



Agenda Item:	IV B: Action Item
Date:	November 20, 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, Director of Facilities & General Counsel Mustafa Sahin, Project Manager Katrina Jimenez, Assistant Project Manager
RE:	Approval of Purchase of 18120 Sherman Way and Execution of Purchase and Sale Agreement between HH Sherman, LLC, as Owner and Seller, and Magnolia Educational & Research Foundation for the Benefit of Magnolia Science Academy-7, as Purchaser

Action Proposed:

MPS Staff recommends and moves that the Board approve (1) the execution by MPS Staff of a purchase and sale agreement for the property located 18120 Sherman Way (the “**Property**”) by and between HH Sherman, LLC, as seller (the “**Owner**”), and Magnolia Educational & Research Foundation, as buyer, for the Benefit of Magnolia Science Academy-7, a draft copy of which is attached Exhibit A with such changes as MPS Staff may deem necessary, appropriate and in the best interests of MPS and (2) the non-refundable deposit of Two Hundred Twenty Five Thousand Dollars (\$225,000) as a good faith deposit but applicable to the purchase price at the close of escrow.

Purpose:

Purchasing the Property will allow MPS to relocate Magnolia Science Academy—7 (“**MSA-7**”) to a permanent private facility. MSA-7’s lease at its current facility expires after the 2026-27 school year. At its new location, MSA-7’s elementary school will serve as a potential feeder to MSA-1’s middle school ensuring robust demand for enrollment at MSA-1. MSA-7 students will still need to go through a lottery for spots at MSA-1.

Background:

The Property is located at 18120 Sherman Way on the same block as the MSA-1 campus. It consists of approximately 49,000 square feet of land and an approximate 12,000 square foot building. The first floor consists of 10,047 square feet while the partial second floor consists of approximately 2,000 square feet. The location of the Property and pictures of the Property are attached as Exhibit A. Bank of America previously occupied the Property. Upon learning that the Property would become vacant, MPS’s broker



Dan Morrar at InSite School Services, approached the owner about a possible sale or long term lease. MPS Staff initially considered a long term lease, but because of the cost MPS Staff determined that only a purchase was viable and in the best interest of MPS.

MPS and the Owner negotiated a term sheet which was signed on November 5, 2024. Following the signature of the term sheet the Owner prepared a purchase and sale agreement which is still undergoing final review.

Analysis:

Due Diligence

As part of its due diligence MPS Staff had the following analyses completed

- ALTA and Topographic Survey
- Phase I Environmental Site Assessment and Phase II
- Asbestos and Lead Based Paint Survey
- Land Use Analysis
- Constructability and Pricing by 2 general contractors
- Schematic Design

The Phase I recommended further testing at the Property. A phase II study was completed and identified certain conditions that will need to be mitigated. The summary pages from the phase I and phase II studies are attached as Exhibit B. The costs of those mitigation measures, if needed, are included in the budget summary set forth below. None of the other studies identified any red flags. The land use analysis, which included a case management meeting with the planning department confirmed that the northern parcel fronting Sherman Way does not require any discretionary entitlements, only compliance with certain design standards due to the fact that the parcel is within a community design overlay, or CDO. However, adding green space to the existing parking lot on the south side of the alleyway will require a zone change, similar to what was done for the parking lot parcels serving 18220 Sherman Way (the high school building) and 18238 Sherman Way (the middle school building).

Conceptual Drawings

The plans prepared by Berliner Architects are attached as Exhibit C. One plan shows partial expansion of the second floor to accommodate up to 360 students. Another plan shows the full expansion of the second floor to accommodate up to 470 students. The budget below reflects the complete build out of the second floor to accommodate the higher number of students.

Schedule

A draft schedule is as follows:



Timeline for Development of 18120 Sherman Way			
Action	Start	End	Duration
Escrow	13-Nov-24	15-Jan-25	63
Close of Escrow	15-Jan-25	15-Jan-25	0
Plan Preparation	15-Jan-25	15-Apr-25	90
Permits	15-Apr-25	12-Oct-25	180
Construction	13-Oct-25	10-Jul-26	270
Occupancy	11-Jul-26	25-Jul-26	14

While MPS Staff believes that the Property can be completed in time for a fall 2026 school occupancy, MPS Staff recommends that MPS plan for a fall 2027 occupancy.

Budget

MPS Staff's draft development budget and sources and uses are as follows:

SOURCE	AMOUNT	USE	AMOUNT
PCSD Equity	\$ 2,000,000.00	Acquisition Costs	\$ 7,600,000.00
MPS Equity	\$ 3,000,000.00	Hard Costs	\$ 7,754,123.00
3rd Party Loan	\$ 14,979,123.00	Soft Costs	\$ 1,500,000.00
		Financing Costs	\$ 750,000.00
		Management Costs	\$ 375,000.00
		Contingency	\$ 2,000,000.00
Total	\$ 19,979,123.00	Total	\$ 19,979,123.00
		Surplus/(Deficit)	\$ -

Impact:

MPS Staff believes that the acquisition of the Property for MSA-7 will ensure that it has a home at the end of its current lease. Moreover, MSA-7 will act as a feeder to MSA-1 ensuring continued robust enrollment at MSA-1.

Budget Implications:

A pro forma analysis is attached as Exhibit D. Based on analysis by the MPS Finance Department, the costs are projected to be higher in the beginning in the early stages at (15.9% based on per-pupil funding) but are projected to go down into 26/27 and the multi-year projections as enrollment increases (7% to



3.9% based on per-pupil funding). MPS Staff assumes that it will receive SB 740 funds for the Project going forward (included in the aforementioned projections).

MPS Staff anticipates that it will use a combination of MPS equity and a loan to close escrow on the purchase of the Property. MPS Staff is presently talking to both short term and long term lenders. MPS Staff is currently evaluating financing options to ensure sustainability.

Exhibits:

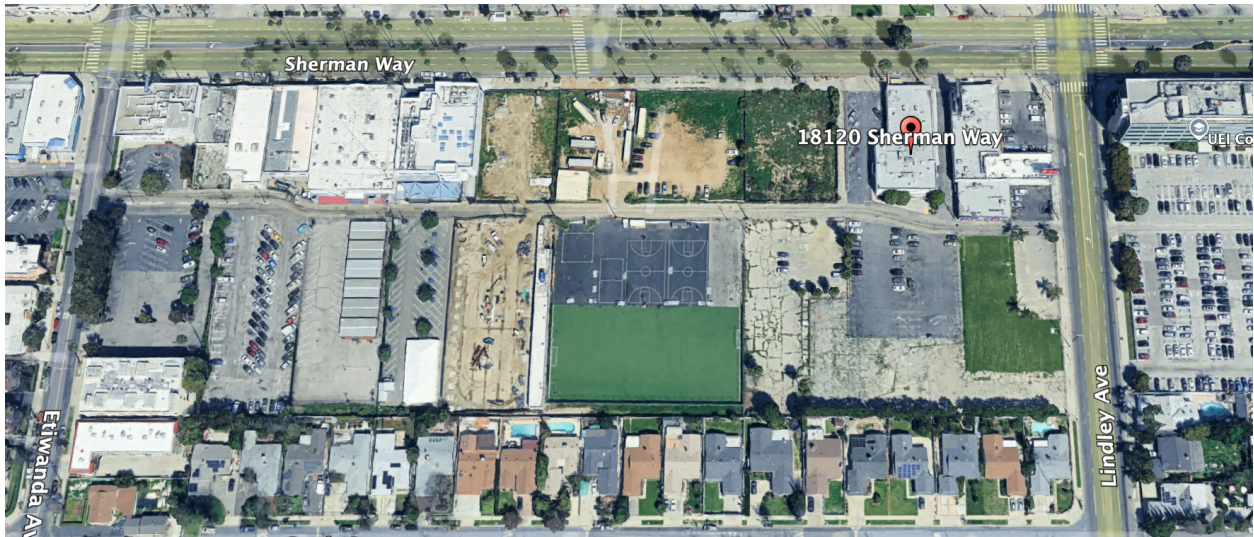
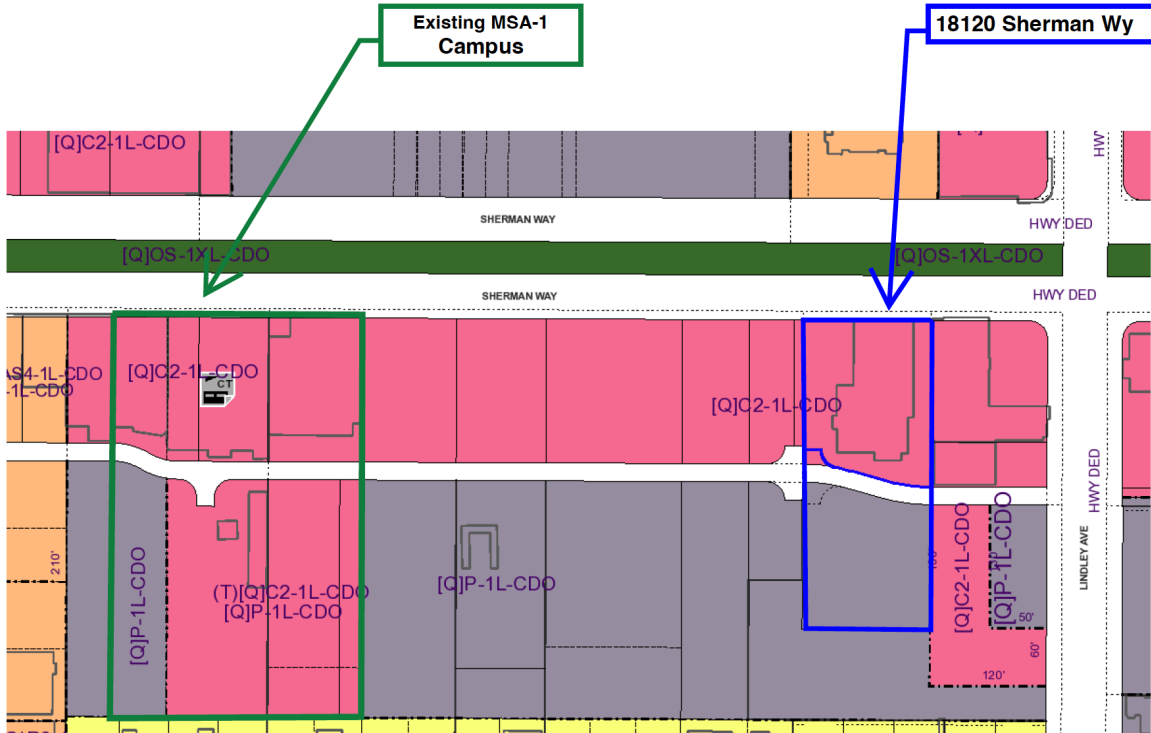
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|-----------|---|
| Exhibit A | Location of Property & Pictures of the Property |
| Exhibit B | Phase I and Phase II Summary and Conclusions |
| Exhibit C | Conceptual Drawings |
| Exhibit D | Pro Forma Financial Analysis |



MAGNOLIA

PUBLIC SCHOOLS

Exhibit A





MAGNOLIA
PUBLIC SCHOOLS





Exhibit B

Phase I and Phase II Summary and Conclusions



CLARK SEIF CLARK, INC.
HEALTH & SAFETY • ENGINEERING • ENVIRONMENTAL

PHASE I ENVIRONMENTAL SITE ASSESSMENT
Proposed Public School Facility
18120-18118 Sherman Way
Reseda, CA 91335
APN 2125-036-083



Submitted to:

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August 2, 2024



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APPENDICES

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Appendix B.....Site Reconnaissance Photographs

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PHASE I ENVIRONMENTAL SITE ASSESSMENT

Proposed Public School Facility

18120-18118 Sherman Way

Reseda, CA 91335

APN 2125-036-083

1.0 SUMMARY

Clark Seif Clark, Inc. (“CSC”) performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of the American Society for Testing and Materials (“ASTM”) "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process", E 1527-21 (“Phase I ESA”), for the property located at 18120 and 18118 Sherman Way in the City of Reseda, County of Los Angeles, State of California (“Subject Property”). The Los Angeles County Assessor Parcel Number (APN) for the property is 2125-036-083. A Location Map and Site Map are included in Appendix A along with Assessor’s Parcel Map and copies of facility evacuation maps, which show selected rooms. A detailed deed description is provided in the EDR Environmental Lien and AUL Report included in Appendix D.

