg/kg	milligram/kilogram
µg/L	micrograms per Liter
µg/m <sup>3</sup>	micrograms per cubic meter
MORO	Motor oil range organics
msl	mean sea level
OCP	organochlorine pesticides
PCE	tetrachloroethene
PG	Professional Geologist
RSL	Regional Screening Level
SCAQMD	South Coast Air Quality Management District
TCE	trichloroethene
TPH	total petroleum hydrocarbons
US EPA	United States Environmental Protection Agency
VOC	volatile organic compound





## 1.0 INTRODUCTION

The following report summarizes methods, observations and results of a Phase II Environmental Site Assessment (Phase II ESA) completed at the former Bank of America facility at 18120 Sherman Way, Reseda, California (“Site” Figure 1). Work was conducted by Clark Seif Clark, Inc. (CSC) on behalf of Magnolia Public Schools (Magnolia). The Site is under consideration for purchase by Magnolia for use as a school site. Based on findings from a Phase I ESA (CSC, August 2, 2024), a vapor encroachment condition (VEC) and recognized environmental condition (REC) were identified for the Site:

- Historical drycleaners operated in the vicinity of the Site, including at the adjoining property to the east where a release of tetrachloroethene (PCE) to subsurface soil, soil vapor, and groundwater was documented.
- Historical agricultural use of the Site and historical presence of building structures which could have resulted in release of pesticides, lead, and/or arsenic to shallow soils.

Field sampling activities were conducted between September 20 and October 2, 2024. Field work was completed in accordance with CSC’s proposal August 29, 2024. The scope of work for the Phase II ESA included the following elements to analyze chemicals of potential concern (COPCs) that might be present:

- Soil vapor probe installation and sampling.
- Indoor air sampling.
- Shallow soil sampling.

The objective of the Phase II ESA was to:

- Determine through sampling and analyses whether historical uses and activities at the Site and adjoining properties resulted in the presence of COPCs in soil vapor, indoor air, and/or shallow soil.
- Determine the concentrations of COPCs.
- Evaluate potential risk posed by identified impacts.
- Recommend further action or no further action based on findings.



## 10.0 CONCLUSIONS AND RECOMMENDATIONS

On behalf of Magnolia Schools, CSC completed a Phase II Environmental Site Assessment (Phase II ESA) at the former Bank of America Facility located at 18120 Sherman Way, Reseda, California. The purpose of the Phase II ESA was to evaluate potential contaminant issues related to release of PCE at the adjacent property and proposed utilization of the Site as a school.

Field sampling activities were conducted between September 19, 2024 and October 2, 2024 in accordance with *Proposal for Environmental Consulting – Phase II Environmental Site Assessment, Soil, Soil Vapor, and Air Sampling, Bank of America Facility* (CSC, August 29, 2024) which presented scope of work for proposed sampling. The scope included collecting samples for analysis of COPCs in soil vapor probes, indoor air, and from shallow soil. The following conclusions and recommendations are provided based on results of the investigation.

### 10.1 Conclusions

The proposed scope of work included installing and sampling of soil vapor probes, collecting air samples, and soil sampling from shallow soil borings as follows:

- Seven soil vapor probes to 5 feet bgs.
- Five air samples, including four inside the building and one exterior ambient sample.
- Eight soil borings to 2 feet bgs.

Soil vapor samples were collected for laboratory analysis of VOCs in an on-site mobile laboratory by EPA Method 8260B – 8 samples including one duplicate sample.

Air samples were collected and analyzed in a fixed laboratory by EPA Method TO-15 – 5 samples, with 4 collected from interior building air and 1 from exterior ambient air.

Selected soil samples were analyzed for a combination of the following:

- California Code of Regulations Title 22 list metals by EPA Method 6010B/7471A – 11 samples.
- Organochlorine pesticides (OCPs) – 11 samples.
- Total petroleum hydrocarbons (TPH), including gasoline range organics (GRO), diesel range organics (DRO), and motor oil range organics (ORO) by EPA Method 8015 modified – 7 samples.

Sampling results are summarized below.

#### *Soil Vapor -- VOCs*

PCE concentrations in shallow soil vapor ranged from 1.564 µg/L in probe RSV-1 to 10.194 µg/L in the duplicate sample at probe RSV-5. These concentrations suggest a potential for PCE



vapor intrusion to the building at concentrations above human health risk-based Screening Level thresholds, assuming a default attenuation factor of 0.03. However, the site-specific attenuation factor calculated for the Site is approximately 22 times lower, indicating a considerably lower threat.

The only other VOC detected in the soil vapor samples was TCE which was found only in RSV-5 at a concentration of 0.024  $\mu\text{g/L}$ . The TCE concentration suggests potential vapor intrusion to indoor air at a concentration above the respective residential Screening Level. Again, the default attenuation factor is considerably higher than the likely site-specific factor, as TCE was not detected in any indoor air samples.

#### *Indoor Air -- VOCs*

A number of different compounds were detected in indoor air samples, but PCE is the only COPC that was detected. PCE concentrations in four indoor air samples ranged from 0.29 J  $\mu\text{g/m}^3$  to 2.1  $\mu\text{g/m}^3$ . PCE was also detected in the exterior ambient sample in the southwest part of the Property at a concentration of 0.11 J  $\mu\text{g/m}^3$ .

PCE concentrations in three of the four indoor air samples exceeded the residential ambient air Screening Level, and one of those samples also slightly exceeded the commercial/industrial Screening Level. Using the maximum concentration detected, the excess cancer human health risk would be 4.56E-6 under the residential exposure scenario and 1.05E-6 under the commercial/industrial exposure scenario, which exceeds the point of departure value of 1.0E-6.

#### *Soil - Metals*

Concentrations of metals in shallow soils were low, generally approximating anticipated background concentrations. All metals concentrations in the locations sampled were below respective residential and commercial/industrial Screening Levels and also below potential hazardous waste thresholds.

#### *Soil -- OCPs*

OCPs were detected in three to eight soil samples. Detected OCPs included alpha-chlordane, gamma-chlordane, total chlordane, 4,4'-DDD, 4,4'-DDE, 4,4'-DDT, and dieldrin. None of these compounds exceeded their respective Screening Levels.

#### *Soil -- TPH*

No petroleum hydrocarbons were detected in any of the seven samples analyzed for that parameter, including GRO, DRO, and MORO.



### *Human Health Screening Evaluation*

Human health screening evaluations (HHSE) for both residential scenario and commercial/industrial scenario were completed to evaluate potential risk and/or hazard posed by PCE identified in indoor air.

Using the maximum PCE concentration detected, the calculated excess cancer risk is 4.56E-06 for residential use, and 1.05E-06 for commercial/industrial use. The calculated hazard index is 0.050 for residential use, and 0.012 for commercial/industrial use.

The calculated residential cancer risk of 4.56E-06 exceeds the generally accepted departure value of 1.0E-06 by a factor of approximately 4.6 times. The calculated commercial/industrial cancer risk of 1.05E-6 was slightly above the generally accepted departure value of 1.0E-06.

The hazard indices of 0.050 and 0.012 are both well below the point of departure value of 1.0.

## **10.2 Recommendations**

Due to PCE vapor intrusion in the former bank building at concentrations above Screening Levels, mitigation measures are recommended.

The initial step would be to conduct a second round of air sampling to confirm initial results and determine whether concentrations show seasonal variation. DTSC guidance indicates that a minimum of two sampling rounds should be conducted to fully characterize indoor air. Since the previous sampling was performed during a heat wave at the beginning of Fall, the second round should be in late Winter or Early Spring (e.g., February or early March).

If concentrations are still confirmed to be above Screening Levels, mitigation is likely to be necessary. The simplest potential mitigation measures would be to modify the heating, ventilation and air conditioning (HVAC) system:

- Increasing HVAC system air exchange rate.
- Modifying HVAC system to create positive pressure within the building space relative to exterior ambient pressure, which would inhibit migration of soil vapors into building space.
- Further indoor air sampling should be conducted to confirm and characterize positive effects of modifying HVAC function. If built out, additional sample locations should be added to evaluate effects within various individual spaces.

If adjustments to HVAC system are not sufficient to achieve concentrations below residential Screening Level, more robust measures may be necessary. These might include:

- Constructing a sub-slab depressurization system. A sub-slab depressurization system would consist of openings and connecting trenches cut through the slab. The openings



serve as subslab vapor collection points. Slotted pipes are placed in collection points and connected to conveyance piping placed in the trenches and directed to the exterior of the building where it is vented to the atmosphere. Depending on permeability beneath the slab, an inline blower (fan) may be needed, or passive venting may be sufficient. Further air sampling would be needed to confirm the effects of system operation.

- Installing and operating a soil vapor extraction system. A series of extraction vents would be installed in the subsurface, likely most focused on the east side of the building. Vents would be connected to conveyance piping placed in trenches, leading to a blower and treatment system. The conveyance piping would be installed in trenches. The treatment unit might be a dedicated on-site system, or it might be possible to connect to the unit at the adjacent property, if still operational.



