

Agenda Item:	IV C: Action Item
Date:	August 10, 2023
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“ MPS ”) Board of Directors (the “ Board ”)
From:	Audit & Facilities Committee
Staff Lead(s):	Patrick Ontiveros, General Counsel & Director of Facilities Mustafa Sahin, Project Manager
RE:	Approval of Agreement with Facility Associates aka Jim Bush for Professional Services in Conjunction with the Magnolia Science Academy—5 (“ MSA-5 ”) New Construction Project at 7111 Winnetka Street

1. **Action Proposed:**

MPS Staff recommends that the Board approve a contract with Facility Associates aka James Bush (“**Facility Associates**”) to provide professional services for an amount not to exceed Nine Thousand Five Hundred Dollars (\$9,500) for MSA-5’s new construction project at 7111 Winnetka Ave in Winnetka (the “**Project**”) to be funded with the proceeds from an award from the State of California Office of Public School under its Charter School Facilities Program and further approve that MPS Staff be authorized to negotiate and sign a professional services contract for said services in such form as MPS Staff may deem appropriate and in the best interests of MPS.

2. **Purpose & Scope:**

Purpose

The purpose of this proposed action is to approve the hiring of Facility Associates to assist MPS Staff in obtaining California Department of Education (“**CDE**”), Office of Public School Construction and such other government approvals, as may be needed, and to maximize the state award for 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**”).

Scope

The scope of services to be provided by Facility Associates for the Project will be solely related to the Project. The scope includes, but is not limited to, the following:

- Obtaining CDE site and plan approvals including having direct conversations with CDE staff.
- Advising MPS about how to maximize its CSFP award including realizing any possible upward award adjustments.
- Reviewing the Project scope with MPS Staff and advising on strategies for successful Project delivery.

3. **Background:**

Acquisition of Winnetka Ave Property

At its December 19, 2021 meeting, the MPS Board approved MPS signing a purchase and sale agreement (“**PSA**”) for the purchase of the 7111 Winnetka Ave Property and making a good faith, refundable, escrow deposit of Two Hundred Thousand Dollars (\$200,000). Escrow for the purchase and sale of the Property was opened on December 22, 2021. MPS exercised all three (3) of its options to extend the contingency period. At its June 16, 2022 meeting the Board approved the waiver of the contingencies. At the June 16th meeting the Board also approved a loan from CLI Capital to fund the acquisition of the Property.

MPS assigned to MPM Sherman Winnetka LLC (“**Winnetka LLC**”) the right to acquire and take title to the Property with a loan from CLI Capital. Winnetka Ave LLC is a subsidiary of Magnolia Properties Management, Inc., a 501(c)(3) support corporation. Concurrent with the foregoing assignment, MPS entered into a lease for the Property with Winnetka Ave LLC. Escrow on the Property closed on October 21, 2022.

CSFP Award

MPS Staff applied for funding to the OPSC’s CSFP program during the application period held from May 2nd to June 3rd. CSFP provides funding to charter schools for new school facilities. On October 26, 2023, the State Allocation Board (“**SAB**”) approved a preliminary apportionment in the amount of . Awards made by CSFP are 50% loan and 50% grant. The loan portion is paid back by the award recipient and is amortized over 30 years.

The CSFP award will be used to construct a new campus for MSA-5 which is currently co-located with MSA-1 on MSA-1’s campus. MPM Sherman Winnetka LLC, a wholly owned subsidiary of Magnolia Properties Management, Inc., a 501(c)(3) support organization, closed on the property located at 7111 Winnetka Ave for the purpose of constructing and leasing a new campus to MSA-5.

Architect of Record Selection

The DLR Group was selected as the architect of record for the Project at the Board’s January 12, 2023 meeting.

Construction Manager Selection

At its April 13, 2023, the Board approved the selection of Erickson-Hall Construction Inc. as the construction manager (“**CM**”) for the Project under a multi-prime delivery method.

4. Analysis & Impact:

MPS Staff in collaboration with DLR Group is working with CDE staff to gain site and plan approval for the Project. Jim Bush helped MPS with its Prop 1D award and State of California approvals, including securing its funding, for its MSA-Santa Ana project. Staff believes he will successfully help MPS navigate the State approvals and help achieve a successful Project delivery.

He has worked in this space for numerous years and has helped many charter schools navigate the State approval processes.

5. **Budget Implications:**

The estimated \$9,500 worth of costs for this agreement will be paid for with the proceeds from the CSFP award. Therefore, there will be no impact on MSA-5's operating budget.

6. **Exhibits:**

None