



Board Agenda Item #	Agenda # II I
Date:	June 14, 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 to execute the lease agreement extension for MSA 7 for the next five (5) years beginning with the 2017-2018 school year.

Background

This is the renewal of the lease agreement for the MSA 7 site at 18355 Roscoe Blvd., Northridge, CA 91325. The Lessor is LIFEhouse Church.

Budget Implications

The lease costs have been reviewed and included in the school's annual budget.

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

This lease will allow MSA 7 to continue to provide a safe and convenient facility for students attending the school.

Name of Staff Originator:

Frank Gonzalez, Chief Growth Officer

Attachments

Lease

Lease Extension Terms (2017-2022)

Magnolia Science Academy 7
Lease Extension Terms
2017-2022

The following lease extension terms and conditions shall be incorporated as an exhibit to the executed lease between Lessor, First Lutheran Church of Northridge (LIFEhouse Church), and Lessee, Magnolia Science Academy 7, for premises located at 18355 Roscoe Blvd., Northridge, California, 91325.

Rent Schedule

In continuing the established 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 / month
August 1, 2018: \$21,492.94 / month
August 1, 2019: \$22,137.73 / month
August 1, 2020: \$22,801.86 / month
August 1, 2021: \$23,485.92 / month

Security Deposit

The security deposit will need to be updated to the monthly lease amount of the fifth year of the lease extension, 2021, per the terms in the lease agreement. The original deposit was \$20,259.16. This amount will be updated to \$23,485.92. The difference of \$3,226.76 shall be deposited with Lessor via a check.

Additional Costs

Trash Collection

MSA-7 has had a fixed rate of \$634.02 per month for trash bin collection. Trash shall be \$634.02/month until August 1, 2017. The amount will be adjusted according to the new contract with the trash collection service provider.

Recycling Bin

As of August 1, 2017 the cost of the city required recycling bin will be split 50/50. Based on the current rate, the school portion would be \$50.50/month. The amount will be adjusted according to the new contract with the trash collection service provider.

Maintenance Personnel

The wage for maintenance personnel shall be \$16 per hour. The school shall pay \$11,232/year or \$936/month.

Air Conditioning

The A/C monthly reimbursement of \$41.66 will remain the same through mid-2025 per our agreement when it will be paid in full. These costs will cover the replacement of defective units per the lease agreement terms.

Signed,

Dr. Caprice Young
President and CEO
Magnolia Public Schools

Dana Hanson
Pastor
LIFEhouse Church

Date

Date



SCHOOL BROKERAGE

BUSINESS AND REAL ESTATE
SERVICES FOR SCHOOLS

Addendum to Lease The following is an addendum to the lease dated December 1, 2011 between First Lutheran Church of Northridge ("Lessor") and Magnolia Science Academy - 7 ("Lessee") for the school premises located at: 18355 Roscoe Blvd. Northridge, CA 91325. The terms and conditions herein supersede the terms of the lease. In the event of conflict between the terms on the lease and those on this addendum, the terms of addendum will prevail.

LEASE TERMS:

1. January 1, 2012 through July 31, 2012, monthly rental rate shall be \$14,000 per month.

Annual base rent and rental increases shall be 3% annually beginning per the below five year schedule.

August 1, 2012: \$18,000/month
August 1, 2013: \$18,540/month
August 1, 2014: \$19,096.20/month
August 1, 2015: \$19,669.09/month
August 1, 2016: \$20,259.16/month

2. Lessee shall have a five year lease with two five year renewal options. As long as Lessee is not in breach of contract and has abided by all the terms stated in this lease, Lessee shall have the right to exercise the renewal option by sending a written request to Lessor six months prior to the end of the lease term.
3. Upon lease execution lessee shall deliver security deposit equal to last month's rent of \$20,259.16 as well as first month rent of \$14,000 for a total of \$34,259.16.

PROPERTY TAX:

4. Lessee shall seek property tax exemption under nonprofit status.

MAINTENANCE/UTILITIES:

5. Beginning January 1, 2012, Lessee shall be responsible for all of its own utilities, including electrical, gas, trash, telephone, cable, internet, alarm system, etc. The school building and grounds has its own set of utility meters:
 - Water meters = #CAN 1058588361 and #CAN 1058580476
 - Electric = #CAN 10583141131
 - Gas = #10911207008
 - Trash- To be determined
6. Beginning January 1, 2012, Lessee shall be responsible for its own janitorial expenses and supplies. Additionally, beginning January 1, 2012, Lessee agrees to pay current "maintenance team" \$10,000 per year –

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paid monthly in exchange for 13.5 hours per week (between 8:00am and 12:00pm Monday - Friday) of maintenance/upkeep of school grounds.

