



Agenda Item:	III B: Action Item
Date:	June 7, 2024
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	Approval of Purchase of 7111 Winnetka Ave by MERF from MPM Sherman Winnetka LLC

Action Proposed:

MPS Staff recommends and moves that Board approve the purchase of 7111 Winnetka Ave (the “**Property**”) by MERF from MPM Sherman Winnetka LLC for a minimum purchase price of \$10,150,000 or such price as MPS Staff may deem appropriate and in the best interest of MPS. MPS Staff further recommend and moves that the Board approve MPS Staff to negotiate a purchase and sale agreement in such form as MPS Staff may deem appropriate and in the best interest of MPS.

Purpose:

The purpose of this action is to approve the purchase of the Property by MPS from MPM Sherman Winnetka LLC MPS must hold title to use site acquisition funds from its State of California Office of Public-School Construction Charter School Facility Program (“**CSFP**”) award.

Background:

Acquisition of Winnetka Ave Property

On December 19, 2021, the MPS Board approved a purchase and sale agreement (PSA) for the Property. Escrow opened on December 22, 2021. By June 16, the Board had approved a loan from CLI Capital to finance the acquisition.

Subsequently, MPS assigned the rights to acquire and hold title to the property to MPM Sherman Winnetka LLC (“**Winnetka LLC**”), a subsidiary of Magnolia Properties Management, Inc. (“**MPM**”), a 501(c)(3) support corporation. Concurrently, MPS entered into a lease agreement with Winnetka LLC. Escrow closed successfully on October 21, 2022. In 2022, Winnetka LLC secured the property with financing from CLI Capital.

CSFP Award

To facilitate the development of a campus for Magnolia Science Academy 5, MPS received a state award for \$50.8 million under the CSFP to build a new campus for Magnolia Science Academy—5.

Magnolia Property Management Board Meeting



The MPM Board of Directors met on May 23, 2024, and approved the sale by Winnetka LLC to MPS.

Analysis:

The purchase and sale will allow MPS to use CSFP funds to acquire the transfer simplifies the property's ownership structure under MERF. This move is expected to expedite the development process of the new campus by eliminating potential hurdles that could arise with multiple holding entities.

Budget Impact:

MPS will use the proceeds from the CSFP award to purchase the Property. Specifically, MPS will use the advanced site acquisition funds from the CSFP award. MPS may take title to the Property subject to the existing acquisition loan from CLI Capital and repay the loan in full upon receipt of the funds from the State.

Exhibits:

None