Exhibit C

Conceptual Drawings



MAGNOLIA SCIENCE ACADEMY 7  
TEST FITS

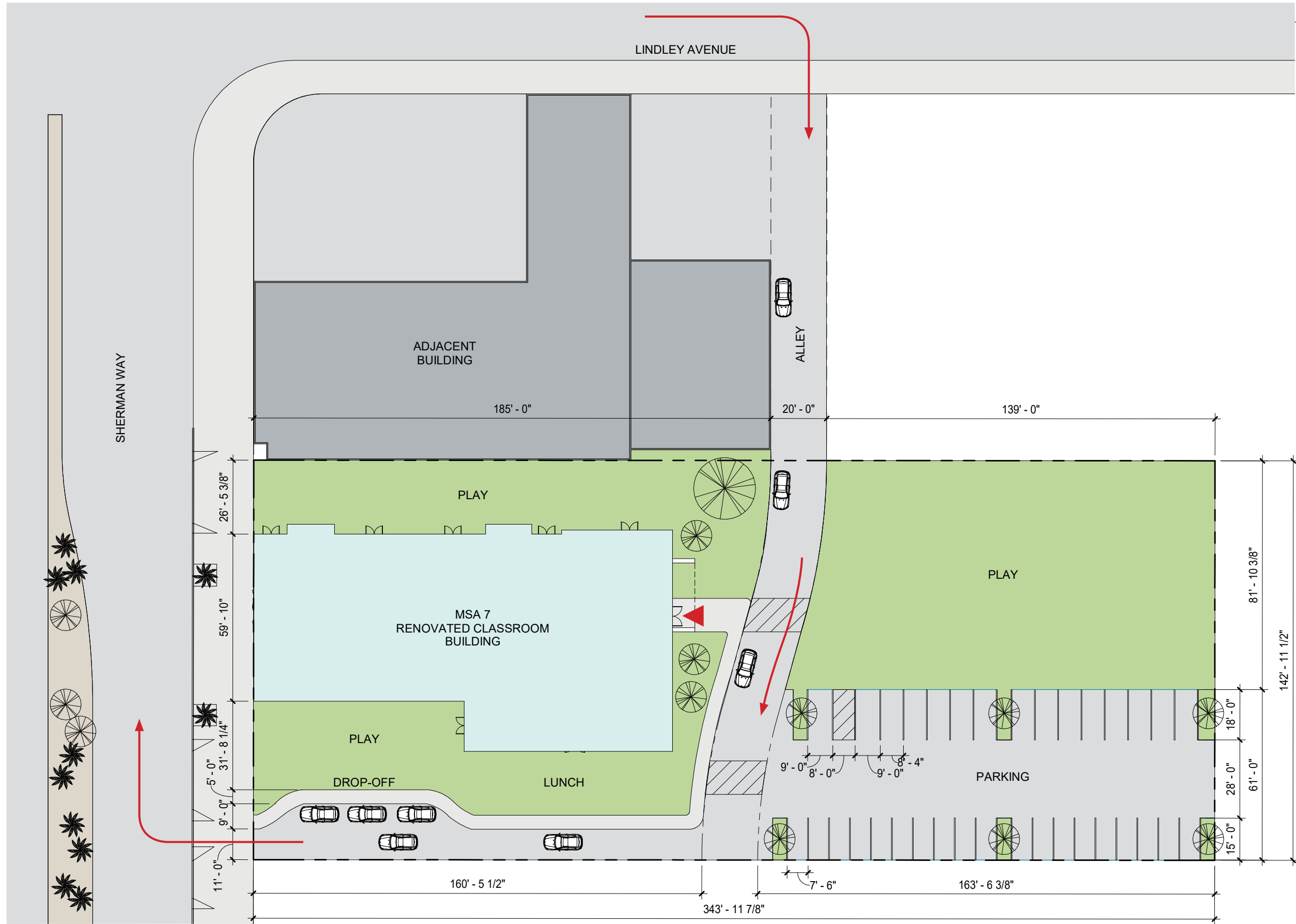
2 0 2 4 . 0 4 . 1 6







OPTION 1: SITE PLAN



PHASE 1

LONG DRIVEWAY  
INTERIOR RENOVATION 1.5 FLOORS

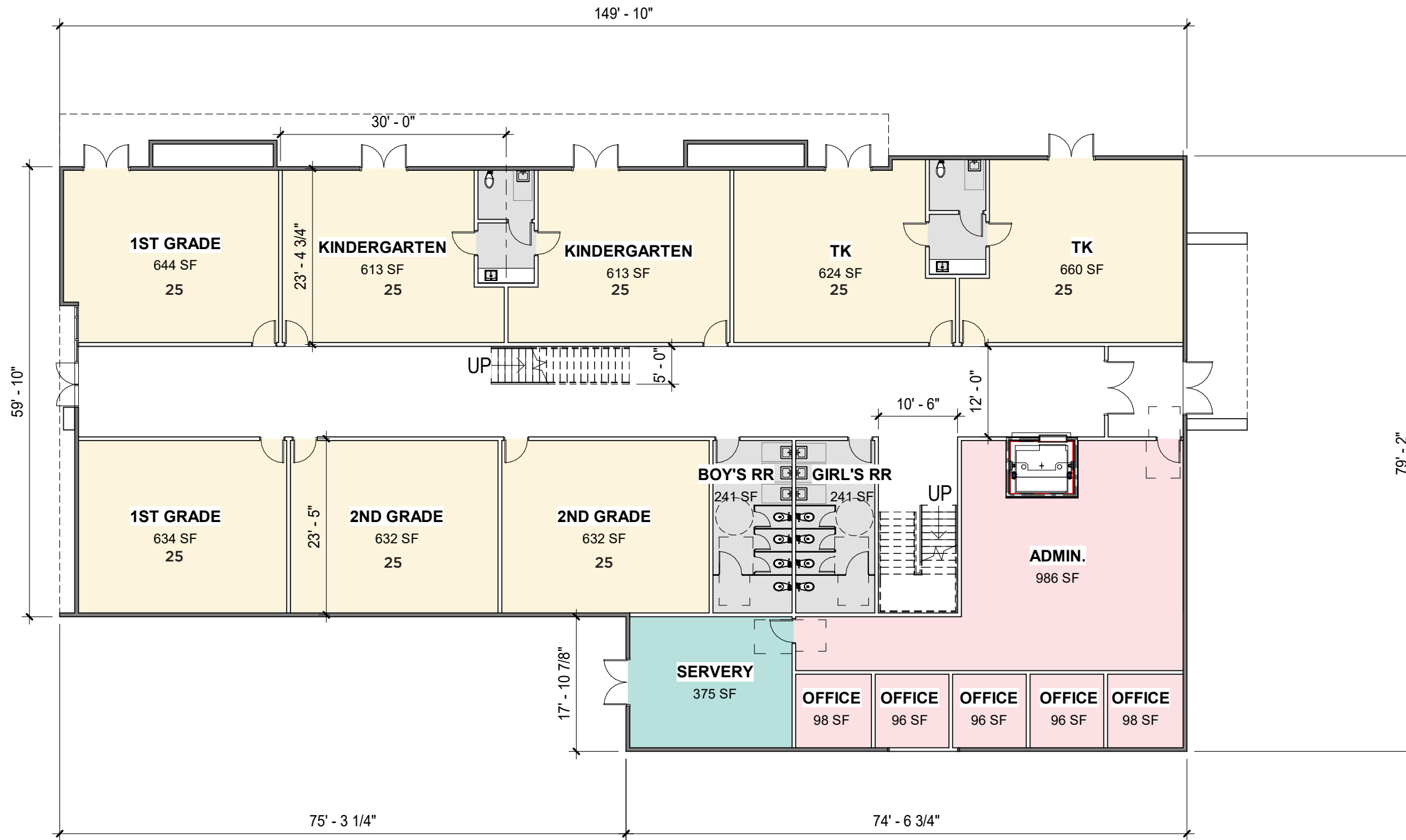
PARKING:  
34 SPACES TOTAL  
15 STANDARD SPACES (2 ADA)  
19 COMPACT SPACES

14 CLASSROOMS

16,744 SF

362 STUDENTS





**PHASE 1**

14 CLASSROOMS  
 1ST FLOOR = 8 CLASSROOMS  