Maintenance Team duties are:

- Light janitorial and light maintenance:
- Cleaning the driveways and parking lot in the mornings
- Making sure that the playgrounds are clean and clear of debris
- Light plumbing
- Light cleaning of inside and outside of school buildings
- Fixing small problems such as doing paint work, handiwork, etc.

7. Lessor shall be responsible for the structural maintenance of the property and buildings (roof, walls, playgrounds and parking surfaces. Lessee shall be responsible for routine maintenance of A/C, plumbing in Lessee's buildings and any repairs and damages caused to the property by one of its agents, students, parents, and staff.

SUBLET/ASSIGNMENT

8. In addition to the language in the lease regarding subletting, the following shall be added: Lessor shall not unreasonably withhold approval of Lessee's sublessee if the sublessee meets and complies with the terms of this lease and contingent upon Lessor's approval of sublessee's finances.

TENANT IMPROVEMENTS:

9. Lessee shall be responsible for all tenant improvements, permits and upgrades necessary in order to obtain required approvals from all government agencies. Lessee shall be responsible for performing all tenant improvements according current codes.

CONDITION OF PREMISES:

10. Lessor shall deliver the Premises in its current "AS IS" Condition with all mechanical, plumbing, electrical systems in good working order.

SIGNAGE:

11. Lessor shall permit Lessee at Lessee's sole cost and expense, with Lessor's approval in regards to size, placement and content, to install signage facing Roscoe Blvd, in compliance with Los Angeles City and County regulations.

PARKING AND SHARED USE:

12. Shared use shall mean the following: Lessee has reasonable access and use of the property 24 hours a day, 7 days a week, with the exception of using the field, court, and playgrounds from 5:00pm on Friday thru 6:00am on Monday. If Lessee wishes to use property (field, court and playground) during those times, Lessee must obtain

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prior written permission from Lessor. Lessee shall allow Lessor, for the Lessor's own purposes, per the following:

- Three weekday nights from 6:30pm – 9:00pm – Multipurpose Room, Two Classrooms, Restrooms, Courts and Field.
- Saturday mornings from 9:00am – 12:00pm – Two Classrooms.
- Sunday mornings from 8:00am – 1:00pm – Multipurpose Room, Two Classrooms and Restrooms.

Lessor shall clean classrooms, multipurpose room and restrooms, immediately after their use. Lessor shall be responsible for any lost, broken or damaged items resulting from the use of the multipurpose room, classrooms, restrooms, courts and field.

Lessor shall work with Lessee in regards to the above shared use, so as to enable Lessee's uses are met.

Lessee shall not deny Lessor access to the pre-school. Such access is through the sports courts and parking lot and Lessor shall have that unrestricted access 24/7.

13. Lessee shall have unrestricted use of the parking during regular school hours so as to conduct regular school business (drop off- pick up- staff parking). Use of the parking lot for "after school programs" during weekends and after school hours which could have an impact on the Church's use of the parking lot, shall be discussed by Lessee and Lessor prior to such events being held. Lessor shall not unreasonably withhold such approval.

FINANCIAL STATEMENTS:

14. Supply us with financial statements showing Magnolia's ability to maintain the school at the 279 CUP maximum enrollment.
15. Lessor shall be responsible for any physical alternations that need to be made to the property/parking as mandated by the CUP. Lessee shall be responsible for adhering to the conditions imposed by the CUP.

REPRESENTATION AND BROKERAGE FEES:

16. Katalina Klein –School Brokerage is the brokerage representing Lessor and shall be receiving a commission equal to 2% (\$24,895.47) of the first term value of the lease paid in full upon execution of lease documents. Kismet Investment Properties Inc. is the brokerage representing the Lessee and shall receive a commission from the Lessor in the amount of 2% of the total value of the first term of the lease, payable in full upon execution of lease documents. [$\$1,244,773.40$ (first term value) \times 2% = \$24,895.47]

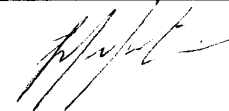
In addition Kismet Investment Properties Inc. shall receive a commission from the Lessee in the amount of 0.5% of the total value of the first term of the lease upon execution of the lease.

First Lutheran Church, Northridge:

By: 

Date: 12/21/11

Magnolia Science Academy -7:

By: 

Date: 12/20/2011