



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	II K
Date:	June 6, 2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Frank Gonzalez, Chief Growth Officer
RE:	Approval of Orrick Reimbursement Finance Resolution

Proposed Board Recommendation

I move that the board approve the Reimbursement Finance Resolution.

Background

The Reimbursement Finance Resolution will allow Magnolia to use certain proceeds from future debt obligations to reimburse incurred expenditures on capital projects.

Budget Implications

Adopting the resolution will allow Magnolia to recoup development costs for capital projects.

Name of Staff Originator:

Frank Gonzalez, Chief Growth Officer

Attachments

Reimbursement Finance Resolution

BOARD OF DIRECTORS OF
MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
RESOLUTION AUTHORIZING ACTIONS IN PURSUIT OF
FINANCING FOR PUBLIC CHARTER SCHOOL PROJECTS
AND DECLARING OFFICIAL INTENT
TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS

WHEREAS, MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (for purposes of this resolution and the Treasury Regulations referenced herein, the “Corporation”), intends to acquire, construct, improve and equip public charter school facilities, as described in Appendix A attached hereto (the “Project”);

WHEREAS, the Corporation or a LLC in which the Corporation is the sole member (for purposes of this resolution and the Treasury Regulations either entity referenced herein, the “Borrower”) expects to pay certain expenditures (the “Reimbursement Expenditures”) in connection with the Project prior to the issuance of indebtedness on behalf of the Borrower for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Borrower expects it will be necessary to employ attorneys and consultants and to incur costs and expenses in preparing the proceedings for the issuance of said indebtedness on behalf of the Borrower, and in connection with the acquisition and construction of the Project and the lease thereof to charter school tenants;

WHEREAS, the Borrower reasonably expects that debt obligations in an amount not expected to exceed \$30,000,000 will be issued on behalf of the Borrower in order to finance the Project, and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the regulations promulgated by the United States Department of the Treasury (the “Treasury Regulations”) requires the Borrower to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing, if such proceeds are to be deemed spent upon the reimbursement allocation, for purposes of federal tax law;

NOW, THEREFORE, the Board of Directors of the Corporation hereby finds, determines, resolves and declares:

Section 1. The Board of Directors hereby finds and determines that the above recitals are true.

Section 2. For purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations, the Board of Directors hereby declares its official intent to use proceeds of indebtedness to reimburse the Borrower for Reimbursement

Expenditures. This declaration does not bind the Borrower to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The officers, employees and agents of the Borrower, including the financing team assembled for the purpose, are hereby authorized and directed to prepare proceedings culminating in the authorization, sale and issuance of a series of bonds and the loan of proceeds to the Borrower, and to do any and all things which they may deem necessary or advisable in order to carry out, give effect to, and comply with the terms and intent of this Resolution, provided that this Board shall be presented with and shall approve the financing documents prepared for the purpose. Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, is hereby authorized and directed to prepare a resolution and other necessary documents for approval by the Board at a subsequent meeting, which shall specify terms and conditions under which the Borrower will agree to borrow the proceeds of the bonds and apply them to the Project.

Section 4. The Corporation hereby authorizes the payment of any expenses incurred in connection with the preparation of proceedings for the issuance of said indebtedness on behalf of the Borrower and the lease of the Project, including legal and financial consulting expenses.

Section 5. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the Board of Directors of Magnolia Educational & Research Foundation this __ day of _____ 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

DATE: _____

President, Board of Directors

ATTEST:

Secretary

APPENDIX A

(Project Description)

Acquisition, rehabilitation, construction, furnishing and equipping of public charter school facilities for grades K through 12 located in the City of Los Angeles, California, City of San Jose, California, City of Santa Ana, California, City of San Diego, California and City of Northridge, California, which may include but are not limited to classrooms, multi-purpose rooms, playing fields, administration spaces, restrooms and parking areas.