 2ND FLOOR = 6 CLASSROOMS

16,744 SF BUILDING  
 1ST FLOOR = 10,047 SF  
 2ND FLOOR = 6,697 SF

362 STUDENTS  
 1ST FLOOR = 200 STUDENTS  
 2ND FLOOR = 162 STUDENTS



**OPTION 1: SECOND FLOOR PLAN**

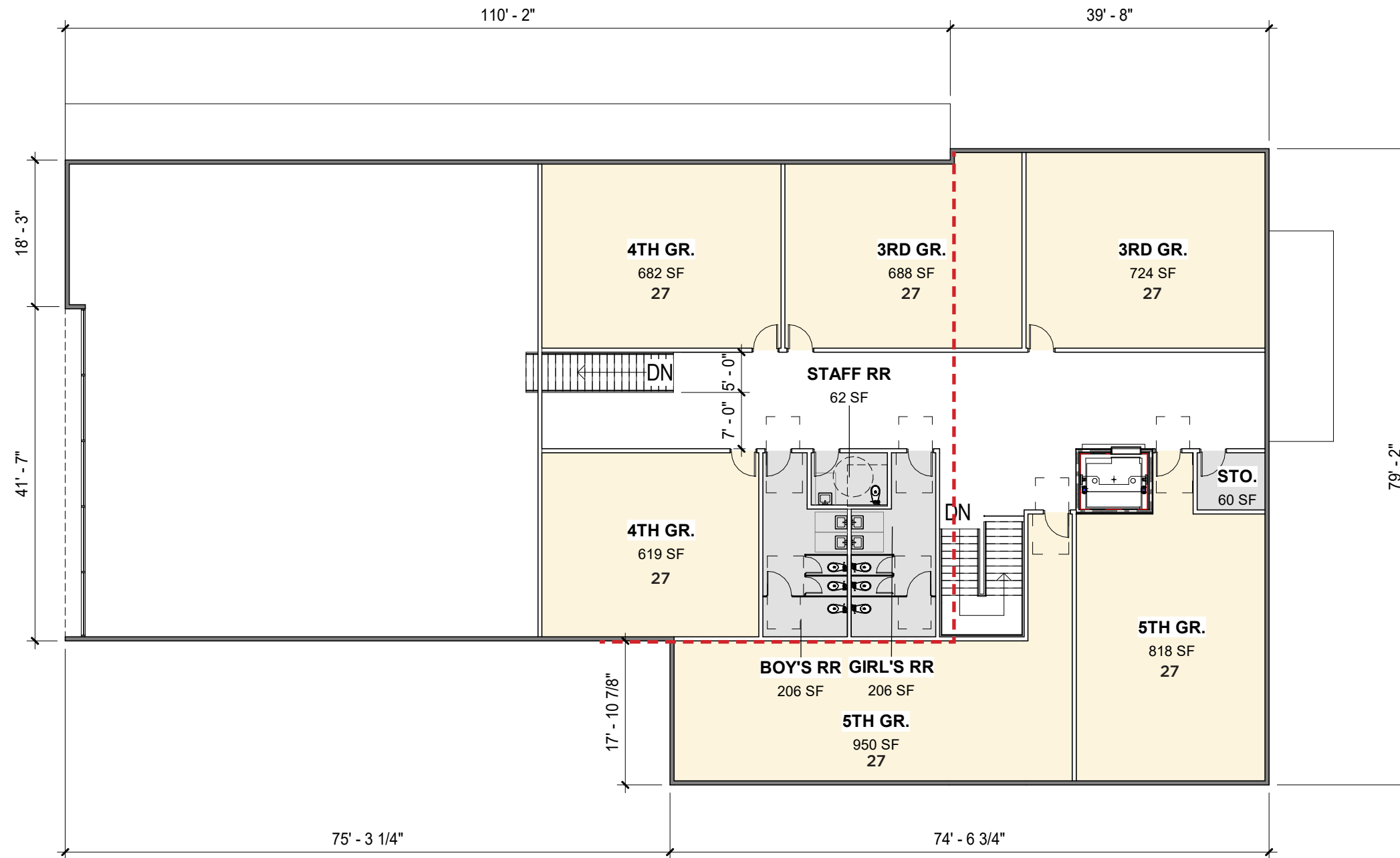
**PHASE 1**

14 CLASSROOMS  
 1ST FLOOR = 8 CLASSROOMS  
 2ND FLOOR = 6 CLASSROOMS

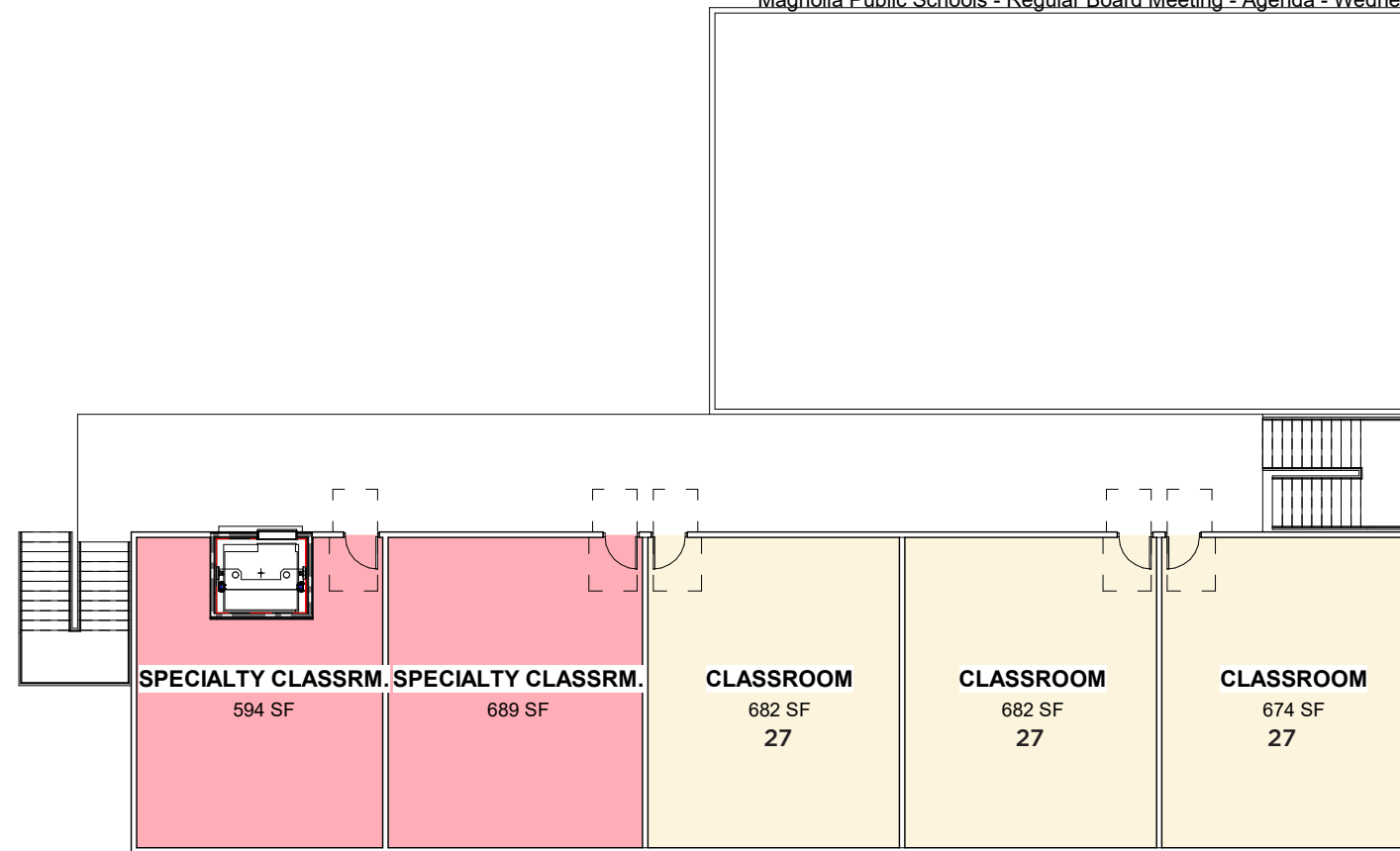
16,744 SF BUILDING  
 1ST FLOOR = 10,047 SF  
 2ND FLOOR = 6,697 SF