This report was prepared for the exclusive use and benefit of Magnolia Public Schools (“User”); any User-affiliate obtaining an interest in the Subject Property; and User-designated third parties (“Designated Third-Party Users”) to whom User has granted reliance in writing.

The primary goal of a Phase I Environmental Site Assessment is to identify the presence of recognized environmental conditions. The term recognized environmental condition (“REC”) means the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater or surface water of the property. The term includes *hazardous substances* and *petroleum products* even under conditions in compliance with regulations.

A secondary goal of a Phase I ESA is to identify the presence of a potential vapor encroachment condition. The term vapor encroachment condition (“VEC”) is the presence or likely presence of vapors from volatile chemicals of concern (“COCs”) in the subsurface of the property caused by migration of vapors from contaminated soil and/or groundwater either on or near the Subject Property.

The Subject Property consists of a single parcel covering approximately 1.06 acres. It is located on the south side of Sherman Way, west of Lindley Avenue, in Reseda, California, a neighborhood in the San Fernando Valley area of the City of Los Angeles.

Assessor’s Parcel 2125-036-083 is approximately 1.06 acres, assigned the address 18120 Sherman Way, Reseda, California, 91335. A second street address, 18118 Sherman Way, was assigned to the northern part of the building on the Site around 2006.



The Site is located on the south side of Sherman Way just west of the intersection with Lindley Avenue. The Site is developed with a two-story office building on the northern part of the Property. An east-west oriented alley (City right-of-way) bisects the property. The building structure covers approximately 23 percent of the overall property. Paved parking is present on the west side of the building and in the southern part of the property, and driveways are present on the west and east sides of the building. The majority of the building is utilized for a Bank of America bank and financial center. Layout of the property is shown on figures included in Appendix A.

Historically, the Subject Property was developed as a residential farm at least since the late 1920s. The bank building was constructed around 1958, during a period when commercial development in the area was increasing.

In 2006, the northern portion of the building was occupied by the Erebuni Bakery Café with the street address 18118 Sherman Way. In May 2015, the 18118 space was occupied by the Reseda Neighborhood Council (RNC). The RNC remains a tenant, but does not currently convene in the space, which is mainly used for storage. The Magnolia Public School plans to utilize the Subject Property for use as a school.

Currently, adjoining properties include a grocery store, church, and office building on the north side of Sherman Way, retail spaces and vacant property adjacent to the east, vacant land and residential properties to the south, and fenced vacant property adjacent to the west of the Subject Property.

Properties to the north and west were commercially developed by the early 1960s. A gasoline service station was constructed at the southwest corner of Sherman Way and Lindley Avenue adjacent to the east of the Subject Property around 1965 and operated until around 1984. The retail center was developed on this Adjoining Property by around 1988, when Cavalier Cleaners (former dry cleaner) began operation in one of these commercial spaces. The dry cleaners operated until around 2022.

There is no history of industrial use on the Subject or Adjoining Properties aside from previous presence of a gasoline service station followed by a dry cleaners at the property on the southwest corner of Sherman Way and Lindley Avenue, and former dry cleaners historically operated on Adjoining Properties to the west (former Susans Cleaners and Alterations, approximately 1996-2009) and southeast (former Reseda One-Hour or One-Hour Martinizing, approximately 1975-2014).

The Subject Property appears in two historic state environmental databases, associated with former hazardous waste disposal, including asbestos abatement waste. There are no records indicating any releases of hazardous materials to the soil, soil vapor, groundwater or surface waters by occupants or past owners of the Subject Property.



The Adjoining Property to the east had documented release of fuel hydrocarbons from leaking underground storage tanks at a former Exxon-Mobil gasoline station that impacted soil and groundwater, with ultimate case closure by the Regional Water Quality Control Board (RWQCB). This property was subsequently the site of a former dry cleaner (Cavalier Cleaners) which had documented release of chlorinated volatile organic compounds (VOCs) to soil, soil vapor, and groundwater. The EDR Proprietary database of historic information revealed no records indicating that any manufactured gas plants, automobile service stations, or dry cleaners were present on the Subject Property or Adjoining Properties aside from a historical automobile service station and dry cleaner at 7155 Lindley Avenue and historical dry cleaners at the Adjoining Properties to the west and southeast.

This Phase I ESA identified a REC and VEC on the Subject Property associated with the former Cavalier Dry Cleaners facility immediately adjacent to the east of the Subject Property. In addition, RWQCB closure of a LUST case on the same property constitutes a CREC. Although the LUST site was closed, residual petroleum hydrocarbons and associated VOCs remain in soil and groundwater at the Adjoining Property.

Further, historical presence of residential structures and agricultural land use constitute a REC for potential presence of lead and/or pesticides in soil at the Subject Property.

As discussed in ASTM Standard Practice E 1527-21, no Phase I ESA can completely eliminate uncertainty regarding the potential for RECs in connection with a site. See Section 7 (Findings) and Section 8 (Opinions) of this report for a more thorough discussion of the Subject and Nearby Properties.

2.0 INTRODUCTION

2.1 Objective

The purpose of the assessment is to identify potential environmental concerns resulting from current and previous uses of the Subject Property and adjoining properties in general accordance with the requirements of ASTM Standard E1527-21 *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. A second component of a User's environmental site assessment process might be to address issues that are of specific concern to the User and are primarily categorized as Business Environmental Risks (BERs) that could potentially impact future land use, and development costs, and might require on-going mitigation measures to ensure occupant and worker safety.

2.2 Scope of Services

In conducting the Phase I ESA for User, CSC performed the following activities in accordance with the contracted scope of services described below:



7.0 FINDINGS

CSC performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of the American Society for Testing and Materials (“ASTM”) "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process", E 1527-21 (“Phase I ESA”), at the property addressed as 18120 Sherman Way, Reseda, California. Site location map, site maps, and Assessor Maps are presented in Appendix A, along with copy of Assessor’s Parcel Map and evacuation maps depicting selected rooms. Photographs of the Subject Property are presented in Appendix B.

The Subject Property consists of a single parcel covering approximately 1.06 acres with Assessor’s Parcel Number 2125-036-083, assigned the address 18120 Sherman Way, Reseda, California, 91335. A second street address, 18118 Sherman Way, was assigned to the northern part of the building on the Site around 2006.

The Site is located on the south side of Sherman Way, west of Lindley Avenue, in Reseda, California, a neighborhood in the San Fernando Valley area of the City of Los Angeles. The Site is developed with a two-story office building on the northern part of the Property. An east-west oriented alley (City right-of-way) bisects the property. Paved parking is present on the west side of the building and in the southern part of the property, and driveways are present on the west and east sides of the building. The majority of the building is utilized for a Bank of America bank and financial center.

In 2006, the northern portion of the building was assigned the street address 18118 Sherman Way, and operated as the Erebuni Bakery Café. An oil-water separator or clarifier appears to have been installed outside the northwest corner of the building around the same time frame. Floor sinks and a grated floor drain likely operated by the café remain present in the northwestern part of the building.

In May 2015, the 18118 space was occupied by the Reseda Neighborhood Council (RNC). The RNC remains a tenant, but does not currently convene in the space, which is mainly used for storage.

Other features observed in the building include offices, electrical and telephone rooms, storage areas, employee break room, and restrooms. As noted above, a kitchen area was formerly operated in the northwest part of the building by the Erebuni Bakery Café.

Zoning for the property is C2 – Commercial Zone, part of the Reseda Central Business District Community Design Overlay District, indicating Employment Mixed Use, which includes most potential commercial uses. Site Location, Site, and Assessor Parcel Maps are presented in Appendix A along with copies of evacuation maps showing some individual rooms.



Aside from historical presence of a gasoline service station and dry cleaner on the adjacent property to the east and historical dry cleaners on adjacent properties to the west and south, there is no history of industrial or commercial use on the Subject or Adjoining Properties.

7.1 Subject Property

The on-site inspection, historical aerial photograph review and government agency review of the Subject Property have identified that a controlled recognized environmental condition (CREC) was documented at the Subject Property related to leaking underground fuel and oil storage tanks, soil and groundwater remediation, and closures issued. Closure was granted based on commercial land use. Remnant impacts to groundwater and soil vapor, and possible soil vapor impacts from PCE and/or other chlorinated VOCs may constitute a potential VEC.

The Subject Property is not listed on any of the following Federal or State databases that would indicate a release of hazardous chemicals or wastes to the subsurface of the Subject Property:

- Federal NPL site list
- Federal CERCLIS list
- Federal RCRA CORRACTS facilities list
- Federal RCRA non-CORRACTS TSD facilities list
- Federal institutional control/engineering control registries
- Federal ERNS list
- Selected state and tribal lists of hazardous waste sites identified for investigation or remediation (*i.e.*, ENVIROSTOR, landfill and/or solid waste disposal site lists/databases)
- Institutional control/engineering control registries, Voluntary Cleanup Program sites and Brownfield sites.
- Current and Historic Automobile Service Stations
- Current and Historic Dry Cleaning Facilities
- Current and Historic Manufactured Gas Plants on the Subject Property.

7.2 Adjoining and Nearby Properties

The on-site inspection, historical aerial photograph review and government agency review of the nearby properties have not revealed evidence of current, historical or controlled environmental conditions (RECs, HRECs or CRECs) on any of the Adjoining Properties, with exception of a CREC related to a closed LUST case and a REC due to documented release of chlorinated VOCs at the adjacent property to the east. The proximity of this site indicates that a REC and VEC extend to the Subject Property.



7.3 Tier 1 Vapor Encroachment Screen

According to the American Society of Testing and Materials Standard Guide for Vapor Encroachment Screening on Property Involved in Real Estate Transactions (ASTM E2600-15), the purpose of a Tier 1 Vapor Encroachment Screen (Tier 1 VES) is to use Phase I ESA-type information to determine if a vapor encroachment condition (VEC) exists at the subject site.

The screening area of concern (“AOC”) for nearby sites is one-third of a mile (1,760 feet) around the subject site, unless the use of a shorter distance such as for petroleum hydrocarbon chemicals of concern (“COC”) provided by subsection 8.3.2 of ASTM Standard Practice E 2600-15. The screening AOC for petroleum hydrocarbon COCs is one-tenth of a mile (528 feet).

