

Agenda Item:	IV D: Action Item
Date:	October 12, 2023
To:	Educational & Research Foundation dba Magnolia Public Schools (“ MPS ”) Board of Directors (the “ Board ”)
From:	Audit & Facilities Committee
Staff Lead(s):	Mustafa Sahin, Project Manager Patrick Ontiveros, General Counsel & Director of Facilities
RE:	Approval of Written Determinations and Findings for Magnolia Science Academy-5 Charter School Facility Program Project at 7111 Winnetka Ave.

1. **Action Proposed:**

MPS Staff recommends that the Board approve the resolutions attached as Exhibit A for purposes of securing funding of an advanced preliminary apportionment for site acquisition funds for the campus project at 7111 Winnetka Ave (the “**Property**”) for Magnolia Science Academy-5 (“**MSA-5**”).

2. **Purpose:**

The purpose of this proposed action is to meet the requirements to receive “Contingent School Site Approval” to allow MPS to access an advanced preliminary apportionment for site acquisition funds to close escrow on the purchase of the Property.

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 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. Winnetka LLC closed escrow on the Property on October 21, 2022.

CSFP Award

MPS Staff applied for funding to the Office of Public School Construction’s Charter School Facilities Program (“**CSFP**”) during the application period held from May 2, 2022 to June 3, 2022.

CSFP provides funding to charter schools for new school facilities. On October 26, 2022, the Office of Public School Construction (“**OPSC**”) through the State Allocation Board (“**SAB**”) approved a preliminary apportionment in the amount of \$50,832,332. 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 the Project for MSA-5 which is currently co-located with MSA-1 on MSA-1’s campus.

MPS applied for and received an advanced release of design funds in the amount of Four Million Dollars (\$4,000,000).

Architect of Record Selection

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

4. Analysis & Impact:

The Property is presently owned and title is held by Winnetka LLC. MPS will use the proceeds of the advanced release of site acquisition funds to purchase the Property from Winnetka LLC.

As part of it due diligence and in order to meet California Department of Education and OPSC requirements for receipt of the CSFP award, MPS Staff undertook and commissioned a myriad of studies to insure the Property is safe for use as a public charter middle and high school campus. Such studies included the following:

- Noise study
- Air Quality and Greenhouse Gas Study
- Phase I Environmental Site Assessment
- Limited Asbestos Containing Materials and Lead-Based Paint Survey Report
- CEQA Transportation Assessment
- Underground Utilities Survey
- Geotechnical Investigation Report
- Geologic and Environmental Hazards Assessment Report

The written determinations and findings reflected in the resolutions attached as Exhibit A are supported by the foregoing reports, studies and assessments.

5. Budget Implications:

MPS will use the site acquisition funds to purchase the Property from Winnetka LLC which will in turn allow Winnetka LLC to pay off the existing CLI Capital loan. Concurrently, MPS and Winnetka LLC will terminate the existing lease under which MPS pays to Winnetka LLC a monthly lease payment. With the retirement of the CLI Capital loan, MPS and MSA-5 will not incur any additional acquisition costs until such time as MSA-5 commences repaying back the CSFP loan portion of the award, which will start one year following occupancy by MSA-5.

6. **Exhibits:**

Exhibit A Resolution

EXHIBIT A

Secretary's Certificate

I, Jennifer Lara, Secretary of Magnolia Educational & Research Foundation ("**MERF**"), a California non-profit public benefit corporation duly organized and validly existing under the laws of the State of California, do hereby certify that the foregoing is a full, true and correct copy of certain resolutions of the Board of Directors, duly and regularly passed and adopted at a meeting of the Board of Directors of, MERF on October 12, 2023 and such resolutions have not been amended, modified or revoked since their adoption.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of Magnolia Properties Management, Inc. this 12th day of October 2023.

Jennifer Lara, Secretary

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF
MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**

OCTOBER 12, 2023

**Resolutions Approving Written Determinations and Findings for the Property Located at 7111
Winnetka Ave., Winnetka, CA**

WHEREAS: Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation ("**MERF**"), is organized for charitable purposes, and is a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code;

WHEREAS: MERF operates Magnolia Science Academy-5 ("**MSA-5**"), a California public charter school which is its own local education agency ("**LEA**");

WHEREAS: MSA-5 is the recipient of an award from the Office of Public School Construction ("**OPSC**") under its Charter School Facilities Program to acquire and develop a campus;

WHEREAS: MSA-5 desires to acquire and develop the property located at 7111 Winnetka Ave (the "**Site**") to develop a campus and facilities;

WHEREAS: MERF Staff has or will open escrow for the purchase of the Site and will use an advanced preliminary apportionment for site acquisition from OPSC to close escrow on the purchase;

WHEREAS: MERF Staff has completed a comprehensive set of assessment studies of the Site in accordance with California law, including but not limited to Public Resources Code Section 21151.8, Education Code Section 17213, California Code of Regulations, Title 5, Section 14011[h],[i] and Title 14, Section 15093, to confirm it is a suitable location for a public charter middle and high school;

NOW, THEREFORE, BE IT RESOLVED: that, based on MERF Staff's assessments, the Board hereby adopts the following determinations concerning the Property:

- (1) the Site is not a current or former waste disposal site;
- (2) the Site is not a hazardous substance release site;
- (3) the Site does not contain pipelines; and
- (4) a qualified freeway and/or qualified traffic corridor is not located within 500 feet of the Site.

BE IT FURTHER RESOLVED: that, based on MERF Staff's assessments, the Board hereby adopts the following findings concerning the Site:

- (1) no hazardous air emitters or hazardous material handlers are located within a 1/4 mile of the Site; and
- (2) there are no freeways or busy traffic corridors within 500 feet of the Site.

BE IT FURTHER RESOLVED: that the Secretary of MERF, acting hereby is 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 will be binding on MERF.

BE IT FURTHER RESOLVED: that all actions heretofore taken by any employee or officer of MERF in connection with or otherwise in contemplation of the foregoing resolutions be, and they hereby are, ratified, confirmed and approved as the acts and deeds of MERF.

BE IT FURTHER RESOLVED: that the officers of MERF 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.