



Board Agenda Item #:	IV E- Action Item
Date:	November 14, 2019
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (“MPS Board”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Patrick Ontiveros, Director of Facilities and General Counsel
RE:	Los Angeles Unified School District (“LAUSD”) Over-Allocation Fees

I. Proposed Recommendation

MPS Staff recommends, and believes that it is in the best interests of MPS, that the MPS Board approve and authorize MPS Staff to pay to the LAUSD over-allocation fees in the total amount of \$76,403.38 consisting of \$24,321.00 for MSA-3, and \$52,082.38 for MSA-4 as set forth below. The fees will be paid from each school’s long term reserves.

MPS School			Total
	2017-18	2018-19	
MSA-3		\$24,321.00	\$24,321.00
MSA-4	\$41,403.25	\$10,679.13	\$52,082.38
TOTAL	\$41,403.25	\$35,000.13	\$76,403.38

Further, MPS Staff recommends, and believes that it is in the best interests of MPS, that the MPS Board approve and authorize the aforementioned payments according to the following schedule: (1) half, or \$38,201.69, on or by November 18, 2019 and (2) the other half, \$38,201.69, on or by December 18, 2019.

II. Background

A. General

Each of MSA-3 and MSA-4 are co-located on the LAUSD campuses pursuant to Proposition 39. Proposition 39 is the California State law that requires school districts to share public school facilities “fairly



among all public school pupils, including those in charter schools.” See Exhibit A for a summary of Proposition 39.

State law controls a charter school's mandatory reimbursement obligations to the school district for overallocated Proposition 39 space. Pursuant to Education Code Section 47614, subdivision (b)(2), if a charter school generated less in-district classroom average daily attendance (“ADA”) than it projected for the Applicable School Year, the charter school “shall reimburse the district for the over-allocated space at rates to be set by the State Board of Education.” California Code of Regulations, Title 5, Section 11969.2, Subdivision (c) describes how “in-district students” are calculated.

The California Code of Regulations dictates how over-allocated space is to be calculated. California Code of Regulations, Title 5, Section 11969.8, Subdivision (a), provides that “[s]pace is considered to be over-allocated if (1) charter school's actual in-district classroom ADA is less than the projected in-district classroom ADA upon which the facility allocation was based, and (2) the difference is greater than or equal to a threshold ADA amount of 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater.” The reimbursement amount owed by the charter school to the district for over allocated space for the applicable school year is calculated using a per-pupil rate determined by the California Department of Education. California Code of Regulations, Title 5, Section 119691.1 *et al* is attached as Exhibit B.

B. LAUSD Request for Additional Over-Allocation Fees

On September 20, 2019, each of MSA-3, MSA-4 and MSA-5 received a letter from the Office of the Chief Financial Officer of the LAUSD regarding fees for proposition 39 over-allocated space in the 2016-17, 2017-18, and 2018-19 school years. At the October 10, 2019 meeting of the MPS Board, the MPS Board approved the payment in full of such over-allocation fees to the LAUSD in the amount of **\$527,933.01**. Such payment was made by MPS. See minutes from prior MPS Board meeting attached as Exhibit C. Subsequently, MPS received from the LAUSD letters dated October 15, 2019 and October 18, 2019 requesting reimbursement for over-allocated Proposition 39 space for MSA-3 and MSA-4 for the years 2017-18 and 2018-19. The October 15, 2019 and October 18, 2019 letters are attached as Exhibit D-1, D-2, and D-3, respectively.

C. Staff Determination

In the case of each of MSA-3, and -4, the projected in-district classroom ADA was calculated by applying the projection identified in the LAUSD's final notification of space offered. In compliance with California Code of Regulations, Title 5, Section 11969.8, Subdivision (a), actual in-district classroom ADA was determined using the report submitted by each school pursuant to Section 11969.9(l) in conjunction with the second principal apportionment under Education Code Section 41601.

MPS staff has determined that the estimated and actual in-district classroom ADA numbers set forth in each of the letters received from LAUSD for MSA-3 and -4 are accurate.



III. Budget Impacts

The aforementioned amounts will be paid by each school from its own long term reserves. Below is the projected balance of each school's reserves based on Unaudited Actuals Report FY 2018-19.

School	Reserves per UA	Fees	Balance after Fees
MSA-3	\$1,082,472.00	\$24,321.00	\$1,058,151.00
MSA-4	\$1,322,728.00	\$52,082.38	\$1,224,178.26



Exhibit A

Prop 39 One Page Information Sheet



Proposition 39 Charter School Facilities Requests

FACT SHEET

PROPOSITION 39, THE LAW

Proposition 39 was approved by California's voters in November 2000, and as a result, amended California Education Code Section 47614. Under Proposition 39, school districts are required by state law to share public school facilities "fairly among all public school pupils, including those in charter schools."