In performing VEC evaluations, CSC uses the Buonicore Methodology: 1,760 feet upgradient, 100 feet downgradient, and 365 feet in the crossgradient directions. (See: [Paper 2011-A-301-AWMA: Methodology for Identifying the Area of Concern Around a Property Potentially Impacted by Vapor Migration from Nearby Contaminated Sources.](#)) Distance measurements are from the known or suspect contaminated property to the user-defined target property boundary.

CSC utilized the EDR Lightbox VEC Screening application to perform screening using the most conservative (non-petroleum hydrocarbon) up-, cross-, and down-gradient distances. The downgradient search distance was increased to 160 feet to capture the former Cavalier Cleaners site, which is closer than plotted by the EDR database search. Groundwater flow direction was set at 120 degrees (toward east-southeast) based on previous monitoring at the former Cavalier Cleaners site. The EDR Vapor Encroachment Screen report (7694967.2s Vapor Encroachment Screen, July 18, 2024) generated by the application is included in Appendix H.

Table 7-1: Facilities Screened for a VEC¹

Address	Databases	Distance (Feet)	Comment
7155 Lindley Avenue	CPS-SLIC HAZMAT LA CORTESE HAZNET LUST HWTS	<154 ft E	Leaking fuel tank case closed Former Cavalier Cleaners case open. HVOC impacts to soil, soil vapor, and groundwater
18132 Sherman Way	EDR Hist Cleaner	109 ft W	Former Susans Cleanera and Alterations, operation between 1996-2009

¹Assumes a groundwater flow direct to the east-southeast on historical gradients at adjacent site within 90 degree total variance.

The Subject Property was identified for applicable databases within the specified vapor screening search radii. The only databases that the Subject Property appears in are HWTS and HAZNET. The only hazardous waste documented as generated at the Subject Property is asbestos.



Therefore, there is no indication of any potential vapor encroachment arising from the Subject Property itself.

The primary issue is potential lateral migration of PCE and/or other halogenated VOC soil vapors from the former Cavalier Cleaners facility immediately east of the Subject Property. Although SVE has been conducted at the former Cavalier Cleaners site, the full lateral extent of vapor impacts in the subsurface is not known and impacts at this site constitute a VEC for the Subject Property.

The adjacent upgradient former Susans Cleaners and Alterations site at 18132 Sherman Way is not known to have any releases or subsurface impacts but did operate for at least 13 years. There is potential that undiscovered subsurface impacts may be present at that location, so this site may be a potential VEC for the subject property.

Other upgradient sites including historical drycleaners, LUST sites, etc. are considered not to pose potential for a VEC at the Subject Property due to distance, no releases being reported, documentation of less than significant impacts, and/or case closure by regulating agency.

7.4 User-Provided Information and Documentation

7.4.1 Preliminary Title Report

Recorded land title records were not provided by the User or owner for review by CSC as part of this Phase I ESA.

7.4.2 Previous Investigations and User-Provided Documentation

No previous environmental investigations were provided by the User or Owner for review by CSC as part of this Phase I ESA aside from four documents from the RWQCB pertaining to closure of the former Exxon-Mobil LUST site (included in Appendix F).

7.4.3 Site Plan

CSC obtained a copy of Exhibit B-1-Db, Sheets 01 and 02, Floor Area Measurements (Gensler, prepared for American Financial Realty Trust, December 29, 2004) depicting the general floor plan layout of the building. A separate generalized floor plan for the Reseda Neighborhood Council portion of the building was also provided (Sheet A1.1 prepared by John S. Dodson, Licensed Architect, undated). In addition, CSC obtained photographs of evacuation plan maps showing selected rooms within the building. Copies of these plans are included in Appendix A.



7.5 Environmental Liens or Activity and Use Limitations (“AUL”)

CSC reviewed the EDR Environmental Lien and AUL Search Report (Inquiry 76964967.2s dated June 28, 2024). A copy is provided in Appendix D. There were no environmental liens or activity and use limitations found by EDR for the Subject Property as far back as 1980. The current legal owner is identified as HH Sherman, LLC.

7.6 Orphan Properties

Orphan properties are sites contained in government record reports that cannot be geographically mapped or geocoded due to an inadequate or incomplete address in the government database or computer map file.

The list of orphan properties contained in the EDR Radius Map Report (Appendix E) for the Subject Property was reviewed by CSC: The two orphan sites, an unresolved LUST site and an ENVIROSTOR Phase I ESA site, appear to be more than one mile from the Subject Property and therefore are not within the area of concern for the Subject Property.

7.7 Data Gaps

The objective of historical research is to develop a history of the previous uses of the subject property and surrounding area in order to assist in determining the likelihood of a release of a hazardous substance as a result of past land use. The environmental professional is required under ASTM E5727-13 Standard to research use of the Property at five-year intervals from 1940 to the present, or, if the subject property was already developed in 1940, to the first date of development.

The Subject Property was developed prior to 1940, and residential and agricultural use of the property appears to date back to at least 1928. The Subject Property appears to have been initially developed with a possible farm residence among other agricultural properties in the area, possibly adding additional structures by 1938 and through 1947, based on historical aerial photographs.

Based on City Directory listings, the Subject Property was commercially developed as a bank since around 1958, and specifically as a Bank of America since approximately 1962. The Subject Property has been used for the same purpose since then.

Adjoining and nearby properties generally have a similar history, with some residential/agricultural land use initially, and denser residential development as well as commercial development beginning by the early 1960s.

Data gaps in historical information include the following:

- 25-year period between 1903 and 1928
- Six-year period between 1932 and 1938



- Six-year period between 1952 and 1958
- Six-year period between 1983 and 1989
- Six-year period between 1989 and 1995

No environmental changes of significance to the Subject Property were found when comparing the findings between the years noted.

Other data gaps identified include:

- The lack of available information about potential soil vapor impacts extending onto the Subject Property or evaluation of indoor air.

In lieu of interviewing regulatory agency personnel, CSC relied on online database sources identified in Appendix F and listed in Appendix K to obtain relevant information.

There were no data gaps in historical information that resulted in a data failure.

8.0 OPINIONS

Based upon the historical documents reviewed in Appendix C and the publically available environmental records in Appendices D, E and F, CSC has sufficient information to support the opinions and conclusions expressed in this report. Historic aerial photographs and topographic maps establish that the Subject Property likely had at least one structure, possibly a residential farm, as far back as 1928 with additional structures by 1938. The existing bank building was constructed circa 1958 and has operated to the present. Based on review of online LADBS records for building permits issued in 2006, a 56- by 58-foot space in the northern part of the building was operated as the Erebuni Bakery/Café, with kitchen space in the northwestern part of the building. That portion of the building was assigned the address 18118 Sherman Way. The oil-water separator outside the northwestern part of the building appears to have been installed around the same time and may have been used for grease separation. No permit was found for the oil-water separator. The Reseda Neighborhood Council has reportedly occupied the northern part of the building since 2015, also utilizing the 18118 Sherman Way address. The Reseda Neighborhood Council still occupies the space but no longer convenes there.

Nearby sites which are solely identified in environmental databases as RCRA-LQG, RCRA-SQG WASTE, HAZNET, CERS, HWTS, etc., are evaluated because hazardous wastes are currently being generated or were generated in the past. Some of these sites have been identified as properties with current or past contamination by hazardous materials, hazardous waste or petroleum products. However, they are either downgradient, sufficiently distant, not significantly impacted, and/or have received case closure and, therefore, are not of current environmental concern to the Subject Property.



The Subject Property is not secured by fencing/walls or entrance gates; there could be slight potential that illegal dumping or spills of hazardous materials would occur or have occurred on the Site.

8.1 Recognized Environmental Conditions (Current, Controlled and Historic)

The Subject Property appears in HAZNET and HWTS databases under temporary status for periods in the past. Potential generation of hazardous waste does not necessarily suggest the existence of current recognized environmental conditions. The chief question is as follows:

- Whether residual VOC soil vapor associated with past releases at the adjoining former Cavalier Cleaners site may extend onto the Subject Property and pose potential for vapor intrusion of PCE or other compounds with low health risk-based screening levels.

Recognized Environmental conditions (RECs) and Controlled Recognized Environmental conditions (CRECs) are documented on the Adjoining Property immediately east of the Subject Property and constitute a REC at the Subject Property. Source impact(s) at the adjacent property are suspected to pose potential threat to the Subject Property due to proximity of that site. This constitutes a Vapor Encroachment Condition (VEC) at the Subject property in addition to a REC.

Further, historical presence of residential structures and agricultural land use constitute a REC due to potential presence of lead (from lead-based paint) and/or pesticides in soil at the Subject Property.

The EDR Proprietary database of historic information revealed no records indicating that any manufactured gas plants or automobile service stations were present on the Subject Property or adjoining properties, except for a historical gasoline station at the adjacent property to the east (LUST case closed, with residual impacts). In addition, the former dry cleaners Site Cleanup case at the same site remains open and work is ongoing, although soil vapor extraction has decreased soil concentrations substantially at that site.

Due to historical presence of residential structure(s) in the late 1920s to 1940s, potential lead impacts to shallow soils from lead based paint are also considered to constitute a REC at the Subject Property. Further, historical agricultural use of the property is similarly considered to constitute a REC due to potential remnant pesticides.

A Phase II Environmental Subsurface Investigation is recommended at the Subject Property, to include soil vapor sampling in the driveway on the east side of the building and indoor air sampling within the first floor building space to confirm the presence (and concentration) or absence of VOCs in indoor air. A minimum of two rounds of air sampling at multiple sampling stations (including exterior ambient background samples) should be conducted to evaluate possible seasonal or other conditional variation, in accordance with recommendations in *Supplemental Guidance: Screening and Evaluating Vapor Intrusion, Final Draft* (DTSC,



February 2023). The responsible party for the former Cavalier Cleaners site is planning to negotiate access for soil vapor sampling (and indoor air sampling, if soil vapor concentrations are elevated above screening levels) at the Subject Property, although the schedule for this is unknown.

Phase II shallow soil sampling to evaluate potential lead or pesticides in soil is not recommended unless construction activities that will expose soil are planned at the Site. As long as the ground is covered by structure and paving the potential for exposure of site personnel is negligible.

8.2 *De Minimis* Conditions

A *de minimis* condition generally does not present a threat to human health or the environment and generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. *De minimis* conditions do not include conditions classified as RECs, historical RECs or CRECs.

The presence of the oil-water separator may be considered a *de minimis* condition in that it does not appear to present a threat to human health or the environment, but there are potential management concerns with respect to maintaining the unit and accumulated oils or solids. The small area of degraded asphalt on the east side of the building may also be considered a *de minimis* condition. The oil-water separator is also considered a Business Environmental Risk.

8.3 Vapor Encroachment Conditions

The Tier 1 vapor encroachment screening (Tier 1 VES) suggested the potential for vapor encroachment conditions (VECs) resulting from a release of volatile organic compounds on the Subject Property. The likelihood of impacted soil vapor in the subsurface extending onto the Subject Property from the adjoining property to the east constitutes a VEC at the Subject Property, as noted above.

