



Board Agenda Item #:	III F: Action Item
Date:	January 21, 2021
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“ MPS ”) Board of Directors (the “ Board ”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	Election of Board Members to Magnolia Properties Management, Inc.

I. Proposed Recommendation(s)

MPS Staff recommends and moves that the MPS Board adopt the resolutions attached as Exhibit A to remove all existing directors from and elect the following three (3) individuals to the Magnolia Properties Management, Inc. Board of Directors: Haim Beliak, Mekan Muhammedov, and Sandra Covarrubias.

The new Directors shall assume their role immediately upon adoption of the attached resolutions.

II. Background

Magnolia Properties Management, Inc. (“MPM Inc.”) is a California non-profit public benefit corporation. MPM was formed in 2012 and in the same year received a determination letter from the Internal Revenue Service recognizing it as exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986 (the “Code”) as an organization described in Section 501(c)(3) of the Code. MPM Inc. provides property development and maintenance services for schools operated by Magnolia Public Schools (“MPS”) and was formed as a supporting organization for Magnolia Public Schools. MPM’s mission is to own, operate, and maintain, either directly or as the sole member of a California limited liability company, real estate for use as charter schools. Such facilities are then leased to the various schools operated by Magnolia Public Schools. MPM Inc. is the sole member and manager of three California limited liability companies: MPM Sherman Way LLC, MPM Santa Ana LLC, and MPM San Diego LLC. The Articles of Organization and Bylaws of MPM Inc. are attached as Exhibits B and C, respectively.

Section 3 of Article III of MPM Inc.’s Bylaws provides that MPS as MPM Inc.’s “Sponsor”, acting through its Board of Directors, shall designate the Directors of [MPM Inc.]. Each Director designated by the Sponsor shall serve for such term of office as is designated by the Sponsor.” Further, Section 5 of Article III provides that “[an MPM Inc.] Director may be removed at any time for any reason by the Sponsor.



MPS staff believes that it is in the best interests of MPM Inc. and MPS to remove and replace the existing MPM Inc. Directors with a new set of Directors.

A November 12, 2015 report to the MPS Board, attached as Exhibit D, stated that the “[r]equirements to serve on the MPM board are that the individuals must not be members of the staff of MPS or relatives of the employees of MPS. In addition, no more than one of the three MPM board members may be a member of the MPS board of directors.” However, MPM Inc.’s Bylaws do not set out such requirements. Section 2 of Article III of MPM Inc.’s Bylaws provides as follows:

No more than 49 percent of the persons serving on the Board may be interested persons. An interested person is (a) any person currently being compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director, and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such a person. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the corporation.

The above referenced candidates for the MPM Inc. Board of Directors meet these requirements. Each of the proposed candidates that is associated with MPS, either as a Board Member of MPS or employee of MPS, is not an “interested persons” – that is, none is a “*person currently being compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director.*”

III. Budget Impacts

There are no budget impacts on MPS or MPM Inc as a result of the actions recommended in this report.

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF MAGNOLIA EDUCATIONAL & RESEARCH
FOUNDATION DBA MAGNOLIA PUBLIC SCHOOLS**

January 21, 2021

WHEREAS: Magnolia Educational & Research Foundation dba Magnolia Public Schools (“**MPS**”) is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

WHEREAS: Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (“**MPM**”), was formed and is operated exclusively to support MPS.

WHEREAS: Section 2 of Article III of MPM’s Bylaws provides as follows:

The authorized number of Directors shall be not less than 3 nor more than 7, until changed by amendment to these Bylaws. The exact number of authorized Directors shall be fixed within these limits from time to time by Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation (the “Sponsor”).

WHEREAS: Section 3 of Article III of MPM’s Bylaws provides as follows:

The Sponsor, acting through its Board of Directors, shall designate the Directors of the corporation. Each Director designated by the Sponsor shall serve for such term of office as is designated by the Sponsor.

WHEREAS: Section 2 of Article III of MPM’s Bylaws further provides as follows:

No more than 49 percent of the persons serving on the Board may be interested persons. An interested person is (a) any person currently being compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director, and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such a person.