CHARTER SCHOOL FACILITIES REQUESTS

Each year the Los Angeles Unified School District (LAUSD) must undergo a space identification process to meet Proposition 39 facilities requests submitted by charter schools.

Eligibility Requirements

Charter schools must meet certain eligibility requirements when making facilities requests to the District. Charter schools must:

- ➔ Submit a written facilities request
 - An existing charter school must submit a written request by November 1.
 - A new charter school must submit a written request by November 1. However, a new charter school is eligible to request facilities *only if* it submitted its charter petition to the school district in which it operates on or before November 1 *and* received approval of the charter petition before March 15.

A charter petition is a proposal to create a new school or renew the charter of an existing charter school. If a charter petition is not approved by the school district, the charter school may appeal to the County and the State.

- ➔ Operate within the geographic boundaries of the District
 - Education Code 47614 defines the term operating as "having identified at least 80 In-District Students who are meaningfully interested in enrolling in the charter school for the following year."
 - In-District Students are students that reside within the school district's boundaries.
- ➔ Provide LAUSD with a reasonable projection of the charter school's Average Daily Attendance (ADA) of at least 80 In-District Students for the following year.
 - Documentation to support the projected ADA would be completed by parents/guardians and can include *Meaningfully Interested Students Information Forms* or *Intent to Re/Enroll Forms* or other *list(s)* of in-district students who are "meaningfully interested" in attending the charter school.

The Proposition 39 Facilities Request Cycle occurs on a yearly basis. The dates that must be met are provided in the Regulatory Timeline.

REGULATORY TIMELINE

NOVEMBER 1

Charter Schools submit written requests for facilities including projected Average Daily Attendance (ADA).

DECEMBER 1

District reviews Charters' ADA projections and agrees, or objects and responds with projections the District considers reasonable.

JANUARY 2

Charter Schools respond to District's ADA projections.

FEBRUARY 1

District makes preliminary proposals to Charter Schools with eligible facilities requests.

MARCH 1

Charter Schools respond to preliminary proposals.

APRIL 1

District makes final offers to Charter Schools.

MAY 1

Charter Schools must notify the District in writing to accept or decline the final offer by May 1 or 30 days from its receipt of final offer.

10 DAYS

If final offers are accepted, Charter Schools occupy sites 10 working days prior to their first day of school instruction.



Exhibit B

CALIFORNIA CODE OF REGULATIONS, TITLE 5, ARTICLE 3 – FACILITIES FOR CHARTER SCHOOLS

MEMBERS OF THE BOARD

DR. RICHARD A. VLADOVIC, PRESIDENT
MÓNICA GARCÍA
JACKIE GOLDBERG
KELLY GONEZ
DR. GEORGE J. MCKENNA III
NICK MELVOIN
SCOTT M. SCHMERELSON



LOS ANGELES UNIFIED SCHOOL DISTRICT

AUSTIN BEUTNER
Superintendent

MEGAN K. REILLY
Deputy Superintendent

V. LUIS BUENDIA
Interim Chief Financial Officer

E-mail (sdaniel@magnoliapublicschools.org)

September 20, 2019

Shandrea Daniel, Principal
Magnolia Science Academy 3
1254 East Helmick St.
Carson, CA, 90746

RE: Proposition 39 Over-Allocated Space in 2016-17 School Year

Dear Charter School Operator,

The Los Angeles Unified School District (“District”) has determined that Magnolia Science Academy 3 (“Charter School”) was over-allocated Proposition 39 space in the 2016-17 school year (“Applicable School Year”). This letter shall serve as written notice of Charter School’s reimbursement obligation to the District for over-allocated space in the Applicable School Year. This letter also explains how the reimbursement amount of **\$159,717.60** was calculated pursuant to the formula set forth by state law, and provides instructions for Charter School’s payment to the District.

Definition of Over-Allocated Space

State law controls Charter School’s mandatory reimbursement obligations to the District for over-allocated Proposition 39 space. Pursuant to Education Code section 47614, subdivision (b)(2), if Charter School generated less in-district classroom average daily attendance (“ADA”) than it projected for the Applicable School Year, Charter School “shall reimburse the district for the over-allocated space at rates to be set by the State Board of Education.”