9.0 CONCLUSIONS

CSC performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of American Society for Testing and Materials (ASTM) "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process", E 1527-21 and in general conformance with the scope of work included in the Master Environmental Service Agreement between CSC and the User. Any exceptions to, or deletions from, this practice are described in Section 11.0 entitled *Special Terms and Conditions* of this report.

A VEC is considered to exist on the Subject Property. VOCs on adjoining and nearby properties have occurred within the area of concern ("AOC") specified in ASTM Standard E-2600-2015 as of the date of this report.

Further, subsurface VOC in soil vapor related to releases of PCE at the adjacent property to the



east also constitute a REC at the Subject Site. As such, subsurface investigation is recommended. The responsible party for the adjacent property is planning to conduct additional assessment at neighboring properties, but the schedule for that work is not known and depends in part on the course of negotiations for access.

Due to historical presence of residential structure(s) in the late 1920s to 1940s, potential lead impacts to shallow soils from lead based paint are also considered to constitute a REC at the Subject Property. Historical agricultural use of the property is similarly considered to constitute a REC due to potential residual pesticides. However, shallow soil sampling for these constituents is not recommended unless intrusive redevelopment of the Site is planned, such as re-paving, grading, or other construction. As long as the site remains covered by building structure or paving, potential exposure of on-site personnel will be negligible.

9.1 Data Failures

The only data gaps in historic information were as follows:

- 25-year period between 1903 and 1928
- Six-year period between 1932 and 1938
- Six-year period between 1952 and 1958
- Six-year period between 1983 and 1989
- Six-year period between 1989 and 1995

No environmental changes of significance to the Subject Property were found when comparing the findings between the years noted.

The only other data gap identified is:

- The lack of available information about potential soil vapor impacts extending onto the Subject Property or evaluation of indoor air.

No data gaps in historical information or readily ascertainable and publically available environmental records were identified that would materially affect the opinions and conclusions regarding RECs or VECs expressed in this report.

9.2 Recommendations

CSC recommends conducting soil vapor sampling along the driveway on the east side of the building to determine whether chlorinated VOC vapors have migrated to the Subject Property, and indoor air sampling to evaluate whether vapor intrusion may be occurring within the building. If ambient air screening levels are exceeded, it may be necessary to implement mitigation measures such as increasing air exchange rate of HVAC system, or creating a positive pressure environment within building space.



**PHASE II ENVIRONMENTAL SITE ASSESSMENT
FORMER BANK OF AMERICA FACILITY**

PROPOSED CHARTER SCHOOL SITE

18120 Sherman Way
Reseda, California 91335

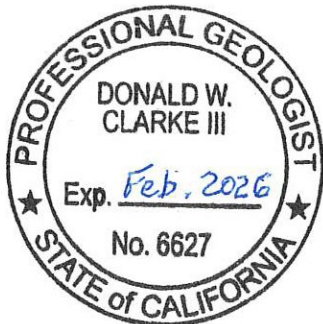
Prepared for:

Magnolia Public Schools
250 East 1st Street, Suite 1500
Los Angeles, California 90012

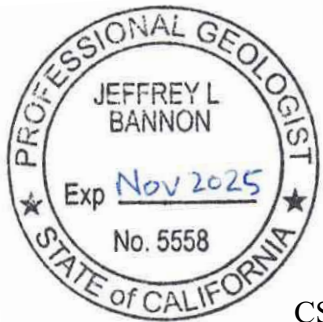
Prepared by:

Clark Seif Clark, Inc.
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November 6, 2024



Donald W. Clarke III, PG
Senior Project Manager



Jeffrey L. Bannon, PG
Vice President of Environmental Services



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Table 1	Summary of Samples Analyzed
Table 2	Vapor Sampling Results for Detected Compounds
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Table 4	Shallow Soil Sampling Results – Metals
Table 5	Shallow Soil Sampling Results – PCPs

APPENDICES

Appendix A	Geophysical Report
Appendix B	Laboratory Analytical Reports



List of Acronyms

bgs	below ground surface
CalEPA	California Environmental Protection Agency
COPC	chemicals of potential concern
DRO	Diesel range organics
DTSC	Department of Toxic Substances Control
ESA	Environmental Site Assessment
ft	feet
GRO	Gasoline range organics
HERO	Human and Ecological Risk Office
HHRA	Human Health Risk Assessment
in	inch
Magnolia	Magnolia Public Schools
mg/kg	milligram/kilogram
µg/L	micrograms per Liter
µg/m ³	micrograms per cubic meter
MORO	Motor oil range organics
msl	mean sea level
OCP	organochlorine pesticides
PCE	tetrachloroethene
PG	Professional Geologist
RSL	Regional Screening Level
SCAQMD	South Coast Air Quality Management District
TCE	trichloroethene
TPH	total petroleum hydrocarbons
US EPA	United States Environmental Protection Agency
VOC	volatile organic compound



1.0 INTRODUCTION

The following report summarizes methods, observations and results of a Phase II Environmental Site Assessment (Phase II ESA) completed at the former Bank of America facility at 18120 Sherman Way, Reseda, California (“Site” Figure 1). Work was conducted by Clark Seif Clark, Inc. (CSC) on behalf of Magnolia Public Schools (Magnolia). The Site is under consideration for purchase by Magnolia for use as a school site. Based on findings from a Phase I ESA (CSC, August 2, 2024), a vapor encroachment condition (VEC) and recognized environmental condition (REC) were identified for the Site:

- Historical drycleaners operated in the vicinity of the Site, including at the adjoining property to the east where a release of tetrachloroethene (PCE) to subsurface soil, soil vapor, and groundwater was documented.
- Historical agricultural use of the Site and historical presence of building structures which could have resulted in release of pesticides, lead, and/or arsenic to shallow soils.

Field sampling activities were conducted between September 20 and October 2, 2024. Field work was completed in accordance with CSC’s proposal August 29, 2024. The scope of work for the Phase II ESA included the following elements to analyze chemicals of potential concern (COPCs) that might be present:

- Soil vapor probe installation and sampling.
- Indoor air sampling.
- Shallow soil sampling.

The objective of the Phase II ESA was to:

- Determine through sampling and analyses whether historical uses and activities at the Site and adjoining properties resulted in the presence of COPCs in soil vapor, indoor air, and/or shallow soil.
- Determine the concentrations of COPCs.
- Evaluate potential risk posed by identified impacts.
- Recommend further action or no further action based on findings.



10.0 CONCLUSIONS AND RECOMMENDATIONS

On behalf of Magnolia Schools, CSC completed a Phase II Environmental Site Assessment (Phase II ESA) at the former Bank of America Facility located at 18120 Sherman Way, Reseda, California. The purpose of the Phase II ESA was to evaluate potential contaminant issues related to release of PCE at the adjacent property and proposed utilization of the Site as a school.

Field sampling activities were conducted between September 19, 2024 and October 2, 2024 in accordance with *Proposal for Environmental Consulting – Phase II Environmental Site Assessment, Soil, Soil Vapor, and Air Sampling, Bank of America Facility* (CSC, August 29, 2024) which presented scope of work for proposed sampling. The scope included collecting samples for analysis of COPCs in soil vapor probes, indoor air, and from shallow soil. The following conclusions and recommendations are provided based on results of the investigation.

10.1 Conclusions

The proposed scope of work included installing and sampling of soil vapor probes, collecting air samples, and soil sampling from shallow soil borings as follows:

- Seven soil vapor probes to 5 feet bgs.
- Five air samples, including four inside the building and one exterior ambient sample.
- Eight soil borings to 2 feet bgs.

Soil vapor samples were collected for laboratory analysis of VOCs in an on-site mobile laboratory by EPA Method 8260B – 8 samples including one duplicate sample.

Air samples were collected and analyzed in a fixed laboratory by EPA Method TO-15 – 5 samples, with 4 collected from interior building air and 1 from exterior ambient air.

Selected soil samples were analyzed for a combination of the following:

- California Code of Regulations Title 22 list metals by EPA Method 6010B/7471A – 11 samples.
- Organochlorine pesticides (OCPs) – 11 samples.
- Total petroleum hydrocarbons (TPH), including gasoline range organics (GRO), diesel range organics (DRO), and motor oil range organics (ORO) by EPA Method 8015 modified – 7 samples.

Sampling results are summarized below.

Soil Vapor -- VOCs

PCE concentrations in shallow soil vapor ranged from 1.564 µg/L in probe RSV-1 to 10.194 µg/L in the duplicate sample at probe RSV-5. These concentrations suggest a potential for PCE



vapor intrusion to the building at concentrations above human health risk-based Screening Level thresholds, assuming a default attenuation factor of 0.03. However, the site-specific attenuation factor calculated for the Site is approximately 22 times lower, indicating a considerably lower threat.

The only other VOC detected in the soil vapor samples was TCE which was found only in RSV-5 at a concentration of 0.024 $\mu\text{g/L}$. The TCE concentration suggests potential vapor intrusion to indoor air at a concentration above the respective residential Screening Level. Again, the default attenuation factor is considerably higher than the likely site-specific factor, as TCE was not detected in any indoor air samples.

Indoor Air -- VOCs

A number of different compounds were detected in indoor air samples, but PCE is the only COPC that was detected. PCE concentrations in four indoor air samples ranged from 0.29 J $\mu\text{g/m}^3$ to 2.1 $\mu\text{g/m}^3$. PCE was also detected in the exterior ambient sample in the southwest part of the Property at a concentration of 0.11 J $\mu\text{g/m}^3$.

PCE concentrations in three of the four indoor air samples exceeded the residential ambient air Screening Level, and one of those samples also slightly exceeded the commercial/industrial Screening Level. Using the maximum concentration detected, the excess cancer human health risk would be 4.56E-6 under the residential exposure scenario and 1.05E-6 under the commercial/industrial exposure scenario, which exceeds the point of departure value of 1.0E-6.

Soil - Metals

Concentrations of metals in shallow soils were low, generally approximating anticipated background concentrations. All metals concentrations in the locations sampled were below respective residential and commercial/industrial Screening Levels and also below potential hazardous waste thresholds.

Soil -- OCPs

OCPs were detected in three to eight soil samples. Detected OCPs included alpha-chlordane, gamma-chlordane, total chlordane, 4,4'-DDD, 4,4'-DDE, 4,4'-DDT, and dieldrin. None of these compounds exceeded their respective Screening Levels.

Soil -- TPH

No petroleum hydrocarbons were detected in any of the seven samples analyzed for that parameter, including GRO, DRO, and MORO.



Human Health Screening Evaluation

Human health screening evaluations (HHSE) for both residential scenario and commercial/industrial scenario were completed to evaluate potential risk and/or hazard posed by PCE identified in indoor air.

Using the maximum PCE concentration detected, the calculated excess cancer risk is $4.56E-06$ for residential use, and $1.05E-06$ for commercial/industrial use. The calculated hazard index is 0.050 for residential use, and 0.012 for commercial/industrial use.

The calculated residential cancer risk of $4.56E-06$ exceeds the generally accepted departure value of $1.0E-06$ by a factor of approximately 4.6 times. The calculated commercial/industrial cancer risk of $1.05E-6$ was slightly above the generally accepted departure value of $1.0E-06$.

The hazard indices of 0.050 and 0.012 are both well below the point of departure value of 1.0.

10.2 Recommendations

Due to PCE vapor intrusion in the former bank building at concentrations above Screening Levels, mitigation measures are recommended.