362 STUDENTS  
 1ST FLOOR = 200 STUDENTS  
 2ND FLOOR = 162 STUDENTS

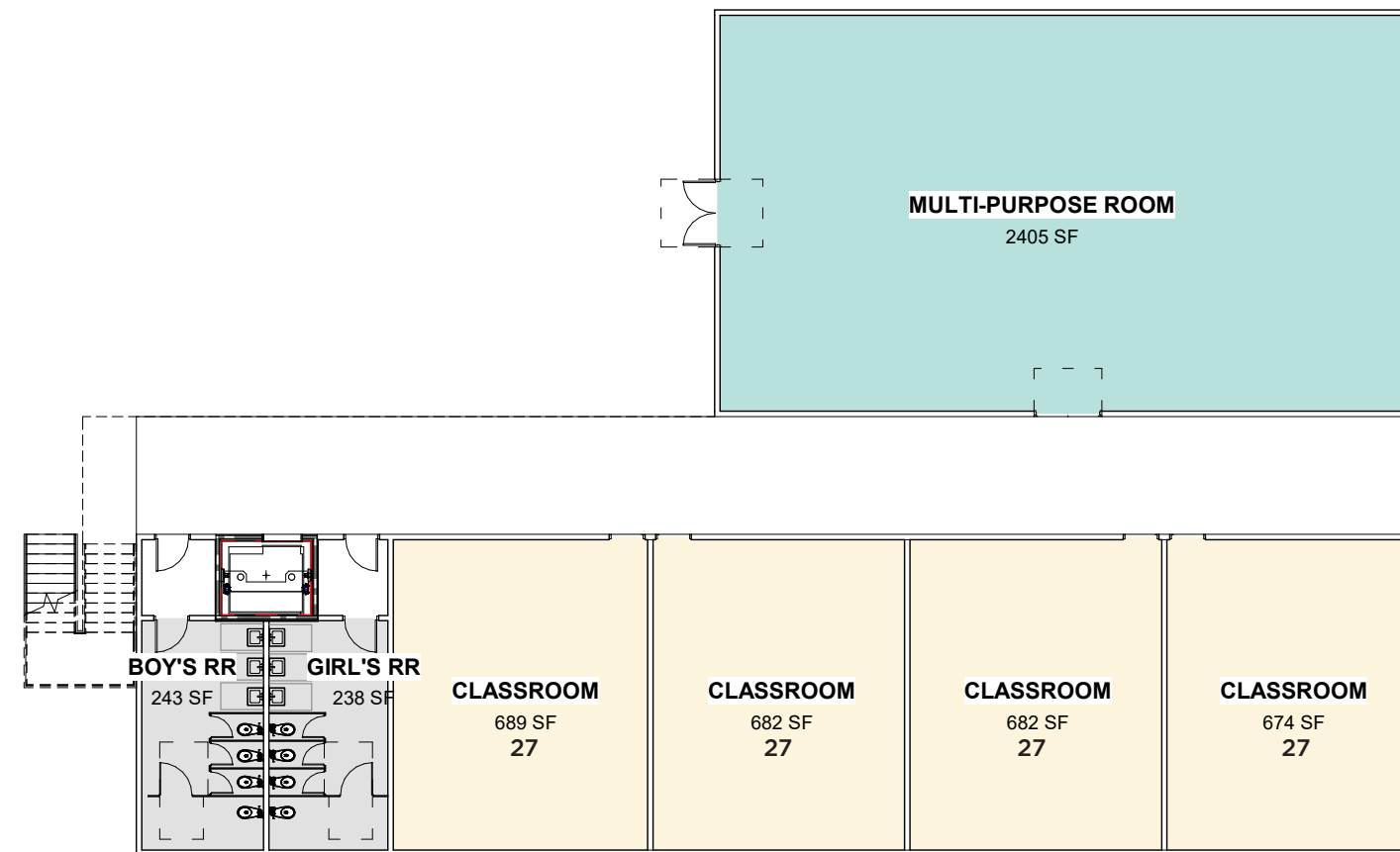
--- LINE OF EXISTING FLOOR



OPTION 1: 1ST AND 2ND FLOOR PLANS



SECOND FLOOR



FIRST FLOOR

**PHASE 2**

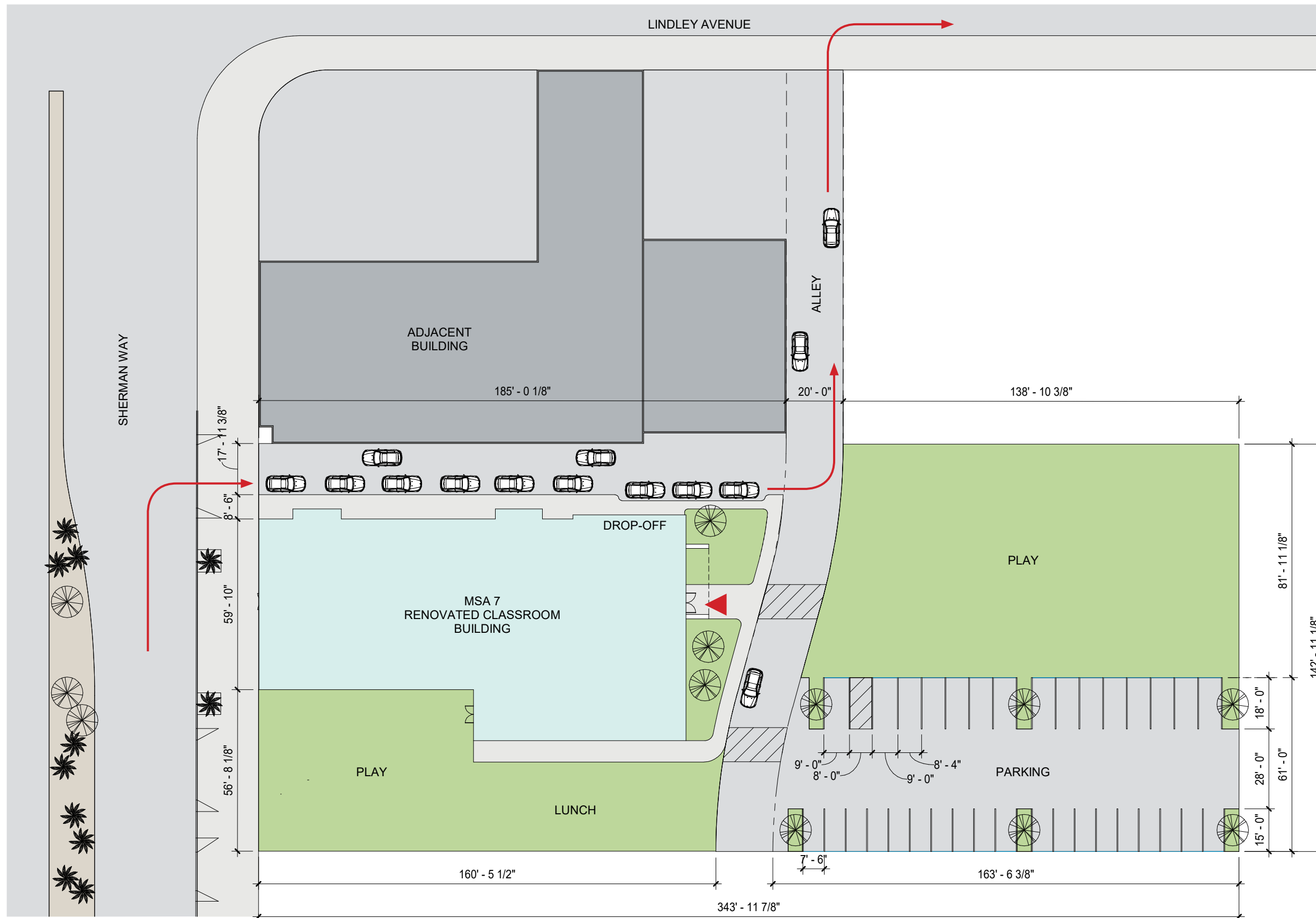
**NEW SE BUILDING  
REQUIRES CUP**

**23 CLASSROOMS TOTAL  
PHASE 1 = 14 CLASSROOMS  
PHASE 2 = 9 CLASSROOMS**

**26,051 SF  
PHASE 1 = 16,744 SF  
PHASE 2 = 9,307 SF**

**551 STUDENTS  
(189 STUDENTS ADDED IN PHASE 2)**





**PHASE 1**

**SHORT DRIVEWAY  
INTERIOR RENOVATION 2 FLOORS**

**PARKING:  
34 SPACES TOTAL  
15 STANDARD SPACES (2 ADA)  
19 COMPACT SPACES**

**18 CLASSROOMS**

**20,094 SF**

**470 STUDENTS**



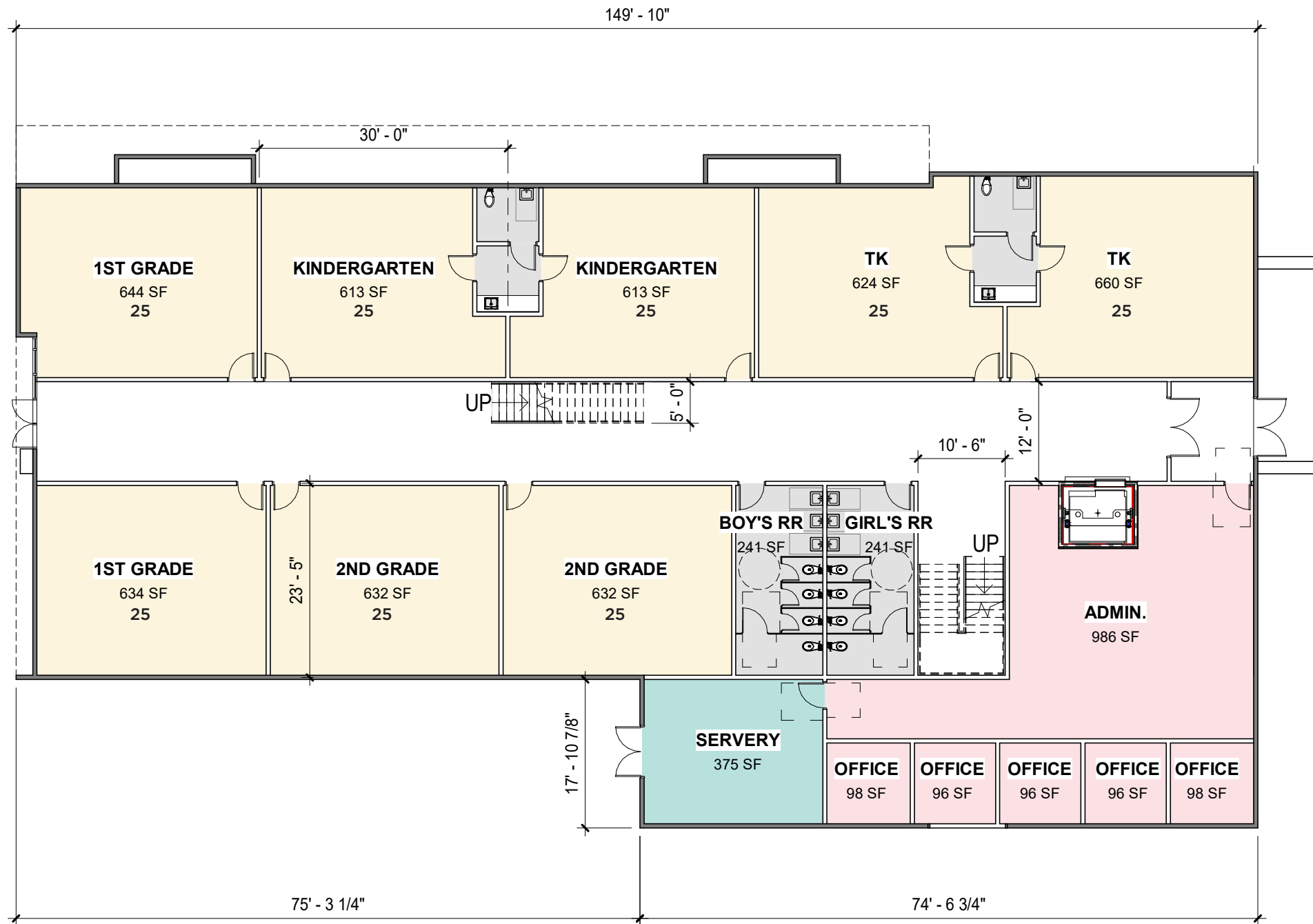
**OPTION 2: FIRST FLOOR PLAN**

**PHASE 1**

18 CLASSROOMS TOTAL  