The State Board of Education adopted California Code of Regulations, title 5, section 11969.8, subdivision (a), which declares that space is considered to be over-allocated if:

- (1) Charter School’s actual in-district classroom ADA is less than the projected in-district classroom ADA upon which the facility allocation was based, and
- (2) The difference is greater than or equal to a threshold ADA amount of 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater.

As shown below, Charter School’s actual in-district classroom ADA was less than its projected in-district classroom ADA upon which the facility allocation was based for the Applicable School Year. In addition, the difference was greater than or equal to the greater of 25 ADA or 10 percent of projected in-district classroom ADA.

Projected In-District Classroom ADA ¹	Actual In-District Classroom ADA ²	Difference	Is the Difference greater than or equal to 25 ADA, or 10 percent of projected in-district classroom ADA, whichever is greater?
415.68	315.67	100.01	YES

Based on the foregoing, Charter School was over-allocated space in the Applicable School Year.

Reimbursement Amount Owed by Charter School to the District

Pursuant to section 11969.8, subdivision (a), the mandatory reimbursement amount owed by Charter School to the District due to over allocated space for the Applicable School Year was calculated using a per-pupil rate posted on the California Department of Education (“CDE”) website.³ The per-pupil rate for over-allocated space for the Applicable School Year is \$2,016. (See <https://www.cde.ca.gov/sp/ch/overallocated.asp>.)

Section 11969.8, subdivision (a), states that the reimbursement amount owed by Charter School for over-allocated space shall be equal to (1) the per-pupil rate times the difference between Charter School’s actual in-district classroom ADA and the projected in-district classroom ADA upon which the facility allocation was based, less (2) this rate times one-half the threshold ADA. The “threshold ADA” is defined by section 11969.8, subdivision (a), as 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater. Based on this regulatory formula, the following describes the reimbursement amount owed by Charter School to the District for the Applicable School Year:

¹ If Charter School and the District did not enter into a Proposition 39 alternative agreement for the Applicable School Year, Charter School’s projected in-district classroom ADA was calculated by applying the projection identified in the District’s final notification of space offered. If Charter School and the District entered into a Proposition 39 alternative agreement for the Applicable School Year, Charter School’s projected in-district classroom ADA was calculated by multiplying the ratio of ADA-to-teaching stations (classrooms) provided to students attending Charter School’s comparison group schools with the number of exclusive use teaching stations (classrooms) allocated to Charter School.

² In compliance with California Code of Regulations, title 5, section 11969.8, subdivision (a), “actual in-district classroom ADA” was determined using the report submitted by Charter School pursuant to section 11969.9(l) in conjunction with the second principal apportionment under Education Code section 41601.

³ “The per-pupil rate for over-allocated space shall be equal to the statewide average cost avoided per pupil set pursuant to Education Code section 42263 for 2005-06, adjusted annually thereafter by the CDE by the annual percentage change in the general-purpose entitlement to charter schools calculated pursuant to Education Code section 47633, rounded to the next highest dollar, and posted on the CDE Web site.” California Code of Regulations, title 5, section 11969.8, subdivision (a).

(1) Per-Pupil Rate times the difference between Charter School's actual in-district classroom ADA and the projected in-district classroom ADA upon which the facility allocation was based	less	(2) Per-Pupil Rate times one-half the threshold ADA	equals	Reimbursement Amount Owed by Charter School to the District
$\$2,016 \times 100.01 = \$201,620.16$	-	$\$2,016 \times (\frac{1}{2} \text{ of } 41.57) = \$41,902.56$	=	$\$159,717.60$

Therefore, Charter School owes the District a reimbursement amount of \$159,717.60 ("Reimbursement") due to over-allocated space for the Applicable School Year.

Charter School was reminded of its legal obligations to reimburse the District if it was over-allocated space both in the preliminary proposal and the final notification of space offered, if any, that were issued by the District for the Applicable School Year. If Charter School and the District entered into a Proposition 39 alternative agreement for the Applicable School Year, Charter School also affirmed therein that it remains subject to potential reimbursement obligations for over-allocated space pursuant to California Code of Regulations, title 5, section 11969.8.

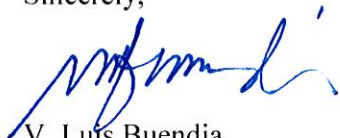
Please remit the Reimbursement within 20 days of delivery of this letter via check payable to "The Los Angeles Unified School District" and delivered to:

Los Angeles Unified School District
 LAUSD Permit Office
 333 S Beaudry Ave, 1st Floor
 Los Angeles, CA 90017
 ATTN: Over-Allocated Space Payment

Please be sure to include Charter School's name and "Prop. 39 over-allocated space for 2016-17" in the memo section of the check.