The initial step would be to conduct a second round of air sampling to confirm initial results and determine whether concentrations show seasonal variation. DTSC guidance indicates that a minimum of two sampling rounds should be conducted to fully characterize indoor air. Since the previous sampling was performed during a heat wave at the beginning of Fall, the second round should be in late Winter or Early Spring (e.g., February or early March).

If concentrations are still confirmed to be above Screening Levels, mitigation is likely to be necessary. The simplest potential mitigation measures would be to modify the heating, ventilation and air conditioning (HVAC) system:

- Increasing HVAC system air exchange rate.
- Modifying HVAC system to create positive pressure within the building space relative to exterior ambient pressure, which would inhibit migration of soil vapors into building space.
- Further indoor air sampling should be conducted to confirm and characterize positive effects of modifying HVAC function. If built out, additional sample locations should be added to evaluate effects within various individual spaces.

If adjustments to HVAC system are not sufficient to achieve concentrations below residential Screening Level, more robust measures may be necessary. These might include:

- Constructing a sub-slab depressurization system. A sub-slab depressurization system would consist of openings and connecting trenches cut through the slab. The openings



serve as subslab vapor collection points. Slotted pipes are placed in collection points and connected to conveyance piping placed in the trenches and directed to the exterior of the building where it is vented to the atmosphere. Depending on permeability beneath the slab, an inline blower (fan) may be needed, or passive venting may be sufficient. Further air sampling would be needed to confirm the effects of system operation.

- Installing and operating a soil vapor extraction system. A series of extraction vents would be installed in the subsurface, likely most focused on the east side of the building. Vents would be connected to conveyance piping placed in trenches, leading to a blower and treatment system. The conveyance piping would be installed in trenches. The treatment unit might be a dedicated on-site system, or it might be possible to connect to the unit at the adjacent property, if still operational.