 1ST FLOOR = 8 CLASSROOMS  
 2ND FLOOR = 10 CLASSROOMS

20,094 SF BUILDING  
 1ST FLOOR = 10,047 SF  
 2ND FLOOR = 10,047 SF

NUMBER OF STUDENTS = 470



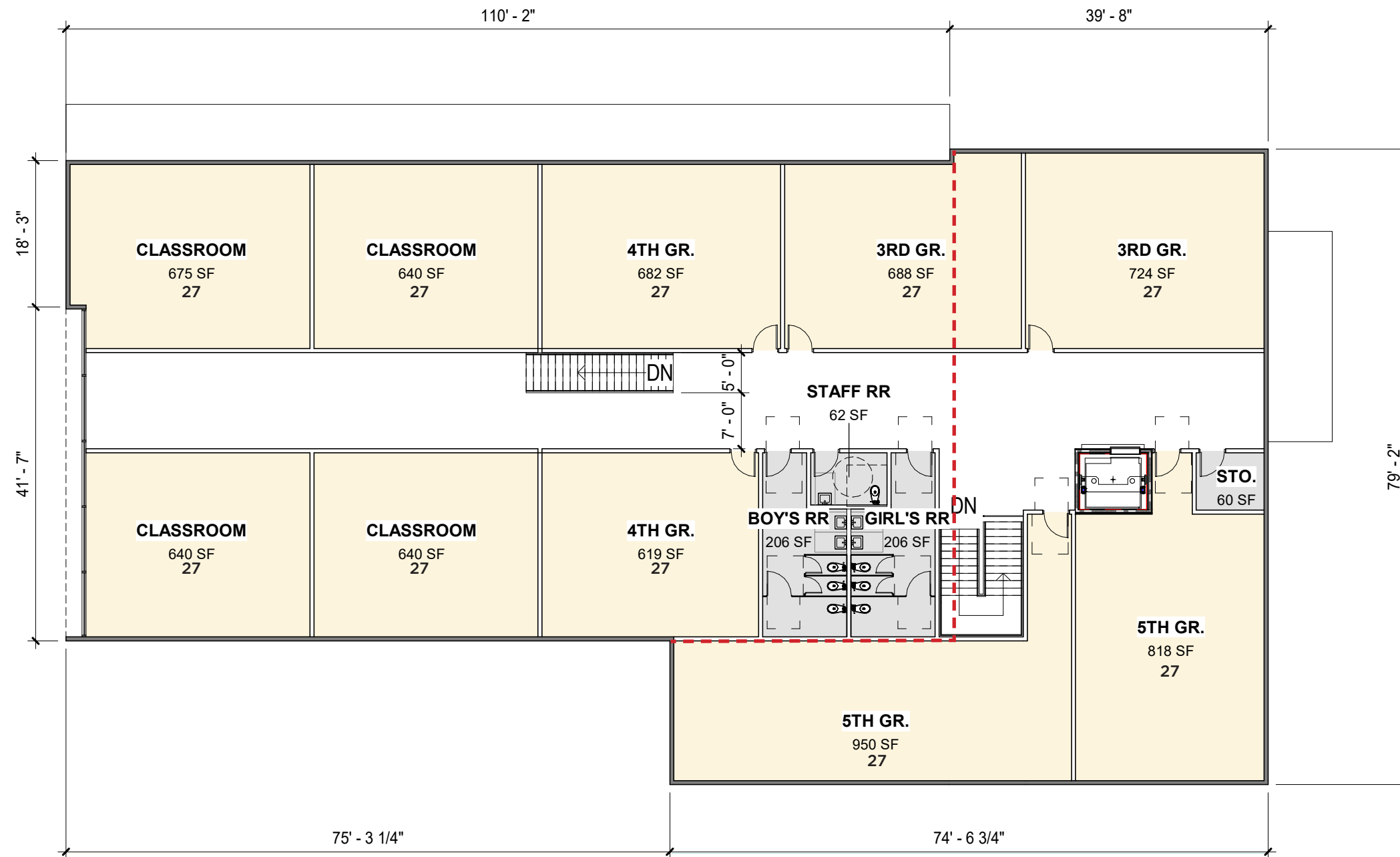
OPTION 2: SECOND FLOOR PLAN

**PHASE 1**

18 CLASSROOMS TOTAL  
 1ST FLOOR = 8 CLASSROOMS  
 2ND FLOOR = 10 CLASSROOMS

20,094 SF BUILDING  
 1ST FLOOR = 10,047 SF  
 2ND FLOOR = 10,047 SF

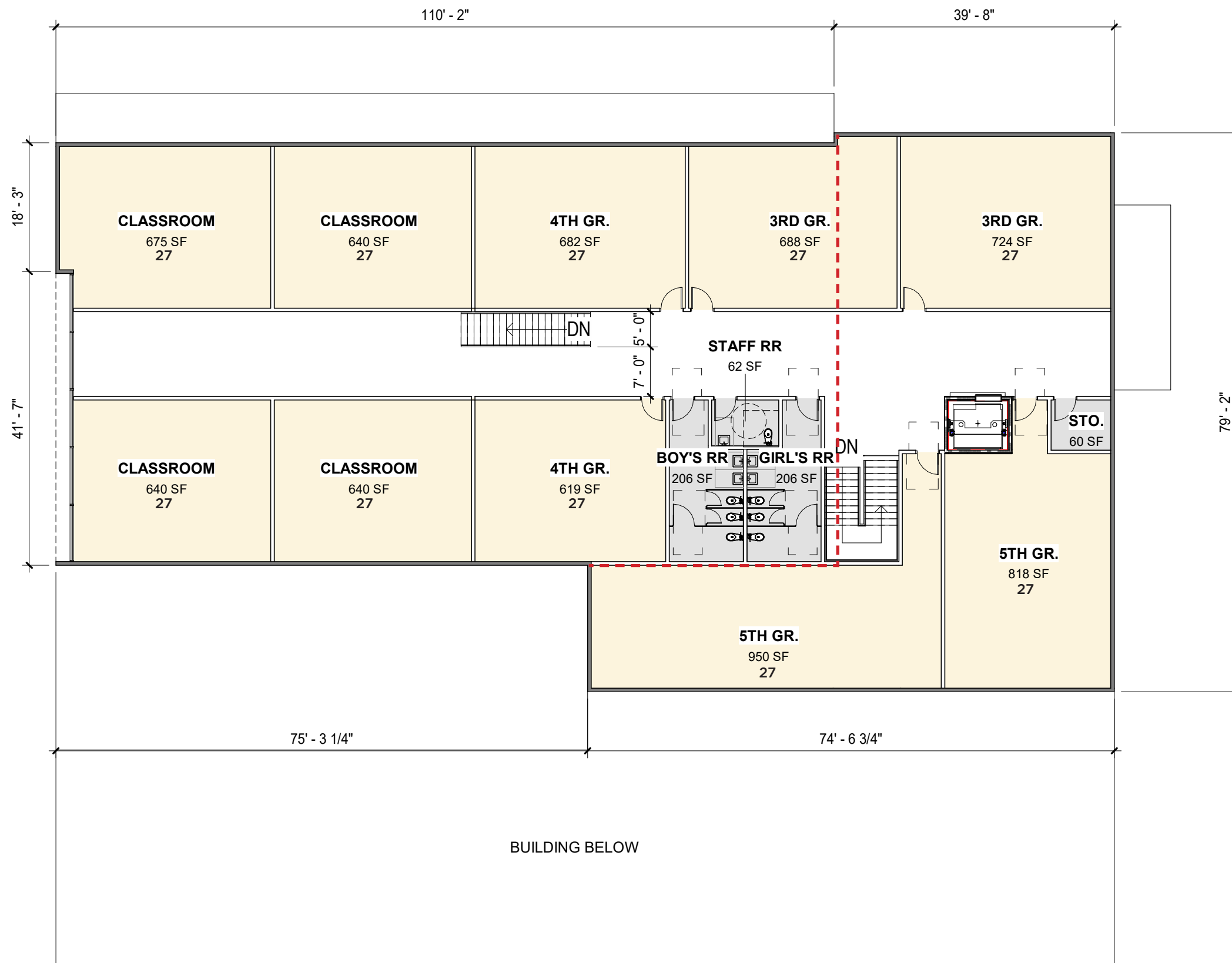
NUMBER OF STUDENTS = 470



--- LINE OF EXISTING FLOOR



**OPTION 2: SECOND FLOOR PLAN**



**PHASE 2**

NEW BUILDING ON EXISTING SITE  
NO CUP REQUIRED

21 CLASSROOMS TOTAL  
PHASE 1 = 18 CLASSROOMS  
PHASE 2 = 3 CLASSROOMS

24,474 SF TOTAL  
PHASE 1 = 20,094 SF  
PHASE 2 = 4,380 SF

\*2ND FLOOR WITH ADDITIONAL  
CLASSROOMS IS POSSIBLE.