If you have any questions or wish to discuss this matter further, please e-mail prop39@lausd.net.

Sincerely,



V. Luis Buendia
 Interim Chief Financial Officer

Cc: Austin Beutner, Superintendent



Exhibit C

MPS Board Minutes from October 10, 2019 Meeting



Magnolia Public Schools

Minutes

Special Board Meeting

Date and Time

Thursday October 10, 2019 at 6:00 AM

Location

Teleconference: Dial:1.844.572.5683 Code:1948435

Board Members joined the meeting from the following locations:

- 15333 Culver Dr. #450, Irvine, CA 92604 (Mr. Shohrat Geldiyev)
- 1363 Ridgcrest Rd Pinole, CA 94564 (Mr. Serdar Orazov)
- 4701 Patrick Henry Dr. Bldg#25, Santa Clara, CA 95054 (Dr. Umit Yapanel)
- 5113 Babette Ave. Los Angeles, CA 90066 (Ms. Diane Gonzalez)
- 9715 Lockford St. LA, CA 90035 (Mr. Haim Beliak)
- 7401 Madora Ave. Winnetka, CA 91306 (Ms. Sandra Covarrubias)

Board Members:

Mr. Haim Beliak, Vice-Chair
Ms. Diane Gonzalez
Ms. Sandra Covarrubias
Dr. Umit Yapanel
Mr. Serdar Orazov
Dr. Salih Dikbas
Mr. Shohrat Geldiyev

CEO & Superintendent:

Mr. Alfredo Rubalcava

Directors Present

D. Gonzalez (remote), H. Beliak (remote), S. Covarrubias (remote), S. Geldiyev (remote)

Directors Absent

S. Dikbas, S. Orazov, U. Yapanel

I. Opening Items

A. Call the Meeting to Order

H. Beliak called a meeting of the board of directors of Magnolia Public Schools to order on Thursday Oct 10, 2019 @ 6:04 AM at Teleconference: Dial:1.844.572.5683 Code:1948435.

B. Record Attendance and Guests

S. Dikbas, MPS Board Member joined the meeting as a community member and did not vote on any item.

C. Approval of Agenda

D. Gonzalez made a motion to approve the agenda as presented.

S. Covarrubias seconded the motion.

The board **VOTED** unanimously to approve the motion.

D. Public Comments

There were no public comments.

II. Action Items

A. Prop 39 Over-allocation Cost Payment From Reserve Funds

A. Rubalcava, MPS CEO and Superintendent, presented the over-allocation item to the board. He explained that the payment request from LAUSD was due to the difference between the projected ADA versus actual ADA for the past 3 years for MSA-3, MSA-4, and MSA-5. MPS staff recommends to pay the amount requested given that it is part of the MOU between the schools and the district. MPS staff verified the amounts owed based on student numbers. Staff stated that there is enough money in the schools' reserve funds to pay the amounts requested. A. Rubalcava, stated that there may be additional payment requests and these too will be verified by MPS staff before payment is granted. All questions were addressed.

D. Gonzalez made a motion to approve and authorize MPS Staff to pay to the LAUSD over-allocation fees in the total amount of \$527,933.01 consisting of \$244,506.50 for MSA-3, \$219,663.36 for MSA-4, and \$63,763.15 for MSA-5 as set forth below (refer to board report). The fees will be paid from each school's long term reserves.

S. Geldiyev seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

U. Yapanel	Absent
S. Orazov	Absent
S. Covarrubias	Aye
D. Gonzalez	Aye
S. Dikbas	Absent
S. Geldiyev	Aye
H. Beliak	Aye

III. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:31 AM.

Respectfully Submitted,

H. Beliak



Exhibit D-1

MSA-3 2018-19 OVER-ALLOCATION LETTER

MEMBERS OF THE BOARD

DR. RICHARD A. VLADOVIC, PRESIDENT
MÓNICA GARCÍA
JACKIE GOLDBERG
KELLY GONEZ
DR. GEORGE J. MCKENNA III
NICK MELVOIN
SCOTT M. SCHMERELSON



LOS ANGELES UNIFIED SCHOOL DISTRICT

AUSTIN BEUTNER
Superintendent

MEGAN K. REILLY
Deputy Superintendent

V. LUIS BUENDIA
Interim Chief Financial Officer

E-mail (sdaniel@magnoliapublicschools.org)

October 18, 2019

Shandrea Daniel, Principal
Magnolia Science Academy 3
1254 East Helmick St.
Carson, CA, 90746

RE: Proposition 39 Over-Allocated Space in 2018-19 School Year

Dear Charter School Operator,

The Los Angeles Unified School District (“District”) has determined that Magnolia Science Academy 3 (“Charter School”) was over-allocated Proposition 39 space in the 2018-19 school year (“Applicable School Year”) based on updated/revised average daily attendance (“ADA”) data reported to the District. This letter shall serve as written notice of Charter School’s reimbursement obligation to the District for over-allocated space in the Applicable School Year. This letter also explains how the reimbursement amount of **\$24,321.00** was calculated pursuant to the formula set forth by state law and the updated/revised ADA data reported by Charter School, and provides instructions for Charter School’s payment to the District.