Exhibit C

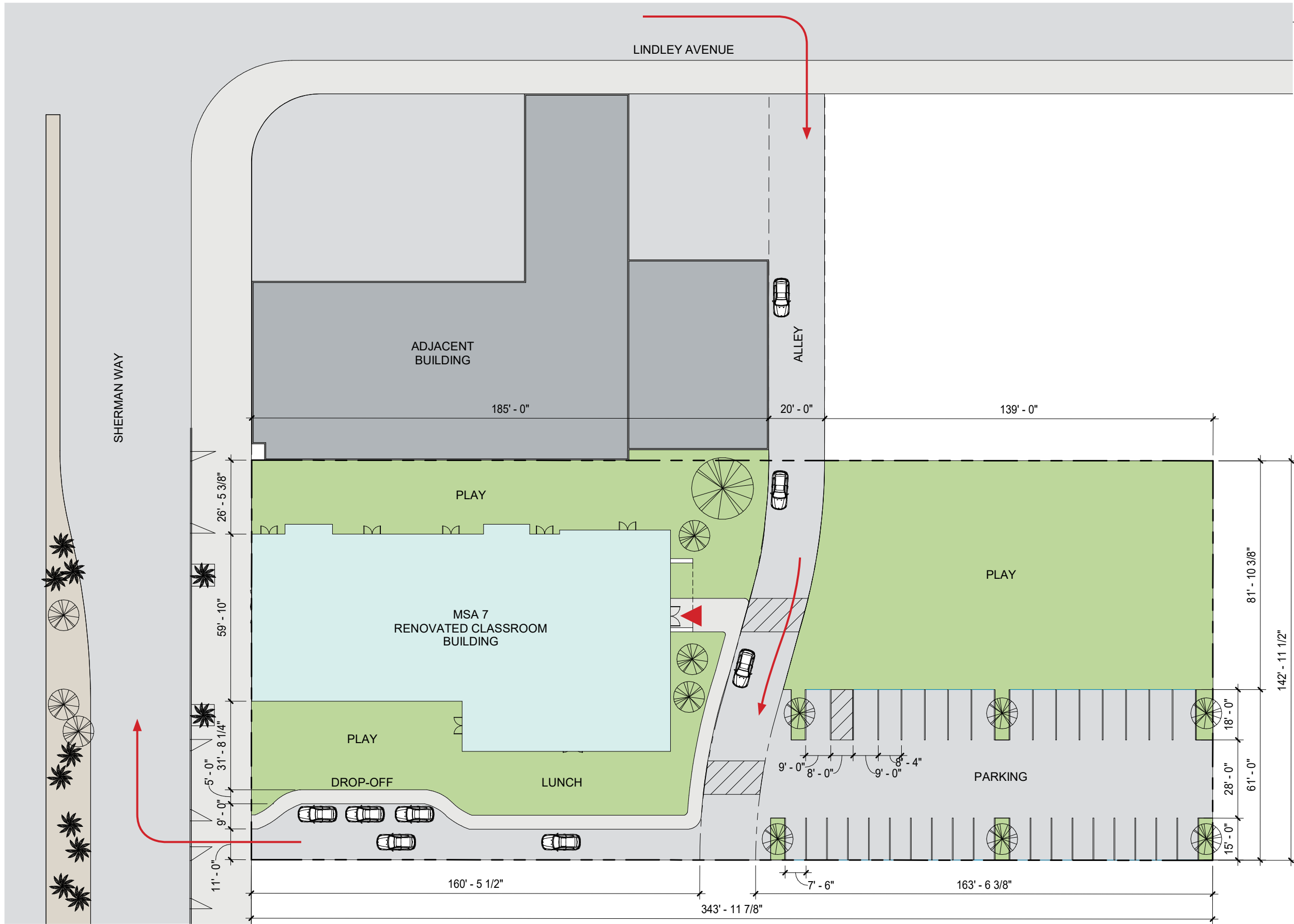
Conceptual Drawings



MAGNOLIA SCIENCE ACADEMY 7
TEST FITS

2 0 2 4 . 0 4 . 1 6





PHASE 1

LONG DRIVEWAY
INTERIOR RENOVATION 1.5 FLOORS

PARKING:
34 SPACES TOTAL
15 STANDARD SPACES (2 ADA)
19 COMPACT SPACES

14 CLASSROOMS

16,744 SF

362 STUDENTS

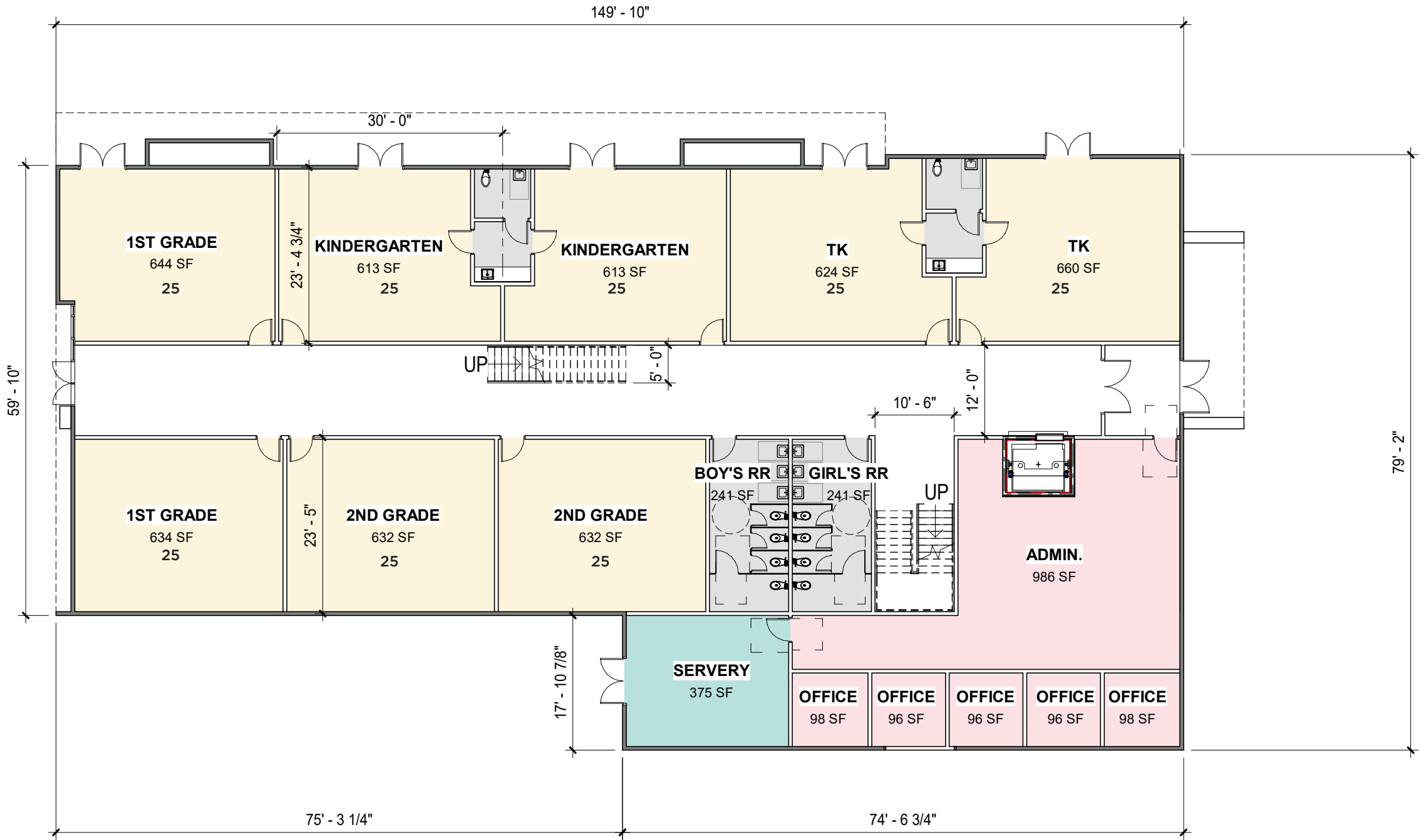


PHASE 1

14 CLASSROOMS
 1ST FLOOR = 8 CLASSROOMS
 2ND FLOOR = 6 CLASSROOMS

16,744 SF BUILDING
 1ST FLOOR = 10,047 SF
 2ND FLOOR = 6,697 SF

362 STUDENTS
 1ST FLOOR = 200 STUDENTS
 2ND FLOOR = 162 STUDENTS



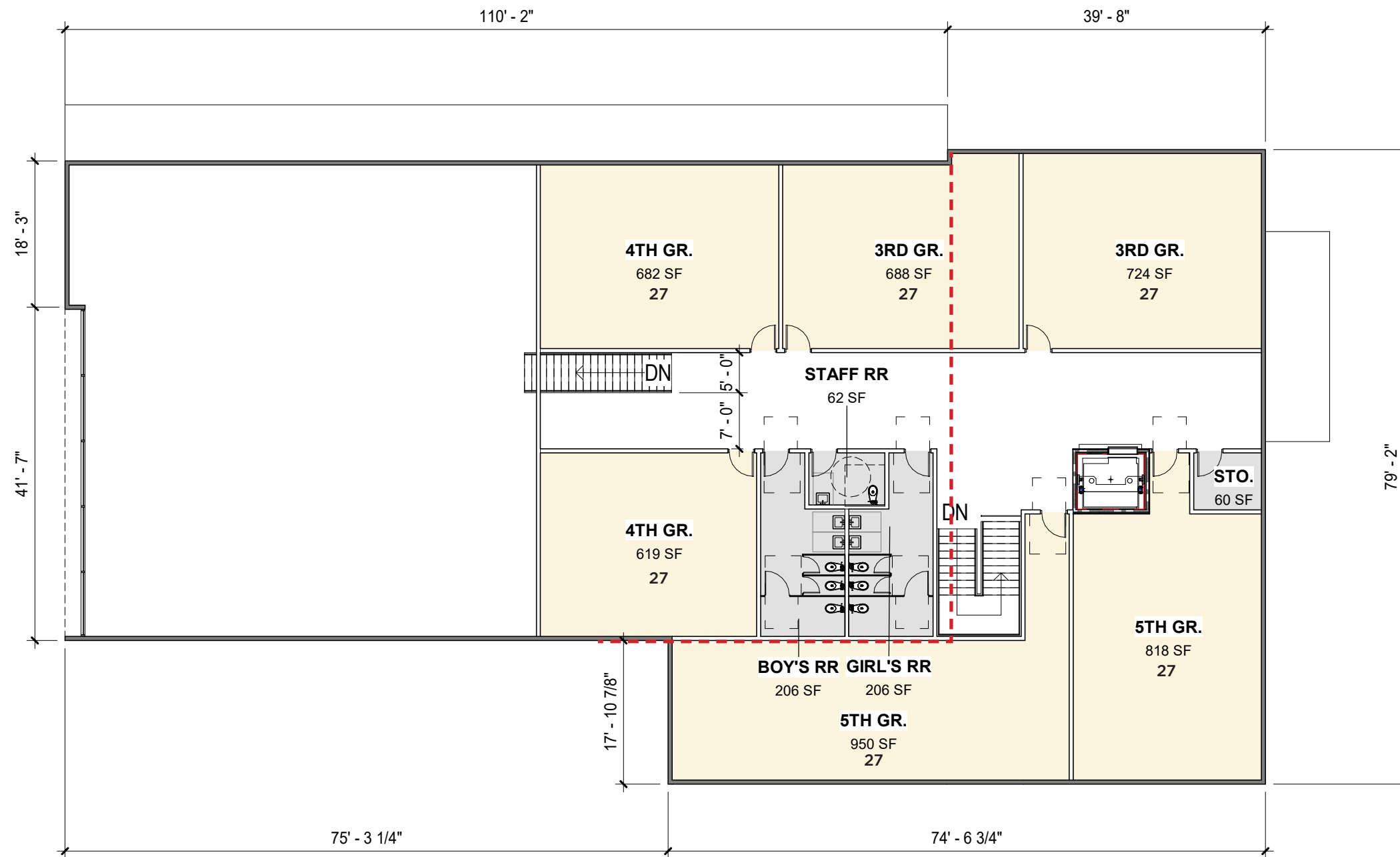
PHASE 1

14 CLASSROOMS
 1ST FLOOR = 8 CLASSROOMS
 2ND FLOOR = 6 CLASSROOMS

16,744 SF BUILDING
 1ST FLOOR = 10,047 SF
 2ND FLOOR = 6,697 SF

362 STUDENTS
 1ST FLOOR = 200 STUDENTS
 2ND FLOOR = 162 STUDENTS

--- LINE OF EXISTING FLOOR



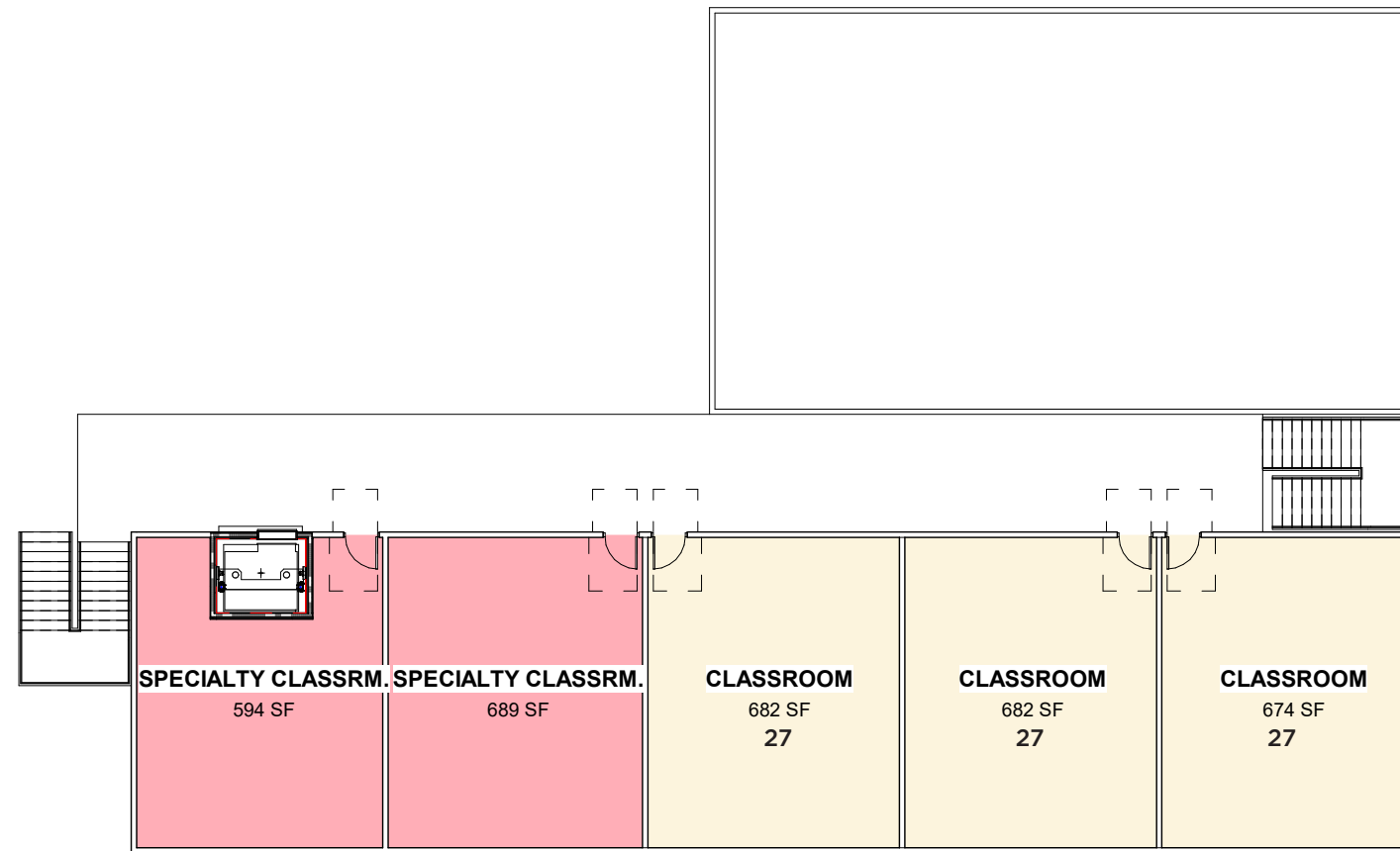
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NEW SE BUILDING
REQUIRES CUP

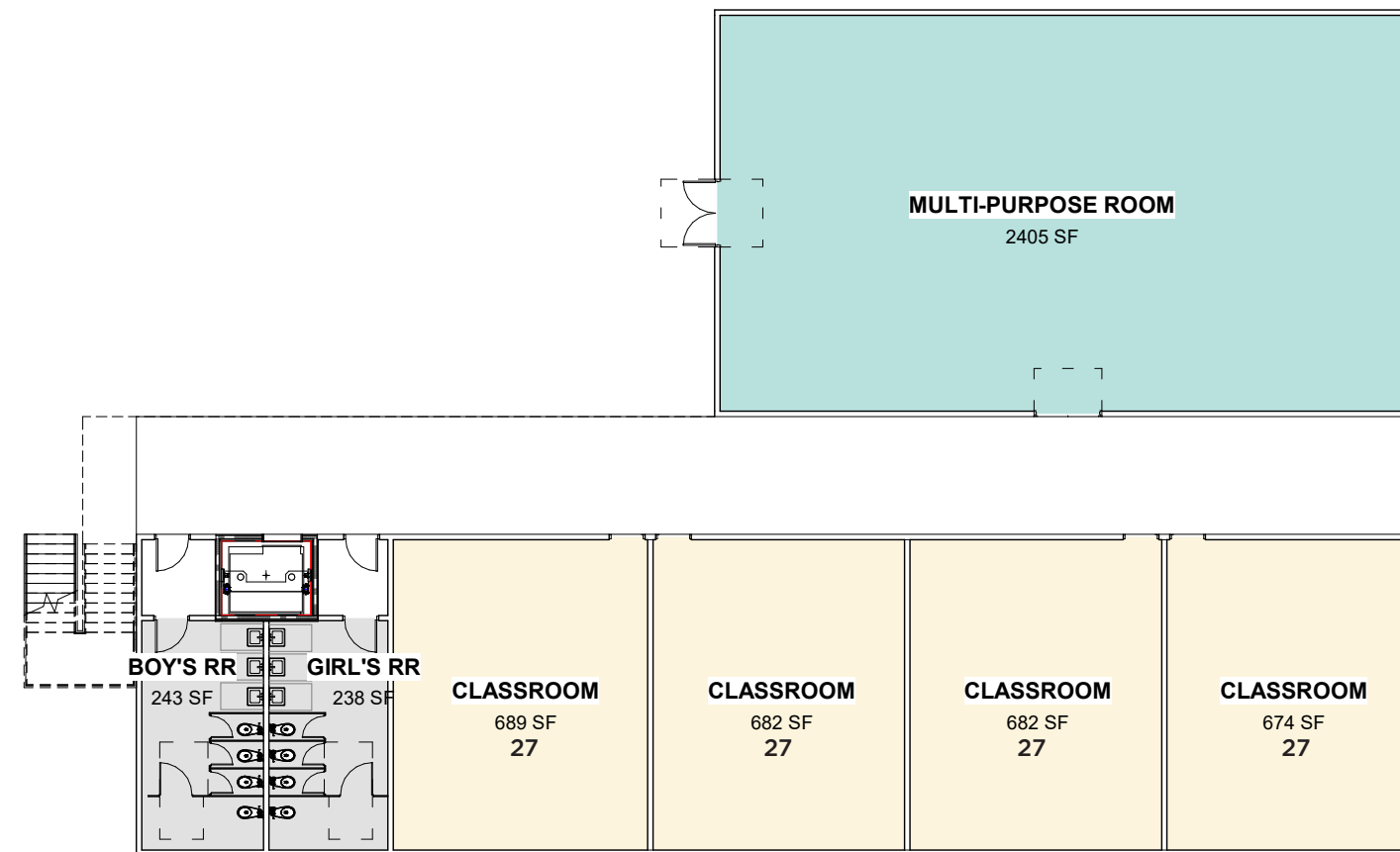
23 CLASSROOMS TOTAL
PHASE 1 = 14 CLASSROOMS
PHASE 2 = 9 CLASSROOMS

