



Magnolia Public Schools

Special Board Meeting

Date and Time

Thursday March 27, 2025 at 5:00 PM PDT

Location

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

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.

- 6525 Estrella Ave, San Diego, CA 92120 (**Dr. Salih Dikbas**)
- 5113 Babette Ave, Los Angeles, CA 90066 (**Mrs. Diane Gonzalez**)

Dialing information for this meeting is included below:

Dial in: 1-669-444-9171

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 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 Comments

Magnolia Public Schools greatly values public comment during Board meetings. For members of the public who would like to speak before the Board, it is highly encouraged to fill out the Request to Address the Board Form twenty-four (24) hours in advance of the Board Meeting.

Speakers are limited to three (3) minutes and speakers requiring translation up to six (6) minutes. The time allocated to each speaker may be shortened if needed, depending on the number of speakers and time may not be shared or granted to other speakers. Total time devoted on all public comments (agenda items and non-agenda at regular meetings) shall not exceed twenty (20) minutes.

Please visit magnoliapublicschools.org for further details of the Public Comment Policy and to download the Request to Address the Board Form and submission.

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 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
I. Opening Items			5:00 PM
Opening Items			
A. Call the Meeting to Order			1 m
B. Pledge of Allegiance			1 m
C. Record Attendance and Guests			1 m
D. Approval of Agenda	Vote		1 m
E. Public Comments			6 m
II. Closed Session			5:10 PM
A. Public Announcement of Closed Session	FYI		1 m
B. Conference with Legal Counsel - Existing Litigation (§ 54956.9)			30 m
Name of case: Magnolia Educational & Research Foundation vs. Placentia-Yorba Linda Unified District			
Case No.: 30-2025-01460918-CU-WM-CJC			
C. Report Out of Closed Session	FYI		1 m
III. Action Items			5:42 PM
A. Approval of Design Build Vendor for the Magnolia Science Academy-5 Project and Approval of Contract With Such Vendor	Vote	Patrick Ontiveros	18 m

	Purpose	Presenter	Time
IV. Closing Items			6:00 PM
A. Adjourn Meeting			1 m

Coversheet

Approval of Design Build Vendor for the Magnolia Science Academy-5 Project and Approval of Contract With Such Vendor

Section: III. Action Items
Item: A. Approval of Design Build Vendor for the Magnolia Science Academy-5 Project and Approval of Contract With Such Vendor
Purpose: Vote
Submitted by:
Related Material: III_A_Design Build Vendor for MSA-5.pdf



Agenda Item:	III A: Action Item
Date:	March 27, 2025
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("MPS") Board of Directors
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Patrick Ontiveros, General Counsel & Director of Facilities Mustafa Sahin, Project Manager Katrina Tomas, Assistant Project Manager
RE:	Approval of Silver Creek Modular to Provide Design Build Services for the Magnolia Science Academy—5 ("MSA-5") New Construction Project at 7111 Winnetka Street

1. **Action Proposed:**

MPS Staff recommends and moves that the Board approve the selection of Silver Creek Modular LLC ("**SCM**") to provide design build services for Magnolia Science Academy (MSA)-5's project at 7111 Winnetka Ave in Winnetka (the "**Project**"), and further approve that MPS Staff be authorized to negotiate and sign a contract for said services in such form as MPS Staff may deem appropriate and in the best interests of MPS.

2. **Purpose:**

The purpose of this proposed action is to approve the selection of SCM to provide design build ("**DB**") services for the Project. Building the Project using modular construction (that is, fabricating the buildings in parts at the factory and then later assembling them on-site) via a design build delivery method instead of traditional on-site construction will save time and money on the Project.

The Project will be funded with the proceeds of a Charter School Facilities Program ("**CSFP**") award from the Office of Public School Construction ("**OPSC**").

3. **Background:**

RFQ/P for Design Build Services

On February 14, 2025 Staff issued a Request for Qualifications ("**RFQ**") for DB services. The purpose of the RFQ was to solicit interest in the Project from qualified modular construction design build companies. Staff published it on its website and published it in a newspaper of general circulation. Responses in the form of a Statement of Qualifications were originally due February 28, 2025 but the deadline was extended to March 7, 2025 via Addendum No. 1 to allow more time for prospective interested vendors



to respond. Staff received one response from Silver Creek Modular (“**SCM**”). Gateway Science & Engineering (“**GSE**”), MPS’s construction manager for the Project, received and reviewed SCM’s response and advised Staff that in its opinion SCM was qualified to be considered. On March 11, 2025, Staff issued a request for proposal (“**RFP**”) to SCM with a due date of March 20, 2025. SCM’s response to the RFP was received and reviewed by GSE and Staff. Per the RFP, Staff and Board Chair Mekan and GSE conducted an interview with SCM on March 25, 2025 and toured SCM’s facilities in Perris.

4. **Analysis & Impact:**

Staff recommends that the Board approve SCM as the vendor to provide modular DB services for the Project. The rationale for that recommendation is set forth below. California Education Code section 17250.10 et seq. allows for the use of design build in school projects funded by the State of California.