Definition of Over-Allocated Space

State law controls Charter School’s mandatory reimbursement obligations to the District for over-allocated Proposition 39 space. Pursuant to Education Code section 47614, subdivision (b)(2), if Charter School generated less in-district classroom average daily attendance (“ADA”) than it projected for the Applicable School Year, Charter School “shall reimburse the district for the over-allocated space at rates to be set by the State Board of Education.”

The State Board of Education adopted California Code of Regulations, title 5, section 11969.8, subdivision (a), which declares that space is considered to be over-allocated if:

- (1) Charter School’s actual in-district classroom ADA is less than the projected in-district classroom ADA upon which the facility allocation was based, and
- (2) The difference is greater than or equal to a threshold ADA amount of 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater.

As shown below, Charter School’s actual in-district classroom ADA was less than its projected in-district classroom ADA upon which the facility allocation was based for the Applicable School Year.

In addition, the difference was greater than or equal to the greater of 25 ADA or 10 percent of projected in-district classroom ADA.

Projected In-District Classroom ADA ¹	Actual In-District Classroom ADA ²	Difference	Is the Difference greater than or equal to 25 ADA, or 10 percent of projected in-district classroom ADA, whichever is greater?
322.79	295.65	27.14	YES

Based on the foregoing, Charter School was over-allocated space in the Applicable School Year.

Reimbursement Amount Owed by Charter School to the District

Pursuant to section 11969.8, subdivision (a), the mandatory reimbursement amount owed by Charter School to the District due to over allocated space for the Applicable School Year was calculated using a per-pupil rate posted on the California Department of Education (“CDE”) website.³ The per-pupil rate for over-allocated space for the Applicable School Year is \$2,211. (See <https://www.cde.ca.gov/sp/ch/overallocated.asp>.)

Section 11969.8, subdivision (a), states that the reimbursement amount owed by Charter School for over-allocated space shall be equal to (1) the per-pupil rate times the difference between Charter School’s actual in-district classroom ADA and the projected in-district classroom ADA upon which the facility allocation was based, less (2) this rate times one-half the threshold ADA. The “threshold ADA” is defined by section 11969.8, subdivision (a), as 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater. Based on this regulatory formula, the following describes the reimbursement amount owed by Charter School to the District for the Applicable School Year:

¹ If Charter School and the District did not enter into a Proposition 39 alternative agreement for the Applicable School Year, Charter School’s projected in-district classroom ADA was calculated by applying the projection identified in the District’s final notification of space offered. If Charter School and the District entered into a Proposition 39 alternative agreement for the Applicable School Year, Charter School’s projected in-district classroom ADA was calculated by applying the projection identified in the alternative agreement.

² In compliance with California Code of Regulations, title 5, section 11969.8, subdivision (a), “actual in-district classroom ADA” was determined using the report submitted by Charter School pursuant to section 11969.9(l) in conjunction with the second principal apportionment under Education Code section 41601.

³ “The per-pupil rate for over-allocated space shall be equal to the statewide average cost avoided per pupil set pursuant to Education Code section 42263 for 2005-06, adjusted annually thereafter by the CDE by the annual percentage change in the general-purpose entitlement to charter schools calculated pursuant to Education Code section 47633, rounded to the next highest dollar, and posted on the CDE Web site.” California Code of Regulations, title 5, section 11969.8, subdivision (a).

(1) Per-Pupil Rate times the difference between Charter School's actual in-district classroom ADA and the projected in-district classroom ADA upon which the facility allocation was based	less	(2) Per-Pupil Rate times one-half the threshold ADA	equals	Reimbursement Amount Owed by Charter School to the District
$\$2,211 \times 27.14 = \$60,006.54$	-	$\$2,211 \times (\frac{1}{2} \text{ of } 32.28) = \$35,685.54$	=	$\$24,321.00$

Therefore, Charter School owes the District a reimbursement amount of \$24,321.00 ("Reimbursement") due to over-allocated space for the Applicable School Year.