26,051 SF
PHASE 1 = 16,744 SF
PHASE 2 = 9,307 SF

551 STUDENTS
(189 STUDENTS ADDED IN PHASE 2)

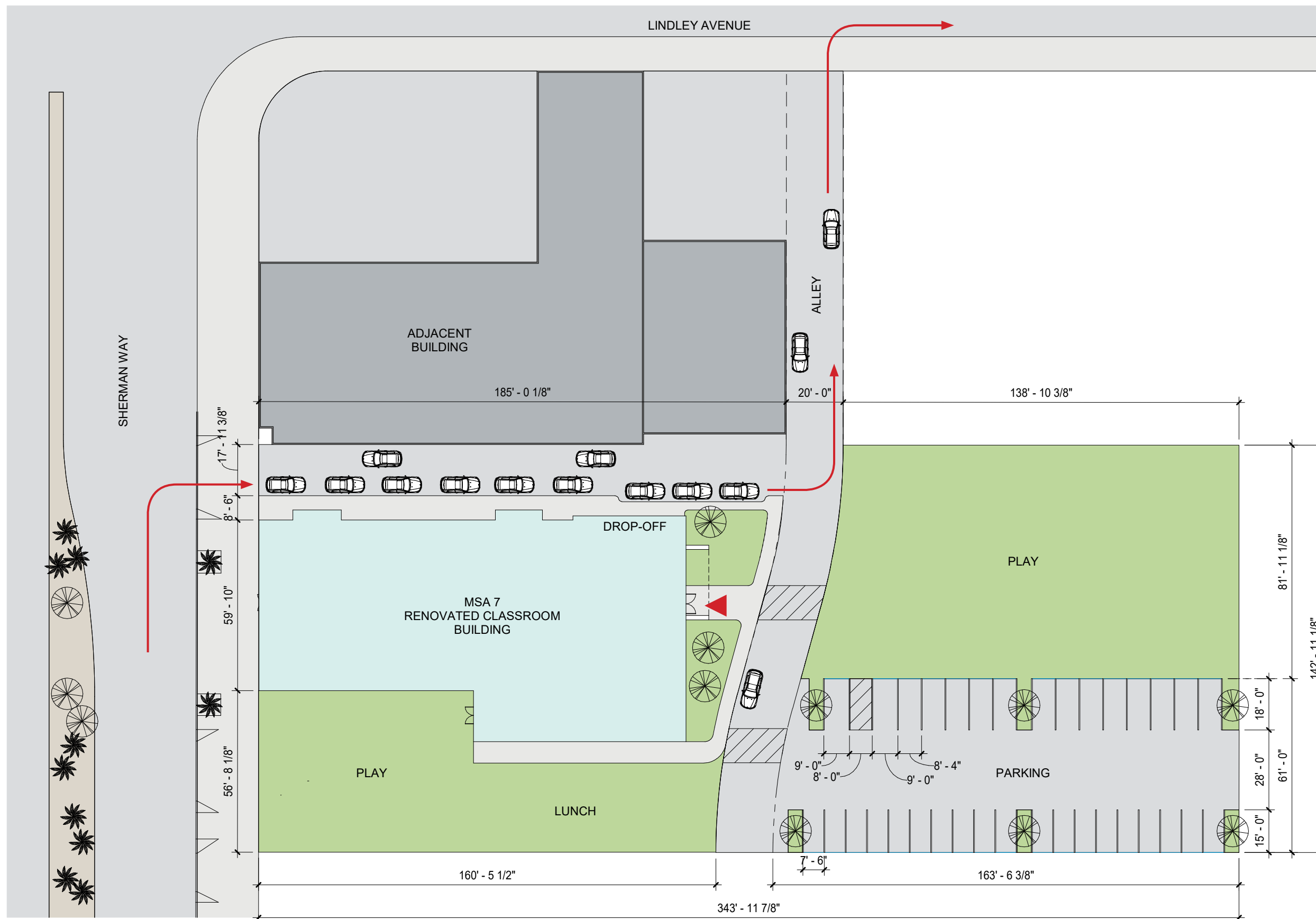


SECOND FLOOR



FIRST FLOOR





PHASE 1

SHORT DRIVEWAY
INTERIOR RENOVATION 2 FLOORS

PARKING:
34 SPACES TOTAL
15 STANDARD SPACES (2 ADA)
19 COMPACT SPACES

18 CLASSROOMS

20,094 SF

470 STUDENTS

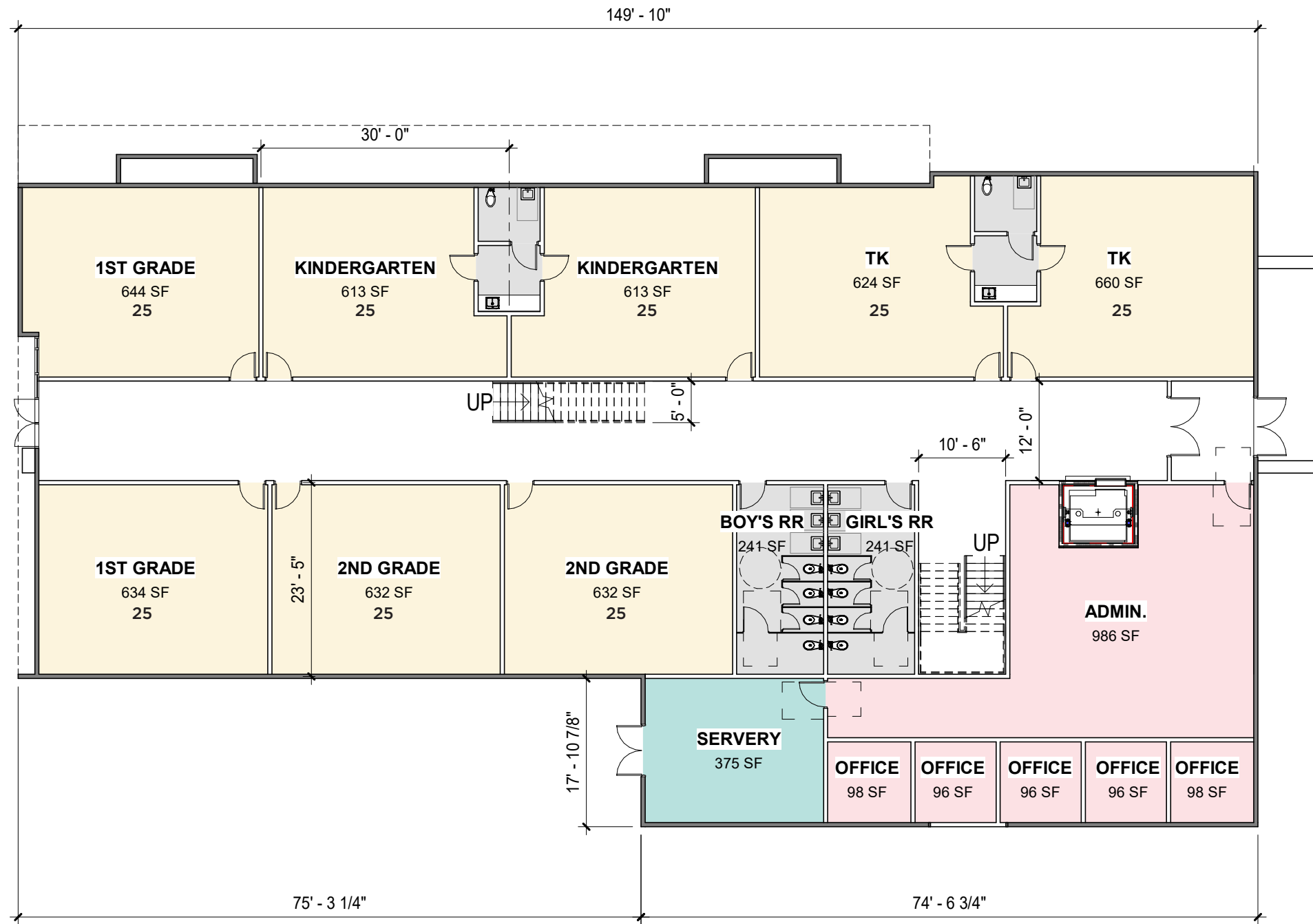


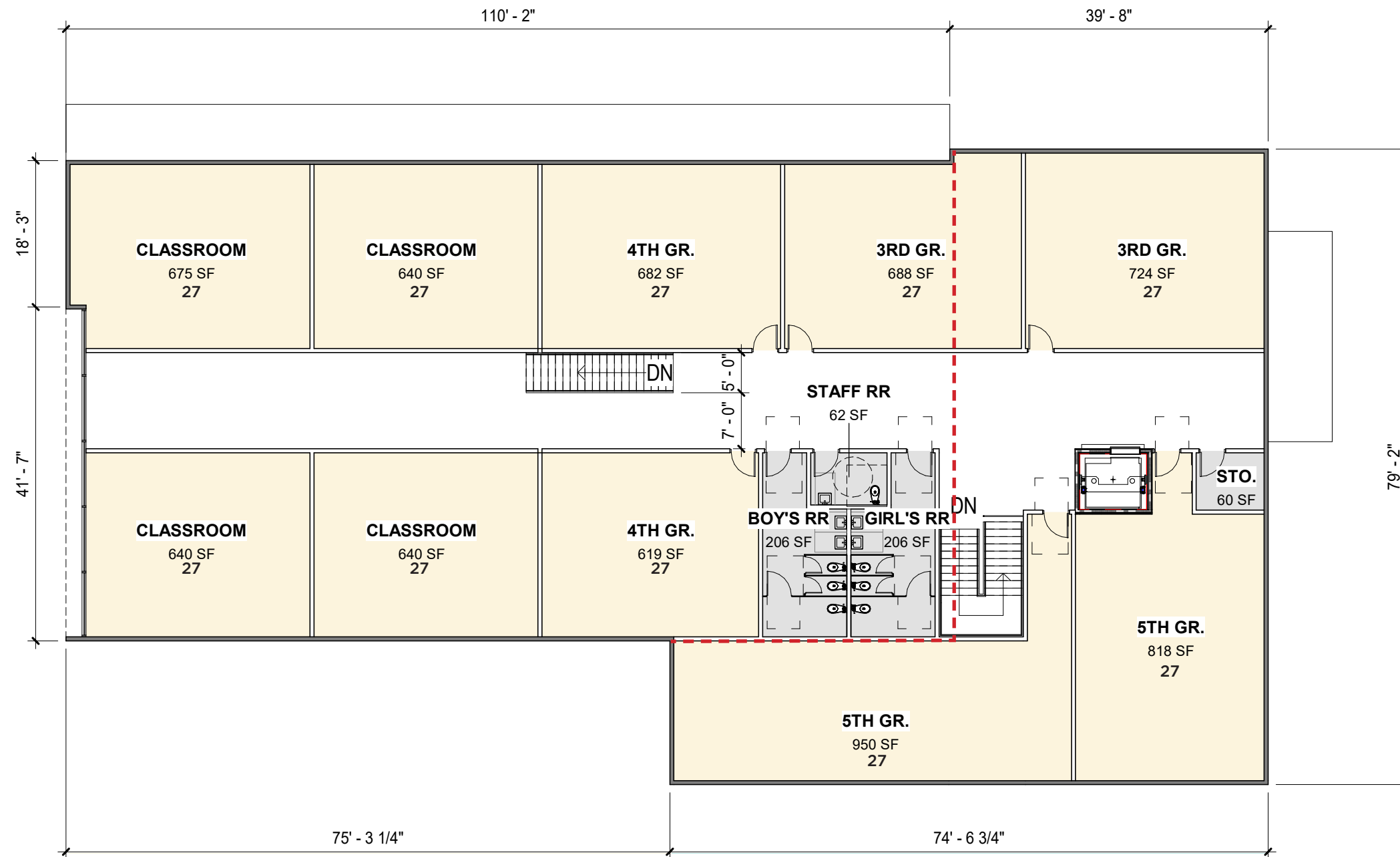
PHASE 1

18 CLASSROOMS TOTAL
 1ST FLOOR = 8 CLASSROOMS
 2ND FLOOR = 10 CLASSROOMS

20,094 SF BUILDING
 1ST FLOOR = 10,047 SF
 2ND FLOOR = 10,047 SF

NUMBER OF STUDENTS = 470





PHASE 1

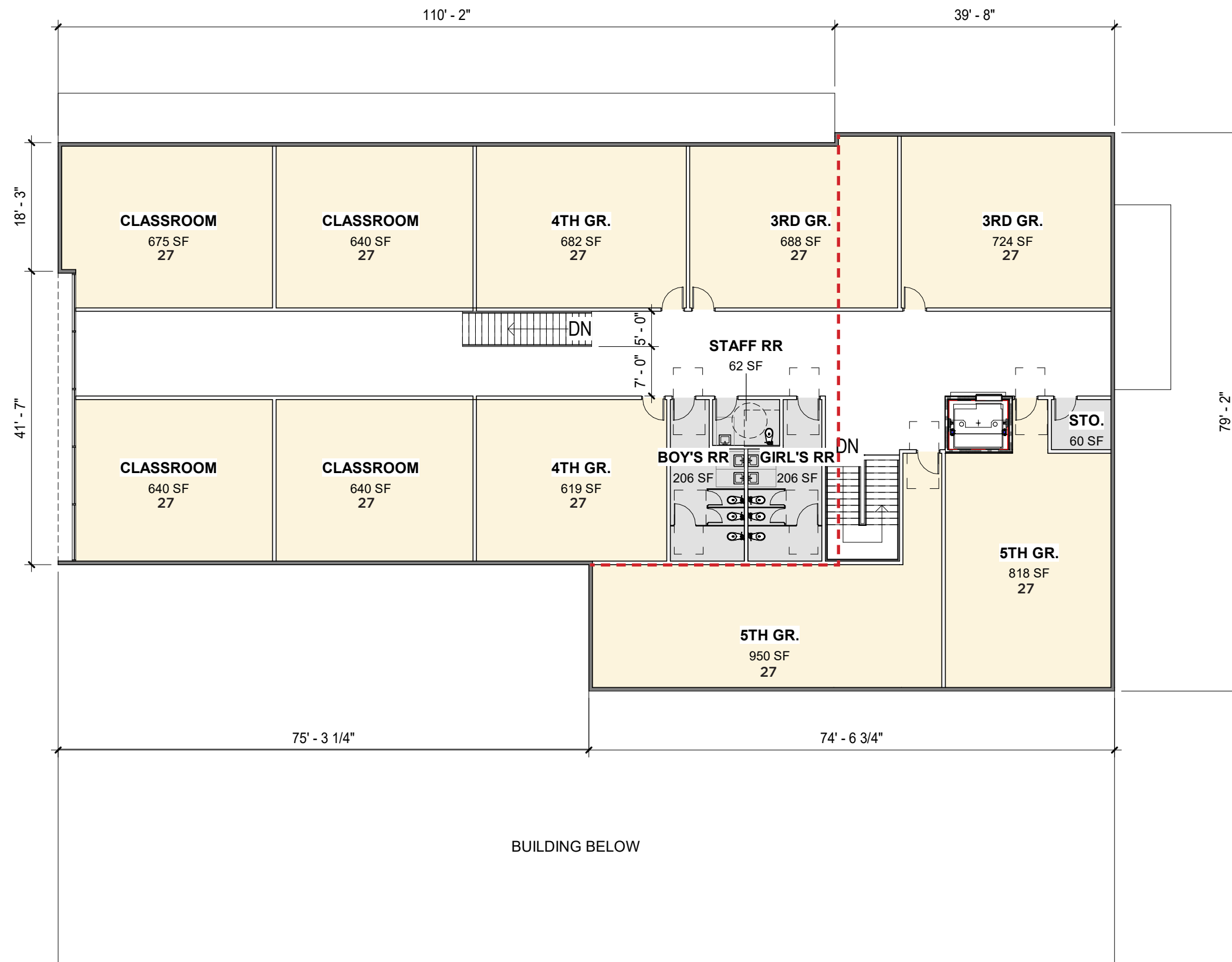
18 CLASSROOMS TOTAL
 1ST FLOOR = 8 CLASSROOMS
 2ND FLOOR = 10 CLASSROOMS

20,094 SF BUILDING
 1ST FLOOR = 10,047 SF
 2ND FLOOR = 10,047 SF

NUMBER OF STUDENTS = 470

--- LINE OF EXISTING FLOOR





PHASE 2

NEW BUILDING ON EXISTING SITE
NO CUP REQUIRED

21 CLASSROOMS TOTAL
PHASE 1 = 18 CLASSROOMS
PHASE 2 = 3 CLASSROOMS

24,474 SF TOTAL
PHASE 1 = 20,094 SF
PHASE 2 = 4,380 SF

*2ND FLOOR WITH ADDITIONAL
CLASSROOMS IS POSSIBLE.

