



Board Agenda Item #	IV D- Action Item
Date:	03-05-20
To:	Magnolia Board of Directors
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Nanie Montijo, Chief Finance Officer and Karl Yoder, DMS
RE:	Home Office Fees Reduction and Temporary Intra-Organizational Loan for MSA – San Diego

Proposed Board Recommendation

Staff moves that the board:

- ✓ Authorize an intra-organizational loan not to exceed \$100,000 to meet the cash requirement for MSA San Diego to fund payroll and other operating expenses, as needed.
- ✓ Approve interest rate of 1.9% per annum applied to the temporary loan
- ✓ Approve reduction of home office fees in the amount of \$34,000.

Background

MSA San Diego projections for the current fiscal year and future years were recalculated based on current enrollment and financial assumptions available today.

Temporary loan is needed due to the following:

- MSA San Diego’s current enrollment is significantly lower than previously projected in the 2019-20 Adopted Budget board approved in June 2019.
- MSA San Diego will need additional cash infusion to sustain operating expenses.
- There may be potential cash flow issue in meeting current and prior year payables.
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Home Office Management Fees reduction will be used to support the following:

- Improvement of the school walkway
- Cover the tuition fee portion of special education student

Budget Implications

The impact on monthly cash flow is shown on the attached schedule, including potential loan draw and repayment. The proposed repayment schedule shows the full payment of the temporary loan before end of fiscal year 2024-2025.

The Home Office Fee reduction will be reflected in the Unaudited Financial Statements at the end of the fiscal year.

How Does This Action Relate/Affect/Benefit All MSAs?

MSA San Diego will receive intra-organization loan from MERF.

Name of Staff Originator: Nanie Montijo, CFO and Karl Yoder, DMS