Charter School was reminded of its legal obligations to reimburse the District if it was over-allocated space both in the preliminary proposal and the final notification of space offered, if any, that were issued by the District for the Applicable School Year. If Charter School and the District entered into a Proposition 39 alternative agreement for the Applicable School Year, Charter School also affirmed therein that it remains subject to potential reimbursement obligations for over-allocated space pursuant to California Code of Regulations, title 5, section 11969.8.

Please remit the Reimbursement within 20 days of delivery of this letter via check payable to "The Los Angeles Unified School District" and delivered to:

Los Angeles Unified School District
 LAUSD Permit Office
 333 S Beaudry Ave, 1st Floor
 Los Angeles, CA 90017
 ATTN: Over-Allocated Space Payment

Please be sure to include Charter School's name and "Prop. 39 over-allocated space for 2018-19" in the memo section of the check.

If you have any questions or wish to discuss this matter further, please e-mail prop39@lausd.net.

Sincerely,

V. Luis Buendia
 Interim Chief Financial Officer

Cc: Austin Beutner, Superintendent



Exhibit D-2

MSA-4 2017-18 OVER-ALLOCATION LETTER

MEMBERS OF THE BOARD

DR. RICHARD A. VLADOVIC, PRESIDENT
MÓNICA GARCÍA
JACKIE GOLDBERG
KELLY GONEZ
DR. GEORGE J. MCKENNA III
NICK MELVOIN
SCOTT M. SCHMERELSON



LOS ANGELES UNIFIED SCHOOL DISTRICT

AUSTIN BEUTNER
Superintendent

MEGAN K. REILLY
Deputy Superintendent

V. LUIS BUENDIA
Interim Chief Financial Officer

E-mail (arubalcava@magnoliapublicschools.org)

October 15, 2019

Alfredo Rubalcava
Magnolia Science Academy 4
11330 W. Graham Place B-9
Los Angeles, CA, 90064

RE: Proposition 39 Over-Allocated Space in 2017-18 School Year

Dear Charter School Operator,

The Los Angeles Unified School District (“District”) has determined that Magnolia Science Academy 4 (“Charter School”) was over-allocated Proposition 39 space in the 2017-18 school year (“Applicable School Year”). This letter shall serve as written notice of Charter School’s reimbursement obligation to the District for over-allocated space in the Applicable School Year. This letter also explains how the reimbursement amount of **\$41,403.25** was calculated pursuant to the formula set forth by state law, and provides instructions for Charter School’s payment to the District.

Definition of Over-Allocated Space

State law controls Charter School’s mandatory reimbursement obligations to the District for over-allocated Proposition 39 space. Pursuant to Education Code section 47614, subdivision (b)(2), if Charter School generated less in-district classroom average daily attendance (“ADA”) than it projected for the Applicable School Year, Charter School “shall reimburse the district for the over-allocated space at rates to be set by the State Board of Education.”

The State Board of Education adopted California Code of Regulations, title 5, section 11969.8, subdivision (a), which declares that space is considered to be over-allocated if:

- (1) Charter School’s actual in-district classroom ADA is less than the projected in-district classroom ADA upon which the facility allocation was based, and
- (2) The difference is greater than or equal to a threshold ADA amount of 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater.

As shown below, Charter School’s actual in-district classroom ADA was less than its projected in-district classroom ADA upon which the facility allocation was based for the Applicable School Year. In addition, the difference was greater than or equal to the greater of 25 ADA or 10 percent of projected in-district classroom ADA.

Projected In-District Classroom ADA ¹	Actual In-District Classroom ADA ²	Difference	Is the Difference greater than or equal to 25 ADA, or 10 percent of projected in-district classroom ADA, whichever is greater?
176.64	144.09	32.55	YES

Based on the foregoing, Charter School was over-allocated space in the Applicable School Year.

Reimbursement Amount Owed by Charter School to the District

Pursuant to section 11969.8, subdivision (a), the mandatory reimbursement amount owed by Charter School to the District due to over allocated space for the Applicable School Year was calculated using a per-pupil rate posted on the California Department of Education (“CDE”) website.³ The per-pupil rate for over-allocated space for the Applicable School Year is \$2,065. (See <https://www.cde.ca.gov/sp/ch/overallocated.asp>.)