NUMBER OF STUDENTS = 551  
(81 STUDENTS ADDED IN PHASE 2)

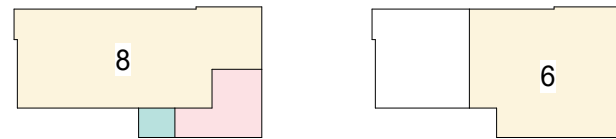
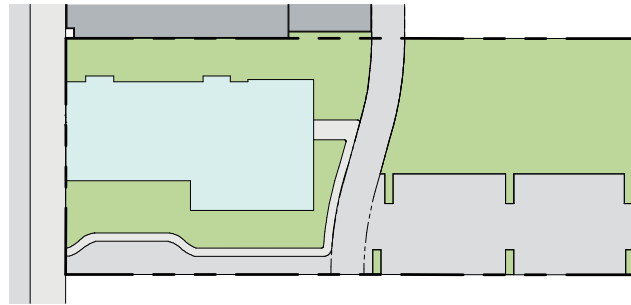
--- LINE OF EXISTING FLOOR





OPTION 1A

PHASE 1

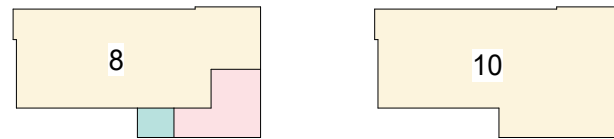
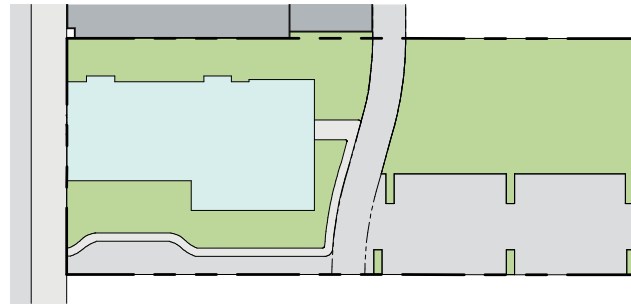


PHASE 1

14 CLASSROOMS  
362 STUDENTS  
16,744 SF

OPTION 1B

PHASE 1

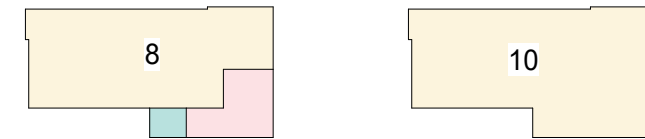
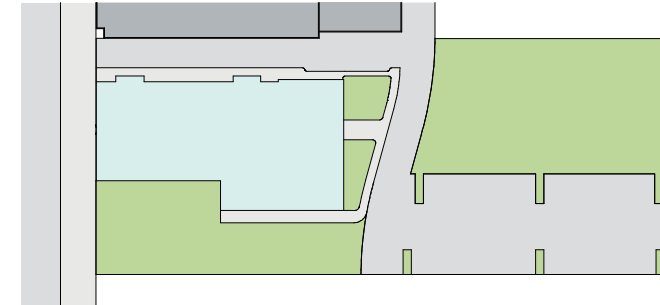


PHASE 1

18 CLASSROOMS  
470 STUDENTS  
20,094 SF

OPTION 2

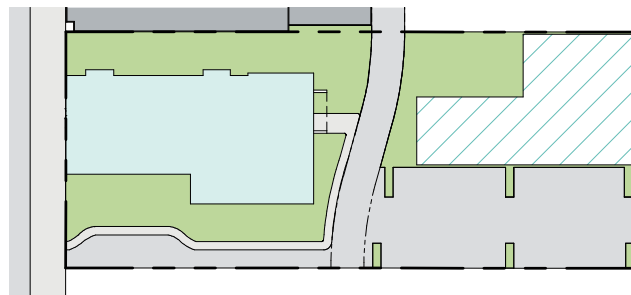
PHASE 1



PHASE 1

18 CLASSROOMS  
470 STUDENTS  
20,094 SF

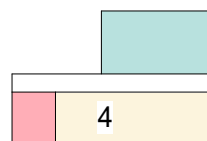
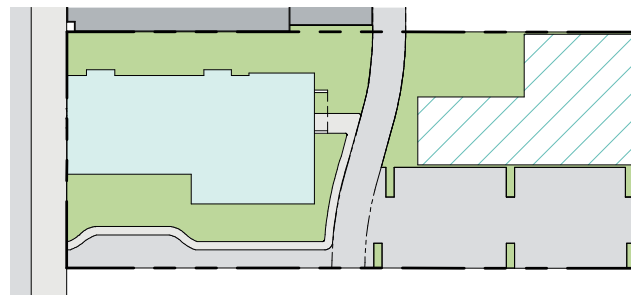
PHASE 2



PHASE 1 + PHASE 2

23 CLASSROOMS (21 + 2 SPECIALTY)  
551 STUDENTS  
26,051 SF

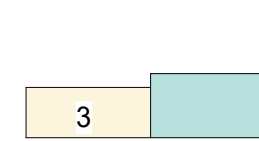
PHASE 2



PHASE 1 + PHASE 2

22 CLASSROOMS (21 + 1 SPECIALTY)  
578 STUDENTS  
25,950 SF

PHASE 2



PHASE 1 + PHASE 2

21 CLASSROOMS  
551 STUDENTS  
24,474 SF

LEGEND

- CLASSROOMS
- SPECIALTY CLASSROOMS
- MULTIPURPOSE ROOM
- ADMINISTRATION





Exhibit D

Pro Forma Financial Analysis

MSA 7		2025	2026	2027	2028	2029	2030	2031	2032
	<b>Enrollment (ADA)</b>	252	269	339	440	440	440	440	440
	<b>Recurring Revenue (RR)</b>	\$5,823,468	\$6,207,982	\$7,984,128	\$10,607,520	\$10,881,640	\$11,164,120	\$11,455,400	\$11,755,040
	Lease Expenses	\$368,858	\$421,573	\$0	\$0	\$0	\$0	\$0	\$0
	Debt Service	\$0.00	\$1,062,356.98	\$1,062,356.98	\$1,062,356.98	\$1,062,356.98	\$1,062,356.98	\$1,062,356.98	\$1,062,356.98
	<b>Gross Lease Expense and Debt Service</b>	<b>\$368,858</b>	<b>\$1,483,930</b>	<b>\$1,062,357</b>	<b>\$1,062,357</b>	<b>\$1,062,357</b>	<b>\$1,062,357</b>	<b>\$1,062,357</b>	<b>\$1,062,357</b>
	<b>Lease/Debt Service as % of RR</b>	<b>6.33%</b>	<b>23.90%</b>	<b>13.31%</b>	<b>10.02%</b>	<b>9.76%</b>	<b>9.52%</b>	<b>9.27%</b>	<b>9.04%</b>
	SB740 Revenue	\$276,644	\$385,208	\$485,448	\$630,080	\$630,080	\$630,080	\$630,080	\$630,080
	<b>Net Lease and Debt Service after SB740</b>	<b>\$92,215</b>	<b>\$1,098,722</b>	<b>\$576,909</b>	<b>\$432,277</b>	<b>\$432,277</b>	<b>\$432,277</b>	<b>\$432,277</b>	<b>\$432,277</b>
	<b>Net Lease/Debt Service % of RR</b>	<b>1.58%</b>	<b>17.70%</b>	<b>7.23%</b>	<b>4.08%</b>	<b>3.97%</b>	<b>3.87%</b>	<b>3.77%</b>	<b>3.68%</b>
<b>Facility Details</b>									
	Facility 1 (18355 Roscoe Blvd)	Private Lease	Private Lease	Private Lease	None	None	None	None	None
	Facility 2 (new purchase of BofA building - TBC)	None	Owned	Owned	Owned	Owned	Owned	Owned	Owned
	Facility 3 (space for back-up option not needed)	None	None	None	None	None	None	None	None
	SB740 Revenue Eligibility - Facility 1	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible
	SB740 Revenue Eligibility - Facility 2	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
	SB740 Revenue Eligibility - Facility 3	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible
	Facility/Lease Notes								
<b>Facility Timeline</b>									
	Planned Actions	Steady-State	Steady-State	Steady-State	Move	Steady-State	Steady-State	Steady-State	Steady-State
	Action Notes								
<b>Facility Revenues</b>									
	SB 740 - Lesser of (A) and (B)	\$276,644	\$385,208	\$485,448	\$630,080	\$630,080	\$630,080	\$630,080	\$630,080
	SB740 (A) - ADA Allowance	\$360,864	\$385,208	\$485,448	\$630,080	\$630,080	\$630,080	\$630,080	\$630,080
	SB740 (B) - 75% of Rent Costs	\$276,644	\$1,112,947	\$796,768	\$796,768	\$796,768	\$796,768	\$796,768	\$796,768
	<b>Total Facility Revenue</b>	<b>\$276,644</b>	<b>\$385,208</b>	<b>\$485,448</b>	<b>\$630,080</b>	<b>\$630,080</b>	<b>\$630,080</b>	<b>\$630,080</b>	<b>\$630,080</b>
<b>Debt Service</b>									
	<b>BORROWING #1 - New for potential MSA-7</b>	<i>period of borrowing: 1 2 3 4 5 6 7</i>							
	Total Project Costs		\$19,979,123						
	Minus MPS Equity		-\$3,000,000						
	TBD PCSD Equity @ 2%		-\$2,000,000						
	Principal Outstanding		\$14,979,123	\$14,751,832	\$14,512,609	\$14,260,827	\$13,995,825	\$13,716,912	\$13,423,355
	Average Interest Rate		5.25%						
	Amortization Period / Maturity		30						
	Principal Payment		\$215,953	\$227,291	\$239,223	\$251,783	\$265,001	\$278,914	\$293,557
	Interest Payment		\$786,404	\$775,066	\$763,134	\$750,574	\$737,356	\$723,443	\$708,800
	<b>Debt Service #1</b>	<b>\$0</b>	<b>\$1,002,357</b>	<b>\$1,002,357</b>	<b>\$1,002,357</b>	<b>\$1,002,357</b>	<b>\$1,002,357</b>	<b>\$1,002,357</b>	<b>\$1,002,357</b>
	<b>BORROWING #2 - PCSD Subordinated Loan</b>								
	TBD PCSD Equity @ 3%		\$2,000,000						
	Average Interest Rate		3.00%						
	Amortization Period / Maturity		I/O						
	Principal Payment		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Interest Payment		\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
	<b>Debt Service #2</b>	<b>\$0</b>	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$60,000</b>