WHEREAS: Government Code § 1091.5(a)(8) provides as follows:

(a) An officer or employee shall not be deemed to be interested in a contract if his or her interest is any of the following:

(8) That of a noncompensated officer of a nonprofit, tax-exempt corporation, which, as one of its primary purposes, supports the functions of the body or board or to which the body or board has a legal obligation to give particular consideration, and provided further that this interest is noted in its official records.

For purposes of this paragraph, an officer is “noncompensated” even though he or she receives reimbursement from the nonprofit, tax-exempt corporation for necessary travel and other actual expenses incurred in performing the duties of his or her office.

~~WHEREAS: the term of the existing Directors of MPM expires on November 11, 2020.~~

WHEREAS: ~~in advance of the aforementioned expiration date~~ MPS desires to remove the existing members of the Board of Directors and replace them with the following individuals (the **“Proposed Directors”**):

Haim Beliak

Mekan Muhammedov

Sandra Covarrubias

WHEREAS: each of the Proposed Directors is ~~either~~ a Board Member of MPS ~~or an employee of MPS~~ but is not a “interested person” as defined in MPM’s Bylaws.

~~WHEREAS: on April 23, 2020 the MPS Board of Directors (the **“Board”**) approved the acceptance of the PPP Loan.~~

NOW, THEREFORE BE IT RESOLVED: that the Board hereby approves, confirms, and ratifies the designation of aforementioned individuals as directors of MPM, to serve until removed or replaced as provided in the Bylaws of MPM.

RESOLVED, FURTHER: that the appropriate officers of MPS are hereby authorized and directed to take such additional actions, to execute and deliver such additional instruments, and to make such further determinations as may be necessary or appropriate to carry into effect the foregoing resolutions.

RESOLVED, FURTHER: that MPS ratifies and confirms the acts of its officers, agents or employees taken on behalf of MPS and that all actions heretofore taken by the CEO & Superintendent, CFO, or any other officer of MPS, in connection with or otherwise in contemplation of the foregoing actions, and they hereby are, ratified, confirmed and approved as the acts and deeds of MPS.

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RESOLVED, FURTHER: the Secretary or Assistant Secretary of Magnolia, acting singly or together, be and hereby is and are authorized and directed to execute, acknowledge and deliver a certified copy of these resolutions to any person or agency which may require copies of these resolutions and that the certification of the Secretary or Assistant Secretary as to the signatures of the officers, agents or employees will be binding on MPS.

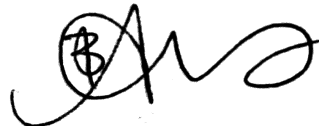
* * *

CERTIFICATE OF SECRETARY

I, Barbara Torres, do hereby certify that I am the duly appointed and acting Secretary of Magnolia Educational & Research Foundation dba Magnolia Public Schools ("**Magnolia**"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, and do hereby further certify that attached hereto is a full, true and correct copy of certain resolutions of the Board of Directors, duly and regularly passed on January 21, 2020 ~~October 8, 2020~~, by the majority vote of the Board of Directors then in office at a meeting duly held on such date in compliance with the bylaws of Magnolia and California law.

I further certify that said resolutions are still in force and effect and have not been amended or revoked.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of Magnolia this day of January 21, 2021. =



Barbara Torres, Secretary



Exhibit B

ARTICLES OF ORGANIZATION

3443936

FILED *Em/MAO*
In the Office of the Secretary of State
of the State of California

JAN 12 2012

ARTICLES OF INCORPORATION
OF
MAGNOLIA PROPERTIES MANAGEMENT, INC.

ARTICLE I

NAME

The name of this corporation is Magnolia Properties Management, Inc.

ARTICLE II

PURPOSES

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

B. This corporation is formed, and shall be operated, exclusively for the benefit of, to perform the functions of, and to carry out the purposes of Magnolia Educational & Research Foundation (the "Sponsor"), a California nonprofit public benefit corporation.

The primary purposes of the corporation are to facilitate the development of charter schools; to lease, own, manage, maintain and operate an educational institution; to provide charter school facilities and operational and other support to charter schools; to assist philanthropists and foundations in accelerating the growth of high quality charter schools; and to provide and otherwise obtain or assist in obtaining charter school financing. Additionally, the corporation may engage in any activities that are reasonably related to or in furtherance of its stated charitable and public purposes, or in any other charitable activities.

The corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code").

ARTICLE III

POWERS

A. This corporation shall have all the powers of a natural person, subject only to limitations imposed by these Articles, the Bylaws of this corporation and applicable laws. Notwithstanding any such powers or any other provision of these Articles, this corporation shall

not carry on any activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code. No part of the net income or assets of the corporation shall inure to the benefit of any of its directors, officers or other private persons.

B. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation (except as otherwise provided in Section 501(h) of the Code), and the corporation shall not participate or intervene (including the publication or distribution of statements) in any political campaign on behalf of (or in opposition to) any candidate for public office.

ARTICLE IV

DISSOLUTION

All the property and assets of this corporation are irrevocably dedicated to charitable and educational purposes described in Section 501(c)(3) of the Code. Upon the dissolution, winding up or abandonment of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities shall be distributed to one or more organizations then described in Section 501(c)(3) of the Code.

ARTICLE V

INITIAL AGENT FOR PROCESS

The name and business address in this State of the corporation's initial agent for service of process is:

Mekan Muhammedov
13950 Milton Ave Ste 200 b
Westminster, CA 92683

ARTICLE VI

AMENDMENTS

Any amendment of these Articles of Incorporation must be approved by the Sponsor.

IN WITNESS WHEREOF, for the purpose of forming this nonprofit public benefit corporation under the laws of the State of California, the undersigned has executed these Articles of Incorporation this 12th day of January 2012.



Varol Gurler, Incorporator

[Faint, illegible text]



I hereby certify that the foregoing transcript of 2 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

APR 05 2017 mkk

Date: _____

Alex Padilla

ALEX PADILLA, Secretary of State



Exhibit C

BYLAWS

BYLAWS
OF
MAGNOLIA PROPERTIES MANAGEMENT, INC.

ARTICLE I

OFFICES AND SEAL

Section 1. OFFICES. The principal office for the transaction of the activities and affairs of the corporation shall be at such location within the State of California as the Board of Directors shall from time to time designate. The corporation may also have such other offices within the State of California as the Board of Directors may from time to time establish.

Section 2. CORPORATE SEAL. The corporation may adopt and use a corporate seal.

ARTICLE II

NON-MEMBERSHIP CORPORATION

The corporation shall not have members. Any action which would otherwise require approval of members shall require only approval of the Board of Directors.

ARTICLE III

BOARD OF DIRECTORS

Section 1. POWERS. The powers of the corporation shall be exercised, its property controlled and its activities and affairs conducted by or under the direction of the Board of Directors (the "Board"). The Board may delegate the management of the activities of the corporation to any person or persons, management company, or committee provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. AUTHORIZED NUMBER AND QUALIFICATIONS. The authorized number of Directors shall be not less than 3 nor more than 7, until changed by amendment to these Bylaws. The exact number of authorized Directors shall be fixed within these limits from time to time by Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation (the "Sponsor").

No more than 49 percent of the persons serving on the Board may be interested persons. An interested person is (a) any person currently being compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director, and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such a person. However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the corporation.

Section 3. DESIGNATION AND TERM. The Sponsor, acting through its Board of Directors, shall designate the Directors of the corporation. Each Director designated by the Sponsor shall serve for such term of office as is designated by the Sponsor.

Section 4. RESIGNATION. A Director may resign effective upon giving written notice to the Chair, if any, the President, the Secretary, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. No Director may resign if the corporation would be left without a duly elected Director in charge of its affairs.

Section 5. REMOVAL OF DIRECTORS. A Director may be removed at any time for any reason by the Sponsor.

Section 6. VACANCIES. A vacancy or vacancies on the Board shall be deemed to exist in the event of the death, resignation or removal of any Director, or, if the Board by resolution declares vacant the office of a Director who has been declared of unsound mind by an order of court, or who has been convicted of a felony, or who has been found by final order or judgment of any court to have breached a duty under Part 2, Chapter 2, Article 3 of the California Nonprofit Corporation Law.

In the event of any vacancy on the Board, the vacancy shall be filled by the Sponsor pursuant to Section 3 of this Article III.