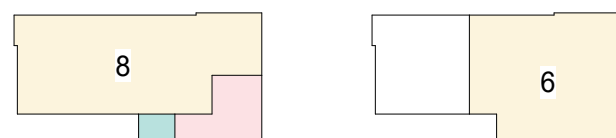
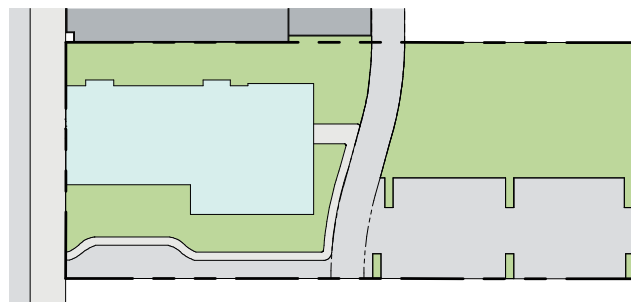
NUMBER OF STUDENTS = 551
(81 STUDENTS ADDED IN PHASE 2)

--- LINE OF EXISTING FLOOR



OPTION 1A

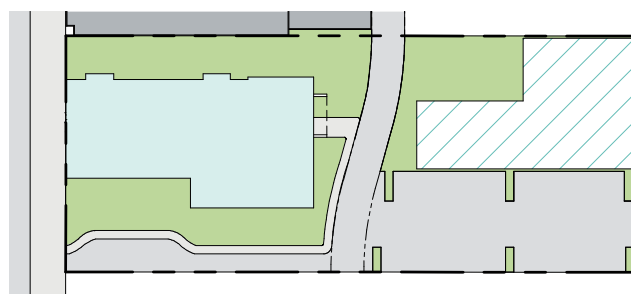
PHASE 1



PHASE 1

14 CLASSROOMS
362 STUDENTS
16,744 SF

PHASE 2

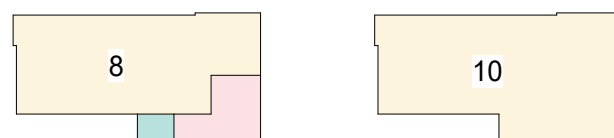
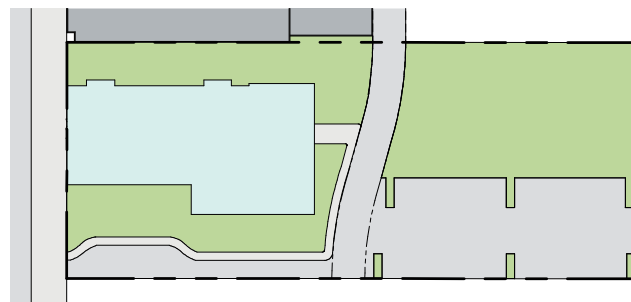


PHASE 1 + PHASE 2

23 CLASSROOMS (21 + 2 SPECIALTY)
551 STUDENTS
26,051 SF

OPTION 1B

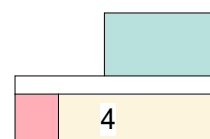
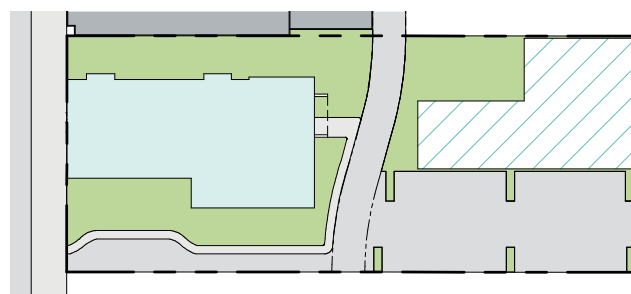
PHASE 1



PHASE 1

18 CLASSROOMS
470 STUDENTS
20,094 SF

PHASE 2

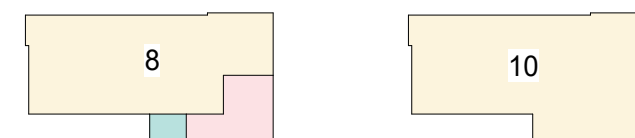
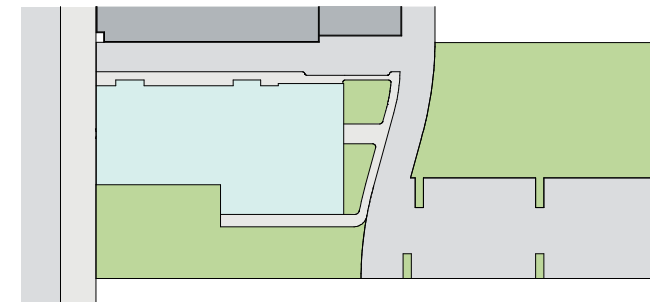


PHASE 1 + PHASE 2

22 CLASSROOMS (21 + 1 SPECIALTY)
578 STUDENTS
25,950 SF

OPTION 2

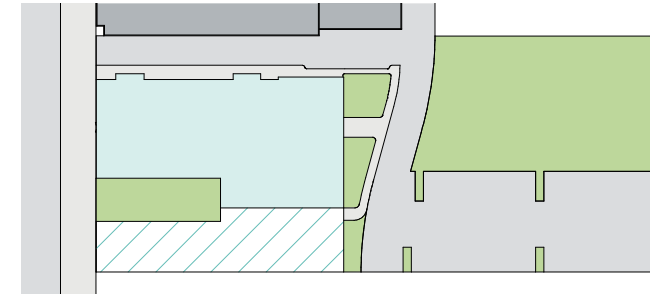
PHASE 1



PHASE 1

18 CLASSROOMS
470 STUDENTS
20,094 SF

PHASE 2



PHASE 1 + PHASE 2

21 CLASSROOMS
551 STUDENTS
24,474 SF

LEGEND

- CLASSROOMS
- SPECIALTY CLASSROOMS
- MULTIPURPOSE ROOM
- ADMINISTRATION





Exhibit D

Pro Forma Financial Analysis