<b>BORROWING #3</b>									
Principal Outstanding									
Average Interest Rate									
Amortization Period / Maturity									
Principal Payment									
Interest Payment									
<b>Debt Service #3</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>BORROWING #4</b>									
Total Principal Outstanding									
Assumed portion attributed to MSA-1									
Rate									
Amortization Period									
Principal Payment									
Interest Payment									
<b>Debt Service #4</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Debt Service</b>	\$0	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357
<b>Lease Expense</b>									
<b>LEASE EXPENSES (Church)</b>									
<i>Rent Payments</i>	\$368,858	\$421,573							
<b>Total Lease Expense</b>	\$368,858	\$421,573	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Lease Expense and Debt Service</b>	\$368,858	\$1,483,930	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357	\$1,062,357

## Coversheet

### Approval of Intraorganizational Loan Agreement: Magnolia Science Academy-1 to Magnolia Educational & Research Foundation

**Section:** IV. Action Items  
**Item:** C. Approval of Intraorganizational Loan Agreement: Magnolia Science Academy-1 to Magnolia Educational & Research Foundation  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:**  
IV\_C\_Approval of Resolution for Intra Organization Loans Between MSA-1 and MERF.pdf



<b>Agenda Item:</b>	IV C: Action Item
<b>Date:</b>	November 20, 2024
<b>To:</b>	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
<b>From:</b>	Alfredo Rubalcava, CEO & Superintendent
<b>Staff Lead(s):</b>	Steve Budhreja Ed.D, Chief Financial Officer
<b>RE:</b>	Approval of Resolution for Intra Organization Loans Between Magnolia Science Academy-1 and Magnolia Educational & Research Foundation

**Action Proposed:**

I move for the Board to approve the Resolution for Intra Organization Loans between Magnolia Science Academy-1 and Magnolia Educational & Research Foundation (MERF).

**Background:**

MPS has construction projects both new and proposed for some of its schools in Los Angeles County. These projects are complex in nature and require the use of various methods of financing in order to ensure that school construction is completed on time and within budget. Consequently, MPS staff is exploring various financing options for school construction including the use of State funds, private financing and loans between the MPS schools and MERF.

**Budget Implications:**

MPS will be able to make an Intra-Organizational Loans for MSA 1 to the Magnolia Educational & Research Foundation in the amount of \$3 million. The loan would be repaid over 66 months pursuant to Board approved repayment proposal, beginning April 2025 through July 2030. Interest will accrue at 3.0% annually, the approximate earnings rate of the County of Los Angeles Treasury Investment Fund.



**Exhibits:**

- Resolution Authorizing Temporary Loans between Magnolia Science Academy 1 and MERF.
- Loan Repayment Schedule for the Intra-organizational loan between MSA-1 & MERF.



## INTRAORGANIZATION LOAN AGREEMENT

This Intraorganization Loan Agreement (this “Agreement”) dated as of November 20, 2024, is entered into by Magnolia Science Academy 1—(“Lender”) and Magnolia Educational & Research Foundation dba Magnolia Public Schools, a California nonprofit public benefit corporation and operator of Borrower (“MERF” or “Borrower”).

### RECITALS

A. Magnolia has established and is operating Borrower pursuant the Charter Schools Act of 1992, as amended (the “Act”). Magnolia operates Borrower within Magnolia’s corporate organization. The Act requires Magnolia to separately account for the assets, liabilities, revenues, expenses and results of operations of Borrower as if they were separate legal entities.

B. Lender and Borrower entered into an intraorganization loan (the “Loan”) as of 11/21/2024. As of the date of this Agreement, there is no unpaid principal balance of the Loan, however the Lender shall allow the Borrower a loan of \$3 million to support educational goals for MERF.

C. The “California Charter School Accounting and Best Practices Manual” published by the Fiscal Crisis and Management Assistance Team (“FCMAT”) states that “[a]t the end of the fiscal year, each school’s receivable or payable loan account (also known as due to/due from account) should be reconciled. Once balances are reconciled, any charter school or central office intraorganization receivable or payable balance that is not fully repaid as of the close of the fiscal year may result in and be subject to an intraorganization loan agreement. Intraorganization loan agreements between each school and the central office are prepared at the end of the fiscal year to formally document the amount owed between the intracompany accounts and the repayment terms.”

D. In accordance with FCMAT guidance, Magnolia desires to document the terms upon which the balance of the Loan outstanding as of last day of the fiscal year of Magnolia in which the Loan was made shall be repaid by Borrower to Lender.

### AGREEMENT

In consideration of the foregoing, the mutual promises contained herein, and other good and valuable consideration, Magnolia agrees as follows:

1. The unpaid principal balance of the Loan outstanding from time to time shall bear interest from the date hereof until paid at the rate of four percent (3.0%) per annum, calculated on the basis of a 360-day year and a 30-day month. Borrower shall pay accrued interest to Lender monthly commencing on the first calendar month following the date of this Agreement by no later than the



fifteenth (15<sup>th</sup>) day of each calendar month.

2. Commencing on the first calendar month following the date of this Agreement, Borrower shall make monthly payments that includes principal and interest to Lender based on the outstanding balance at the time.

3. Borrower shall pay all remaining principal of the Loan and accrued interest thereon to Lender on or before 06/30/2030 (the “Maturity Date”). Borrower may prepay the Loan in whole or in part at any time at any time and from time to time to without premium or penalty.

4. If Borrower’s state apportionment revenue is subject to payment deferral by order of statue, then Borrower may defer payment to Lender with no penalty incurred until the Maker receives said deferred funds.

5. Borrower’s obligations under this Agreement are subordinated to all indebtedness, if any, of Borrower, to any unrelated third party lender to the extent such indebtedness is outstanding on the date of this Agreement and such subordination is required under the loan documents providing for such indebtedness

IN WITNESS WHEREOF, Borrower and Lender have each executed this Agreement as of the date first written above.

**Lender:**

**Borrower:**

**Magnolia Educational & Research  
Foundation  
dba Magnolia Public Schools**

**Magnolia Science Academy— 1**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Proposed Repayment of \$3,000,000 Intercompany Loan**



<b>Lender</b>	Magnolia Science Academy- 1
<b>Borrower</b>	Magnolia Educational & Research Foundation dba Magnolia Public Schools
<b>Loan Amount</b>	\$3,000,000
<b>Term</b>	66 Months
<b>Annual Interest Rate</b>	3.00%
<b>Payment Frequency</b>	Quarterly
<b>First Payment</b>	4/15/2025
<b>Final Payment</b>	7/15/2030