Section 7. COMPENSATION. The Directors shall serve without compensation for their services as Directors; provided, however, that the Directors may receive reimbursement of expenses actually incurred in connection with the performance of duties as Directors.

Section 8. MEETINGS.

(a) Call of Meeting. Meetings of the Board may be called by the Chair, if any, the President, the Secretary or any two (2) Directors.

(b) Place of Meetings. All meetings of the Board shall be held at the principal office of the corporation or at such other place as shall be determined from time to time by resolution of the Board.

(c) Annual Meetings. The annual meeting of the Board shall be held, without call or notice, at the principal office of the corporation or at such other place as shall be determined by resolution of the Board, on such date and at such time as the Board may, from time to time, fix.

(d) Regular Meetings. Regular meetings of the Board may be held, without call or notice, at the principal office of the corporation or at such other place as shall be determined by resolution of the Board, on such date and at such time as the Board may, from time to time, fix.

(e) Special Meetings. Special meetings of the Board may be called by the Chair, if any, the President or the Secretary or any two (2) Directors. Special meetings shall be held on four (4) days prior written notice by first-class mail, postage prepaid, or on forty-eight (48) hours notice delivered personally or by telephone, including a voice messaging system, or by electronic transmission by the corporation. Notice of the special meeting need not be given to any Director who signs a waiver of notice or a written consent to the holding of the meeting or approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of such notice to such Director. All such waivers and consents need not specify the purpose of the meeting but shall be filed with the corporate records or made a part of the minutes of the meetings.

(f) Quorum. A majority of the authorized Directors shall constitute a quorum of the Board for the transaction of business.

(g) Transactions of Board. An act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a different number, or the same number after disqualifying one or more Directors from voting, is required by law, by the Articles of Incorporation, or by these Bylaws, including but not limited to those provisions relating to (i) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (ii) appointment of committees, and (iii) indemnification of Directors; provided, however, that any meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors if any action taken is approved by at least a majority of the required quorum for such meeting.

(h) Conduct of Meetings. The Chair, if any, or, in his or her absence, any Director selected by the Directors present, shall preside at meetings of the Board. The Secretary of the corporation or, in the Secretary's absence, any person appointed by the presiding officer, shall act as Secretary and record the minutes of the meeting of the Board.

(i) Participation in Meeting. Directors may participate in a meeting through use of conference telephone or electronic video screen communication. Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subsection constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another.

(j) Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time or place must be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

(k) Electronic Transmission by the Corporation. Electronic transmission by the corporation shall be valid only if:

(i) delivered by (a) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with the corporation, (b) posting on an electronic message board or network that the corporation has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof, or (c) other means of electronic communication,

(ii) to a recipient who has provided an unrevoked consent to the use of those means of transmission for communications, and

(iii) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

Section 9. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board may be taken without a meeting if all Directors individually or collectively consent in writing to that action and if, subject to subdivision (a) of Section 5224 California Corporations Code, the number of directors then in office constitutes a quorum. The written consent or consents shall be filed with the minutes of the proceedings of the Board. The action by written consent shall have the same force and effect as a unanimous vote of the Directors. For purposes of purposes of this Section 9 only, “all Directors” does not include an “interested director” as defined in subdivision (a) of Section 5233 of the California Corporations Code or a “common director” as described in subdivision (b) of Section 5234 of the California Corporations Code who abstains in writing from providing consent, where (1) the facts described in paragraph (2) or (3) of subdivision (d) of such Section 5233 are established or the provisions of paragraph (1) or (2) of subdivision (a) of such Section 5234 are satisfied, as appropriate, at or prior to execution of the written consent or consents, (2) the establishment of those facts or satisfaction of those provisions, as applicable, is included in the written consent or consents executed by the noninterested or noncommon Directors or in other records of the corporation, and (3) the noninterested or noncommon Directors, as applicable, approve the action by a vote that is sufficient without counting the votes of the interested Directors or common Directors.

