



Board Agenda Item #	III I
Date:	March 9, 2017
To:	MPS Board
From:	Caprice Young, Ed.D. CEO & Superintendent,
Staff Lead:	Frank Gonzalez, CGO; Nanie Montijo, CFO
RE:	MSA 1- New School Building Update

Proposed Board Recommendation

I move that the board approve the capital improvement project and preliminary budget for the new campus for MSA 1 in Reseda, CA and direct staff to proceed with the execution of the project to be completed for school year 2018-19.

Background

In December 2016, the Board authorized the CEO & Superintendent to proceed with internal intra-company loans to address cash flow needs for purposes of executing capital improvement projects, including for MSA 1, until longer term external financing can be put in place.

Development Update

Magnolia staff and the development team are working on construction documents for the new classroom building for MSA 1. The new building will be a two-story building of approximately 25,000 square feet and will allow the school to enroll up to 925 students total. Once completed, the plans will be submitted to the Los Angeles Department of Building and Safety (LADBS).

It is anticipated that LADBS will provide a review, return comments and have a ready to issue construction permit in Summer 2017. Abatement and demolition of the existing building will take place in July 2017 with construction to follow immediately thereafter. Construction of the new two-story building will take 9-10 months and be ready for Fall 2018 occupancy.

Future Contract(s)

The demolition and construction contract for the MSA 1 project will be bid out to qualified contractors. A recommendation for contract approval(s) and execution will be brought to the Facilities and Finance Committees and the full Magnolia Board for review and approval.

Operational Impact

MSA 1 can continue to operate at its current site during construction of the new building. All construction activity will be limited to the new site and be fenced off for safety reasons.

Magnolia staff continue to explore the possibility of partnering with the City of Los Angeles to develop a gymnasium adjacent to MSA 1, or at minimum, swapping land with the City to construct a gymnasium for use in future years by MSA 1 students. Utilization of the existing parking lot as play space and/or the leasing of a temporary gymnasium might be necessary in order for the school to have a facility to deliver the physical education program.

Financing Update

In December 2016 LACOE approved MSA 1, 2, and 3. Since that time Magnolia has moved ahead with our planned bond financing with Hamlin, the investors of our \$6.02m 2014 bonds. We have executed a term sheet to amend the 2014 \$6.02MM bond financing and provide financing for the MSA 1, MSA SD and MSA SA facilities projects.

Funds that are utilized for any development costs for MSA 1 will be reimbursed to Magnolia once the bond closes, including the \$1M previously utilized to acquire the site. The Magnolia Board previously authorized a reimbursement resolution that enables this.

Permanent financing for the MSA 1 project will be from the tax -exempt bond.

The school has also received a three year grant from the state of California for up to \$1.5MM for capital improvement and construction costs to the facilities. The competitive grant was awarded via the Charter School Facilities Incentive Grant Program. Staff is working with state personnel to determine the highest and best use of these funds, possibly including construction of a new gymnasium in future years.

Attachments:

- MSA 1 Development Budget

- MSA 1 Site Plan
- MSA 1 5 Year Pro Forma