Date	PMT#	Beginning Balance	Interest	Principal	Ending Balance
4/15/2025	1	\$3,000,000.00	\$22,556.30	\$125,907.11	\$2,874,092.89
7/15/2025	2	\$2,874,092.89	\$21,609.63	\$126,853.78	\$2,747,239.11
10/15/2025	3	\$2,747,239.11	\$20,655.85	\$127,807.56	\$2,619,431.55
1/15/2026	4	\$2,619,431.55	\$19,694.89	\$128,768.52	\$2,490,663.03
4/15/2026	5	\$2,490,663.03	\$18,726.71	\$129,736.70	\$2,360,926.33
7/15/2026	6	\$2,360,926.33	\$17,751.25	\$130,712.16	\$2,230,214.17
10/15/2026	7	\$2,230,214.17	\$16,768.46	\$131,694.95	\$2,098,519.22
1/15/2027	8	\$2,098,519.22	\$15,778.27	\$132,685.14	\$1,965,834.08
4/15/2027	9	\$1,965,834.08	\$14,780.65	\$133,682.76	\$1,832,151.32
7/15/2027	10	\$1,832,151.32	\$13,775.52	\$134,687.89	\$1,697,463.43
10/15/2027	11	\$1,697,463.43	\$12,762.83	\$135,700.58	\$1,561,762.85
1/15/2028	12	\$1,561,762.85	\$11,742.53	\$136,720.88	\$1,425,041.96
4/15/2028	13	\$1,425,041.96	\$10,714.56	\$137,748.85	\$1,287,293.11
7/15/2028	14	\$1,287,293.11	\$9,678.86	\$138,784.55	\$1,148,508.56
10/15/2028	15	\$1,148,508.56	\$8,635.37	\$139,828.04	\$1,008,680.51
1/15/2029	16	\$1,008,680.51	\$7,584.03	\$140,879.38	\$867,801.14
4/15/2029	17	\$867,801.14	\$6,524.79	\$141,938.62	\$725,862.52
7/15/2029	18	\$725,862.52	\$5,457.59	\$143,005.82	\$582,856.70
10/15/2029	19	\$582,856.70	\$4,382.36	\$144,081.05	\$438,775.65
1/15/2030	20	\$438,775.65	\$3,299.05	\$145,164.36	\$293,611.29
4/15/2030	21	\$293,611.29	\$2,207.59	\$146,255.82	\$147,355.48
7/15/2030	22	\$147,355.48	\$1,107.93	\$147,355.48	\$0
			<b>\$266,195.02</b>	<b>\$3,000,000.00</b>	

## Coversheet

### Approval of Intraorganizational Loan Agreement: Magnolia Science Academy-Bell to Magnolia Educational & Research Foundation

**Section:** IV. Action Items  
**Item:** D. Approval of Intraorganizational Loan Agreement: Magnolia Science Academy-Bell to Magnolia Educational & Research Foundation  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:**  
IV\_D\_Resolution for Intra Organization Loans Between MSA-Bell and MERF.pdf



<b>Agenda Item:</b>	IV D: Action Item
<b>Date:</b>	November 20, 2024
<b>To:</b>	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
<b>From:</b>	Alfredo Rubalcava, CEO & Superintendent
<b>Staff Lead(s):</b>	Steve Budhrajia Ed.D, Chief Financial Officer
<b>RE:</b>	Approval of Resolution for Intra Organization Loans Between Magnolia Science Academy-Bell and Magnolia Educational & Research Foundation

**Action Proposed:**

I move for the Board to approve the Resolution for Intra Organization Loans between Magnolia Science Academy-Bell and Magnolia Educational & Research Foundation (MERF).

**Background:**

MPS has construction projects both new and proposed for some of its schools in Los Angeles County. These projects are complex in nature and require the use of various methods of financing in order to ensure that school construction is completed on time and within budget. Consequently, MPS staff is exploring various financing options for school construction including the use of State funds, private financing and loans between the MPS schools and MERF.

**Budget Implications:**

MPS will be able to make an Intra-Organizational Loans for MSA Bell to the Magnolia Educational & Research Foundation in the amounts of \$4 million. The loan would be repaid over 66 months pursuant to Board approved repayment proposal, beginning April 2025 through July 2030. Interest will accrue at 3.0% annually, the approximate earnings rate of the County of Los Angeles Treasury Investment Fund.

**Exhibits:**



- Resolution Authorizing Temporary Loans between Magnolia Science Academy Bell and MERF.
- Loan Repayment Schedule for the Intra-organizational loan between MSA-Bell & MERF.



## INTRAORGANIZATION LOAN AGREEMENT

This Intraorganization Loan Agreement (this “Agreement”) dated as of November 20, 2024, is entered into by Magnolia Science Academy Bell—(“Lender”) and Magnolia Educational & Research Foundation dba Magnolia Public Schools, a California nonprofit public benefit corporation and operator of Borrower (“MERF” or “Borrower”).

### RECITALS

A. Magnolia has established and is operating Borrower pursuant the Charter Schools Act of 1992, as amended (the “Act”). Magnolia operates Borrower within Magnolia’s corporate organization. The Act requires Magnolia to separately account for the assets, liabilities, revenues, expenses and results of operations of Borrower as if they were separate legal entities.

B. Lender and Borrower entered into an intraorganization loan (the “Loan”) as of 11/21/2024. As of the date of this Agreement, there is no unpaid principal balance of the Loan, however the Lender shall allow the Borrower a loan of \$4 million to support educational goals for MERF.

C. The “California Charter School Accounting and Best Practices Manual” published by the Fiscal Crisis and Management Assistance Team (“FCMAT”) states that “[a]t the end of the fiscal year, each school’s receivable or payable loan account (also known as due to/due from account) should be reconciled. Once balances are reconciled, any charter school or central office intraorganization receivable or payable balance that is not fully repaid as of the close of the fiscal year may result in and be subject to an intraorganization loan agreement. Intraorganization loan agreements between each school and the central office are prepared at the end of the fiscal year to formally document the amount owed between the intracompany accounts and the repayment terms.”

D. In accordance with FCMAT guidance, Magnolia desires to document the terms upon which the balance of the Loan outstanding as of last day of the fiscal year of Magnolia in which the Loan was made shall be repaid by Borrower to Lender.

### AGREEMENT

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monthly commencing on the first calendar month following the date of this Agreement by no later than the fifteenth (15<sup>th</sup>) day of each calendar month.

2. Commencing on the first calendar month following the date of this Agreement, Borrower shall make monthly payments that includes principal and interest to Lender based on the outstanding balance at the time.

3. Borrower shall pay all remaining principal of the Loan and accrued interest thereon to Lender on or before 06/30/2030 (the “Maturity Date”). Borrower may prepay the Loan in whole or in part at any time at any time and from time to time to without premium or penalty.

4. If Borrower’s state apportionment revenue is subject to payment deferral by order of statue, then Borrower may defer payment to Lender with no penalty incurred until the Maker receives said deferred funds.

5. Borrower’s obligations under this Agreement are subordinated to all indebtedness, if any, of Borrower, to any unrelated third party lender to the extent such indebtedness is outstanding on the date of this Agreement and such subordination is required under the loan documents providing for such indebtedness

IN WITNESS WHEREOF, Borrower and Lender have each executed this Agreement as of the date first written above.

**Lender:**

**Borrower:**

**Magnolia Educational & Research  
Foundation  
dba Magnolia Public Schools**

**Magnolia Science Academy— Bell**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Proposed Repayment of \$4,000,000 Intercompany Loan**



<b>Lender</b>	Magnolia Science Academy- Bell
<b>Borrower</b>	Magnolia Educational & Research Foundation dba Magnolia Public Schools
<b>Loan Amount</b>	\$4,000,000
<b>Term</b>	66 Months
<b>Annual Interest Rate</b>	3.00%
<b>Payment Frequency</b>	Quarterly
<b>First Payment</b>	4/15/2025
<b>Final Payment</b>	7/15/2030

Date	PMT#	Beginning Balance	Interest	Principal	Ending Balance
4/15/2025	1	\$4,000,000.00	\$30,075.06	\$167,876.15	\$3,832,123.85
7/15/2025	2	\$3,832,123.85	\$28,812.84	\$169,138.37	\$3,662,985.48
10/15/2025	3	\$3,662,985.48	\$27,541.13	\$170,410.08	\$3,492,575.39
1/15/2026	4	\$3,492,575.39	\$26,259.86	\$171,691.36	\$3,320,884.04
4/15/2026	5	\$3,320,884.04	\$24,968.95	\$172,982.26	\$3,147,901.77
7/15/2026	6	\$3,147,901.77	\$23,668.34	\$174,282.88	\$2,973,618.89
10/15/2026	7	\$2,973,618.89	\$22,357.94	\$175,593.27	\$2,798,025.62
1/15/2027	8	\$2,798,025.62	\$21,037.70	\$176,913.51	\$2,621,112.11
4/15/2027	9	\$2,621,112.11	\$19,707.53	\$178,243.69	\$2,442,868.43
7/15/2027	10	\$2,442,868.43	\$18,367.36	\$179,583.86	\$2,263,284.57
10/15/2027	11	\$2,263,284.57	\$17,017.11	\$180,934.11	\$2,082,350.46
1/15/2028	12	\$2,082,350.46	\$15,656.71	\$182,294.51	\$1,900,055.95
4/15/2028	13	\$1,900,055.95	\$14,286.08	\$183,665.14	\$1,716,390.81
7/15/2028	14	\$1,716,390.81	\$12,905.14	\$185,046.07	\$1,531,344.74
10/15/2028	15	\$1,531,344.74	\$11,513.82	\$186,437.39	\$1,344,907.35
1/15/2029	16	\$1,344,907.35	\$10,112.04	\$187,839.17	\$1,157,068.18
4/15/2029	17	\$1,157,068.18	\$8,699.72	\$189,251.49	\$967,816.69
7/15/2029	18	\$967,816.69	\$7,276.79	\$190,674.43	\$777,142.27
10/15/2029	19	\$777,142.27	\$5,843.15	\$192,108.06	\$585,034.20
1/15/2030	20	\$585,034.20	\$4,398.74	\$193,552.48	\$391,481.73
4/15/2030	21	\$391,481.73	\$2,943.46	\$195,007.75	\$196,473.97
7/15/2030	22	\$196,473.97	\$1,477.24	\$196,473.97	\$0
			<b>\$354,926.71</b>	<b>\$4,000,000.00</b>	