ARTICLE IV

COMMITTEES

Section 1. COMMITTEES GENERALLY. The Board may appoint executive, standing or special committees, consisting of two (2) or more Directors for any purpose defined by these Bylaws or determined by the Board. When such committees are composed solely of Directors, the Board may delegate to such committees any of the power and authority of the Board, except the power and authority to (i) fill vacancies on the Board or in any committee which has the authority of the Board; (ii) fix compensation of the Directors for serving on the Board or on any committee; (iii) amend or repeal these Bylaws or adopt new Bylaws; (iv) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable; (v) appoint committees of the Board or the members thereof; (vi) expend corporate funds to support a nominee or applicant for Director; (viii) approve of any self-dealing transaction except as provided by law; or (ix) take any actions that would have required approval of the members if the corporation had members regardless of the fact that it does not have members. Committees which are composed solely of Directors and

to which the powers of the Board are delegated shall have power to act only in intervals between meetings of the Board and shall at all times be subject to the control of the Board.

Section 2. MEETINGS OF COMMITTEES. Unless otherwise provided in these Bylaws, the Board, or if the Board does not act, the committees, shall establish rules and regulations for meetings generally conforming to those set forth in Article III hereof and shall meet at such times as are deemed necessary. Committees shall keep regular minutes of proceedings and report the same to the Board from time to time as the Board may require.

Section 3. STANDING AND SPECIAL COMMITTEES. The standing committees of the Board shall consist of an Audit Committee and such other standing committees as the Board may authorize from time to time. Special committees may also be authorized by action of the Board. Any committee composed of persons one or more of whom are not Directors may act solely in an advisory capacity to the Board.

Section 4. AUDIT COMMITTEE. The Audit Committee may include persons who are not members of the Board, but the member or members of the Audit Committee shall not include any members of the staff of the corporation, including the President and the Treasurer. If the corporation has a Finance Committee, members of the Finance Committee shall constitute less than one-half of the Audit Committee, and the chair of the Audit Committee may not be a member of the Finance Committee. Members of the Audit Committee shall not receive any compensation from the corporation and shall not have a material financial interest in any entity doing business with the corporation. Subject to the supervision of the Board, the Audit Committee shall be responsible for recommending to the Board the retention and termination of the independent auditor and may negotiate the independent auditor's compensation, on behalf of the Board. The Audit Committee shall confer with the auditor to satisfy its members that the financial affairs of the corporation are in order, shall review and determine whether to accept the audit, shall assure that any nonaudit services performed by the auditing firm conform with standards for auditor independence, and shall approve performance of nonaudit services by the auditing firm.

Section 5. APPOINTMENT. The chair and members of a committee shall be appointed by a majority vote of the Directors then in office.

Section 6. TERM OF OFFICE. The chair and each member of all standing committees shall serve until the next annual meeting of the Board and until his or her successor is appointed, or until such committee is sooner terminated, or until he or she is removed, resigns, or otherwise ceases to qualify as a chairperson or member of the committee, as the case may be.

Section 7. VACANCIES. Vacancies on any committee may be filled for the unexpired portion of the term in accordance with Section 5 of this Article IV.

Section 8. REMOVAL OF MEMBERS. The Board may remove, with or without cause, a member or members of any committee.

Section 9. QUORUM AND VOTING. A majority of the members of a committee shall constitute a quorum and any transaction of a committee shall require a majority vote of the members present at a meeting at which a quorum is present or be approved by the unanimous written consent of all members of the committee.

ARTICLE V

OFFICERS

Section 1. NUMBER AND TITLE OF OFFICERS. The officers of the corporation shall be a President, a Secretary, a Chief Financial Officer (the “Treasurer”), and such other officers, with such titles and duties as shall be determined by the Board. Any number of offices may be held by the same person, except that no person serving as the Secretary or the Treasurer may serve concurrently as the President.

Section 2. ELECTION OF OFFICERS. The officers of the corporation shall be chosen by and serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment. Officers shall be eligible for re-election without limitation on the number of terms they may serve. Officers need not be members of the Board except that the Chair, if any, must be a Director. Each officer shall hold office until the next Annual Meeting and until each such officer’s successor is elected and qualifies.

Section 3. SUBORDINATE OFFICERS; ASSISTANTS. The Board may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 4. REMOVAL AND RESIGNATION OF OFFICERS. Any officer may be removed, either with or without cause, by the vote of the Board.

Any officer may resign (without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party) at any time by giving written notice to the corporation. Any resignation shall take effect on the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of any resignation shall not be necessary to make it effective.

