



Board Agenda Item #	Agenda # II E
Date:	April 6, 2017
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Frank Gonzalez, Chief Growth Officer
RE:	MSA 7 Lease Agreement Extension

Proposed Board Recommendation

I move that the board authorize the CEO or a designed to review and execute the lease extension for Magnolia Science Academy 7 at their current location at 18355 Roscoe Blvd, Northridge, CA 91325.

Background

The current lease has an option for an extension. This action, and the subsequent execution of the lease, will trigger the five-year extension. We have notified the landlord of the intent to stay at the site and extend the lease.

The term of the lease renewal will be for five (5) years beginning in school year 2017-2018 and be valid through school year through 2021-2022.

Per the existing agreement there are rental increases of 3% per year in the lease. Below is a schedule of the monthly lease amounts due by year, beginning August 1st of each year.

- August 1, 2017: \$20,866.93
- August 1, 2018: \$21,492.94
- August 1, 2019: \$22,137.73
- August 1, 2020: \$22,801.86
- August 1, 2021: \$23,485.92

In addition, the landlord is requesting the following:

An increase to the original security deposit from the current \$20,259.16 to \$23,485.92.

- An increase to the trash collection fee which is currently \$634.02 per month. The fee has

not been raised in five (5) years. The fee increase will be based on the renegotiation of the contract with the trash service provider which will happen in Summer 2017.

- A fee for the cost of additional recycling bins of \$50.50 per month.
- An increase to the cost for the hourly maintenance service of 13.5 hours per week from \$10,000 per year to \$11,232. The increase will allow the handyman to receive a salary increase.

Magnolia staff is negotiating these terms with the landlord.

As a related item, Magnolia staff has met with the Landlord to plan a new school facility on the same site. A revision to the lease costs is contemplated once the new facilities are designed and constructed. The new facility is being planned for a Fall 2019 occupancy.

Budget Implications

An increase to the school's annual operating expenses.

How Does This Action Relate/Affect/Benefit All MSAs?

This provides a stable facility for MSA 7 students for the upcoming five years.

Name of Staff Originator:

Frank Gonzalez, Chief Growth Officer

Attachments

None