Section 11969.8, subdivision (a), states that the reimbursement amount owed by Charter School for over-allocated space shall be equal to (1) the per-pupil rate times the difference between Charter School’s actual in-district classroom ADA and the projected in-district classroom ADA upon which the facility allocation was based, less (2) this rate times one-half the threshold ADA. The “threshold ADA” is defined by section 11969.8, subdivision (a), as 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater. Based on this regulatory formula, the following describes the reimbursement amount owed by Charter School to the District for the Applicable School Year:

¹ If Charter School and the District did not enter into a Proposition 39 alternative agreement for the Applicable School Year, Charter School’s projected in-district classroom ADA was calculated by applying the projection identified in the District’s final notification of space offered. If Charter School and the District entered into a Proposition 39 alternative agreement for the Applicable School Year, Charter School’s projected in-district classroom ADA was calculated by applying the projection identified in the alternative agreement.

² In compliance with California Code of Regulations, title 5, section 11969.8, subdivision (a), “actual in-district classroom ADA” was determined using the report submitted by Charter School pursuant to section 11969.9(1) in conjunction with the second principal apportionment under Education Code section 41601.

³ “The per-pupil rate for over-allocated space shall be equal to the statewide average cost avoided per pupil set pursuant to Education Code section 42263 for 2005-06, adjusted annually thereafter by the CDE by the annual percentage change in the general-purpose entitlement to charter schools calculated pursuant to Education Code section 47633, rounded to the next highest dollar, and posted on the CDE Web site.” California Code of Regulations, title 5, section 11969.8, subdivision (a).

(1) Per-Pupil Rate times the difference between Charter School's actual in-district classroom ADA and the projected in-district classroom ADA upon which the facility allocation was based	less	(2) Per-Pupil Rate times one-half the threshold ADA	equals	Reimbursement Amount Owed by Charter School to the District
$\$2,065 \times 32.55 = \$67,215.75$	-	$\$2,065 \times (\frac{1}{2} \text{ of } 25.00) = \$25,812.50$	=	$\$41,403.25$

Therefore, Charter School owes the District a reimbursement amount of \$41,403.25 ("Reimbursement") due to over-allocated space for the Applicable School Year.

Charter School was reminded of its legal obligations to reimburse the District if it was over-allocated space both in the preliminary proposal and the final notification of space offered, if any, that were issued by the District for the Applicable School Year. If Charter School and the District entered into a Proposition 39 alternative agreement for the Applicable School Year, Charter School also affirmed therein that it remains subject to potential reimbursement obligations for over-allocated space pursuant to California Code of Regulations, title 5, section 11969.8.

Please remit the Reimbursement within 20 days of delivery of this letter via check payable to "The Los Angeles Unified School District" and delivered to:

Los Angeles Unified School District
 LAUSD Permit Office
 333 S Beaudry Ave, 1st Floor
 Los Angeles, CA 90017
 ATTN: Over-Allocated Space Payment

Please be sure to include Charter School's name and "Prop. 39 over-allocated space for 2017-18" in the memo section of the check.

If you have any questions or wish to discuss this matter further, please e-mail prop39@lausd.net.

Sincerely,



V. Luis Buendia
 Interim Chief Financial Officer

Cc: Austin Beutner, Superintendent



Exhibit D-3

MSA-4 2018-19 OVER-ALLOCATION LETTER

MEMBERS OF THE BOARD

DR. RICHARD A. VLADOVIC, PRESIDENT
MÓNICA GARCÍA
JACKIE GOLDBERG
KELLY GONEZ
DR. GEORGE J. MCKENNA III
NICK MELVOIN
SCOTT M. SCHMERELSON



LOS ANGELES UNIFIED SCHOOL DISTRICT

AUSTIN BEUTNER
Superintendent

MEGAN K. REILLY
Deputy Superintendent

V. LUIS BUENDIA
Interim Chief Financial Officer

E-mail (arubalcava@magnoliapublicschools.org)

October 15, 2019

Alfredo Rubalcava
Magnolia Science Academy 4
11330 W. Graham Place B-9
Los Angeles, CA, 90064

RE: Proposition 39 Over-Allocated Space in 2018-19 School Year

Dear Charter School Operator,

The Los Angeles Unified School District (“District”) has determined that Magnolia Science Academy 4 (“Charter School”) was over-allocated Proposition 39 space in the 2018-19 school year (“Applicable School Year”). This letter shall serve as written notice of Charter School’s reimbursement obligation to the District for over-allocated space in the Applicable School Year. This letter also explains how the reimbursement amount of **\$10,679.13** was calculated pursuant to the formula set forth by state law, and provides instructions for Charter School’s payment to the District.

Definition of Over-Allocated Space

State law controls Charter School’s mandatory reimbursement obligations to the District for over-allocated Proposition 39 space. Pursuant to Education Code section 47614, subdivision (b)(2), if Charter School generated less in-district classroom average daily attendance (“ADA”) than it projected for the Applicable School Year, Charter School “shall reimburse the district for the over-allocated space at rates to be set by the State Board of Education.”