Section 5. VACANCIES IN OFFICES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to that office.

Section 6. CHAIR. The Board may appoint a Chair. The Chair, if any, shall be selected from the Directors and shall, if present, preside at all meetings of the Board. The Chair shall exercise and perform such other powers and duties as may from time to time be assigned to him or her by the Board or prescribed by the Bylaws.

Section 7. PRESIDENT AND CHIEF EXECUTIVE OFFICER. Subject to the control of the Board, the President shall be the Chief Executive Officer and general manager of the corporation and shall have general supervision, direction and control of the business and officers of the corporation. He or she shall have the general power and duties of management usually vested in the office of Chief Executive Officer of a corporation and shall have such other powers or duties as may be prescribed by the Board or these Bylaws. Subject to such limitations as may be imposed by the Board, any powers or duties vested in the President may be delegated by him or her to such subordinates as he or she may choose.

Section 8. SECRETARY. The Secretary shall keep or cause to be kept at the principal executive office or at such other place as the Board may direct, a book of minutes of all meetings and actions of the Board and committees of Directors, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at Directors' meetings or committee meetings and the proceedings.

The Secretary shall give, or cause to be given, notice of all meetings of the Board required by these Bylaws or by law to be given, he or she shall keep the seal of the corporation, if the corporation shall adopt one, in safe custody, and he or she shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

Section 9. TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts or disbursements. The books of account shall at all reasonable times be open to inspection by any Director.

The Treasurer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the Board and shall have the authority to execute and affix the endorsement of the corporation upon any negotiable instrument for the purpose of making any such deposit. He or she shall render to the Board, whenever it requests it, an account of all of his or her transactions as Treasurer and of the financial condition of the corporation and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 10. APPROVAL OF COMPENSATION. The Board or an authorized committee of the Board shall review and approve the compensation, including benefits, of the President and the Treasurer to assure that it is just and reasonable. This review and approval shall occur initially upon the hiring of the officer, whenever the term of employment, if any, of the officer is renewed or extended, and whenever the officer's compensation is modified. Separate review and approval shall not be required if a modification of compensation extends to substantially all employees.

The Board may review and approve the compensation, including benefits, of all officers of the corporation and other persons to ensure that no taxes are imposed under Section 4958 of the Internal Revenue Code of 1986, as amended.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Section 1. INDEMNIFICATION. The corporation shall, to the maximum extent permitted by the California Nonprofit Corporation Law, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the corporation. For purposes of this Article VI, an "agent" of the corporation means any person who is or was a Director, officer, or employee of the corporation, or any such person who is or was

serving at the request of the corporation as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Section 2. INSURANCE. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this corporation would have the power to indemnify the agent against that liability under the provisions of this Article VI.

ARTICLE VII

CORPORATE RECORDS AND REPORTS

Section 1. CORPORATE RECORDS. The corporation shall keep adequate and correct records of account and minutes of the proceedings of its Board and committees of the Board. The minutes shall be kept in written form. Other books and records shall be kept in either written form or in any other form capable of being converted into written form.

Section 2. INSPECTION. Each Director shall have the absolute right to inspect at any reasonable time all books, records and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. Any inspection by a Director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and makes extracts of documents.

Section 3. ANNUAL REPORT. The Board shall cause an annual report to be sent to each Director within one hundred twenty (120) days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds;
- (c) The revenues or receipts of the corporation, both unrestricted and restricted to particular purposes;
- (d) The expenses or disbursements of the corporation for both general and restricted purposes; and
- (e) Any information required by Section 4 of this Article VII.

The annual report shall be accompanied by any report thereon of independent accountants or, if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records. The report shall be prepared, audited, and made available in the manner required by paragraph (1) of subdivision (e) of Section 12586 of the Government Code, if applicable.

This requirement of an annual report shall not apply if the corporation receives less than \$25,000 in gross receipts during the fiscal year; provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors who request it in writing.

Section 4. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATION. The corporation shall furnish annually to each Director a statement of any transaction or indemnification described in California Corporations Code Section 6322, if such transaction or indemnification took place. Such annual statement shall be affixed to and sent with the annual report described in Section 3 of this Article VII.