Price Certainty

SCM’s response to the RFP includes a proposed price of \$25 million which is in line with Staff’s estimates. Locking in a price with a DB contract will allow MPS to avoid the uncertainty of future cost increases in materials. The threat of tariffs has heightened the risk that the construction industry will continue to experience cost increases. By executing a DB contract now with SCM, SCM will order long lead items that would otherwise face steep price increases due to tariffs and also insure their availability when they are needed for the Project.

Financial Soundness

SCM went through a bankruptcy 2023 (formerly known as Silver Creek Industries. The current CEO of SCM is a partial owner while the remainder is owned by the Webb Companies, which is an established construction and development company. As a new company, SCM has new management in place and has identified and mitigated the strategy that caused its predecessor to go bankrupt. Its CEO, Steve Pontell, has a background in affordable housing development. SCM’s financial statements reflect that it is financially sound.

History

Silver Creek Industries was founded in 2004 and before its bankruptcy completed more than 1,000 projects in the education, commercial, medical, military, government and multi-family housing markets. While it is a new company separate from the one that went bankrupt, SCM does retain the original facility and plant in Perris where it performs its manufacturing.



Schedule

SCM has indicated that it is able and ready to commit to the completion and delivery dates needed for a fall 2026 occupancy. It should be noted that the schedule depends on 3rd parties that may not fully cooperate with the timeline, most notably DSA.

Budget

The budget below incorporates SCM’s proposal of \$25 M which is consistent with Staff’s expectations. There will be some cost savings due to

	February 13, 2025	March 26, 2025	Changes
Project Costs (Acquisition, Soft, CM and Financing)			
Acquisition Costs	\$ 10,434,239.00	\$ 10,434,239.00	\$ -
Magnolia Soft Costs	\$ 5,362,225.00	\$ 4,902,225.00	\$ (460,000.00)
Owner’s Contingency	\$ 1,000,000.00	\$ 1,000,000.00	\$ -
Financing Costs (CLI Capital)	\$ 1,698,433.69	\$ 1,698,433.69	\$ -
Financing Costs (Banc of California)	\$ 400,000.00	\$ 1,500,000.00	\$ 1,100,000.00
Interest on Intra-Organization Loan from LACOE MPS Schools	\$ -		\$ -
Prior CM Total	\$ 217,407.30	\$ 217,407.30	\$ -
Current CM Contract Total	\$ 2,429,250.00	\$ 2,429,250.00	\$ -
Subtotal	\$ 21,541,554.99	\$ 22,181,554.99	\$ 640,000.00
Development Costs (Hard Costs)			
Sitework	\$ 7,840,000.00	\$ 7,840,000.00	\$ -
<i>Increment No. 1</i>	\$ 3,830,000.00	\$ 3,830,000.00	\$ -
<i>Increment No. 2</i>	\$ 4,010,000.00	\$ 4,010,000.00	\$ -
Classroom Bldg (Modular)	\$ 25,131,386.00	\$ 25,000,000.00	\$ (131,386.00)
Gym Bldg	\$ 7,734,270.47	\$ 7,734,270.47	\$ -
Play Area	\$ -	\$ -	\$ -
FF&E	\$ 748,500.00	\$ 748,500.00	\$ -
Miscellaneous	\$ 310,000.00	\$ 310,000.00	\$ -
Acceleration Premium	none	none	\$ -
Value Engineering	incl above	incl above	\$ -
Subtotal	\$ 41,764,156.47	\$ 41,632,770.47	\$ (131,386.00)
Total Est Development Cost w/ Gym	\$ 63,305,711.46	\$ 63,814,325.46	\$ 508,614.00
State Award Amount	\$ 50,832,332.00	\$ 50,832,332.00	\$ -
Surplus/Deficit w/ Gym	\$ (12,473,379.46)	\$ (12,981,993.46)	\$ (508,614.00)
Total Est Development Cost w/o Gym	\$ 55,571,440.99	\$ 56,080,054.99	\$ 508,614.00
Available Fund	\$ 50,832,332.00	\$ 50,832,332.00	\$ -
Surplus/Deficit w/o Gym	\$ (4,739,108.99)	\$ (5,247,722.99)	\$ (508,614.00)

There is an overall increase of \$508,614 compared to the last budget presented to the Board due primarily from costs related to bridge financing for the Project (at approximately \$1.5 M) through the grant anticipation note issuance that will close concurrently with the tax exempt bond financing. That increase is offset by lower design fees due to the modular



design costs being folded into SCM's proposal and removing a like amount from the DLR Group contract.

Conclusion

Based on SCM's responses to the RFQ and the RFP and based on GSE and Staff's interview of the SCM management, Staff recommends that MPS enter into a design build contract with SCM

5. Budget Implications:

All costs related to the Project ultimately will be paid for with the proceeds from the CSFP award. However, the timing of receipt of the funds inevitably will require MPS to borrow in order to meet the target delivery date of July 2026. That borrowing cost is reflected in the budget shown above.

In the event the total project cost exceeds the award, as expected, then MPS will have to make up the difference in some manner, probably through using school reserves. As the Project progresses, MPS Staff will continue to report back to the Board about Project cost overruns, if any, and proposed measures for filling in the gap.

The CSFP Award is half grant and half loan so MSA-5 will be required to repay the loan portion commencing on the one-year anniversary of the occupancy. Therefore, MPS Staff expects that it will commence repaying the loan of \$25,419,000 in August 2027

6. Exhibits:

Silver Creek Modular Headquarters Visit