The State Board of Education adopted California Code of Regulations, title 5, section 11969.8, subdivision (a), which declares that space is considered to be over-allocated if:

- (1) Charter School’s actual in-district classroom ADA is less than the projected in-district classroom ADA upon which the facility allocation was based, and
- (2) The difference is greater than or equal to a threshold ADA amount of 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater.

As shown below, Charter School’s actual in-district classroom ADA was less than its projected in-district classroom ADA upon which the facility allocation was based for the Applicable School Year. In addition, the difference was greater than or equal to the greater of 25 ADA or 10 percent of projected in-district classroom ADA.

Projected In-District Classroom ADA ¹	Actual In-District Classroom ADA ²	Difference	Is the Difference greater than or equal to 25 ADA, or 10 percent of projected in-district classroom ADA, whichever is greater?
156.75	139.42	17.33	NO

Based on the foregoing, Charter School was over-allocated space in the Applicable School Year.

Reimbursement Amount Owed by Charter School to the District

Pursuant to section 11969.8, subdivision (a), the mandatory reimbursement amount owed by Charter School to the District due to over allocated space for the Applicable School Year was calculated using a per-pupil rate posted on the California Department of Education (“CDE”) website.³ The per-pupil rate for over-allocated space for the Applicable School Year is \$2,211. (See <https://www.cde.ca.gov/sp/ch/overalllocated.asp>.)

Section 11969.8, subdivision (a), states that the reimbursement amount owed by Charter School for over-allocated space shall be equal to (1) the per-pupil rate times the difference between Charter School’s actual in-district classroom ADA and the projected in-district classroom ADA upon which the facility allocation was based, less (2) this rate times one-half the threshold ADA. The “threshold ADA” is defined by section 11969.8, subdivision (a), as 25 ADA or 10 percent of projected in-district classroom ADA, whichever is greater. Based on this regulatory formula, the following describes the reimbursement amount owed by Charter School to the District for the Applicable School Year:

¹ If Charter School and the District did not enter into a Proposition 39 alternative agreement for the Applicable School Year, Charter School’s projected in-district classroom ADA was calculated by applying the projection identified in the District’s final notification of space offered. If Charter School and the District entered into a Proposition 39 alternative agreement for the Applicable School Year, Charter School’s projected in-district classroom ADA was calculated by applying the projection identified in the alternative agreement.

² In compliance with California Code of Regulations, title 5, section 11969.8, subdivision (a), “actual in-district classroom ADA” was determined using the report submitted by Charter School pursuant to section 11969.9(1) in conjunction with the second principal apportionment under Education Code section 41601.

³ “The per-pupil rate for over-allocated space shall be equal to the statewide average cost avoided per pupil set pursuant to Education Code section 42263 for 2005-06, adjusted annually thereafter by the CDE by the annual percentage change in the general-purpose entitlement to charter schools calculated pursuant to Education Code section 47633, rounded to the next highest dollar, and posted on the CDE Web site.” California Code of Regulations, title 5, section 11969.8, subdivision (a).

(1) Per-Pupil Rate times the difference between Charter School's actual in-district classroom ADA and the projected in-district classroom ADA upon which the facility allocation was based	less	(2) Per-Pupil Rate times one-half the threshold ADA	equals	Reimbursement Amount Owed by Charter School to the District
$\$2,211 \times 17.33 = \$38,316.63$	-	$\$2,211 \times (\frac{1}{2} \text{ of } 25.00) = \$27,637.50$	=	$\$10,679.13$

Therefore, Charter School owes the District a reimbursement amount of \$10,679.13 ("Reimbursement") due to over-allocated space for the Applicable School Year.

Charter School was reminded of its legal obligations to reimburse the District if it was over-allocated space both in the preliminary proposal and the final notification of space offered, if any, that were issued by the District for the Applicable School Year. If Charter School and the District entered into a Proposition 39 alternative agreement for the Applicable School Year, Charter School also affirmed therein that it remains subject to potential reimbursement obligations for over-allocated space pursuant to California Code of Regulations, title 5, section 11969.8.

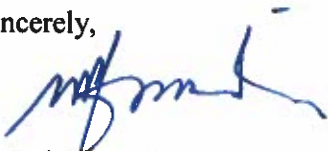
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If you have any questions or wish to discuss this matter further, please e-mail prop39@lausd.net.

Sincerely,



V. Luis Buendia
 Interim Chief Financial Officer

Cc: Austin Beutner, Superintendent