ARTICLE VIII

GENERAL CORPORATE MATTERS

Section 1. VOTING SHARES. The corporation may vote any and all shares of stock held by it in any other corporation by such officer, agent, or proxy as the Board may appoint, or in default of any such appointment by the President or Treasurer and, in such case, such officers, or any of them, may likewise appoint a proxy to vote such shares.

Section 2. CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS. All checks, drafts or other orders for payment of money or notes or other evidences of indebtedness shall be issued or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board.

Section 2. CORPORATE CONTRACTS, ETC., HOW EXECUTED. The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers or agent or agents in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances, and, unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

ARTICLE IX

AMENDMENTS

Section 1. AMENDMENT. These Bylaws may be altered, amended or repealed and new Bylaws adopted by the Board with the written consent of the Sponsor.



Exhibit D

NOVEMBER 12, 2015 BOARD OF DIRECTORS REPORT



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	III F
Date:	November 12, 2015
To:	MPS Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Caprice Young, Ed.D., CEO & Superintendent
RE:	Magnolia Properties Management, Inc. Board Appointments

Proposed Board Recommendation

Accept the resignation of Ismail Hakki Karaman, Mekan Muhammedov, and Melik Sayin from the board of Magnolia Properties Management, Inc., and appoint Serdar Orazov, John Helgeson and Johnathan Williams to the board.

Background

Magnolia Properties Management, Inc. (“MPM”), a California nonprofit public benefit corporation is the sole member of MPM Sherman Way LLP, the legal entity holding the tax-exempt bonds used to finance the Magnolia Science Academy facility purchase through the California State Financing Authority. MPM was formed in 2012 and in the same year received a determination letter from the Internal Revenue Service recognizing it as exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986 (the “Code”) as an organization described in Section 501(c)(3) of the Code. MPM provides property development and maintenance services for schools operated by Magnolia Public Schools (MERF) and was formed as a supporting organization for Magnolia Public Schools. MPM’s mission is to own, operate, and maintain, either directly or as the sole member of a California limited liability company, real estate for use as charter schools. Such facilities are then leased to the various schools operated by Magnolia Public Schools.

According to the bylaws of MPM, the MPS board is responsible for appointing the members of the MPM board. As the current members of the MPM board are no longer able to continue in their capacity, the MPS board must reappoint new board members to govern MPM.

Requirements to serve on the MPM board are that the individuals must not be members of the staff of MPS or relatives of the employees of MPS. In addition, no more than one of the three MPM board members may be a member of the MPS board of directors. The MPM board is a completely independent decision making body from MPS. The responsibilities of the MPM board include arranging for and approving the annual audit of MPM, and reviewing and approving decisions necessary to insure the financial integrity of MPM. The MPM board is staffed by the CEO and CFO of MPS, and outside counsel Neal Millard of Musik Peeler. The Directors and Officers insurance will be updated to reflect the change in board membership.

The biographies of the proposed board members are below:



MAGNOLIA PUBLIC SCHOOLS

13950 Milton Ave. 200B Westminster, CA 92683

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Serdar Orazov is the Controller of the Church Divinity School of the Pacific (Graduate School) in Berkeley, CA. He has ten years of experience in finance and operations in the private and public sector, including the Magnolia Public Schools where he served as a business manager and senior accountant for six years. He holds an MBA from Moscow Aviation Institute (State Technical University) and a BS in textile engineering from International University in Ashgabat, Turkmenistan.

John Helgeson is the Executive Vice President of Strategic Planning and Growth of the Learn 4 Life charter schools. He has more than twenty years in private and public school development and finance, having been a co-Founder of Charter School Capital in 2004 after serving in development officer roles for the University of Southern California and the Webb School. He earned his BA from the University of California, Berkeley.

Johnathan Williams is the Chief Executive Officer/Co-Founder of The Accelerated School. During his distinguished career in education, he has served as a Commissioner of the Los Angeles City Recreation and Parks Commission, a Board Member of the California State Board of Education, and a founding Board Member of the California Charter Schools Association. He earned his BA and teaching credential from the University of California, Los Angeles.

Budget Implications

No budget implications

Name of Staff Originator:

Caprice Young, CEO and Superintendent

Attachments

None