



# MAGNOLIA PUBLIC SCHOOLS

## Board Of Directors

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Board Agenda Item #	II.A
Date:	09.10.2015
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Frank Gonzalez, Chief Growth Officer
RE:	Approval of the State Charter School Facilities Incentive Grants Program Agreement for MSA-2, 4, and 5

### Proposed Board Recommendation

I move that the board accept the terms and conditions of the California School Finance Authority State Charter School Facilities Incentive Grants Program – Grant Agreement Number 11-43 for Magnolia Science Academy 2,4 and 5.

### Background

The California School Finance Authority awarded grants to Magnolia Science Academy 2, 4 and 5 under the State Charter School Facilities Incentive Grants Program. The per-pupil federal grants will be awarded in monthly disbursements over three years to Magnolia Science Academy 2, 4 and 5 for the projects described below.

Project Description: Lease costs for the charter school facilities located at 17125 Victory Blvd., Van Nuys, CA 91406

Project Description: Lease costs for the charter school facilities located at 11330 Graham Place, Los Angeles, CA 90064

Project Description: Lease costs for the charter school facilities located at 18230 Kittridge Street, Reseda, CA 91335

### Budget Implications

MSA-2 will receive \$74,297 annually (based on 75 percent of annual lease costs of \$99,062 during the 2015-16 school year), for a total three-year award of \$222,890.

MSA-4 will receive \$104,958 annually (based on 75 percent of annual lease costs of \$139,944 during the 2015-16 school year), for a total three-year award of \$314,873.

MSA-5 will receive \$74,297 annually (based on 75 percent of annual lease costs of \$99,063 during the 2015-16 school year), for a total three-year award of \$222,891.



# MAGNOLIA PUBLIC SCHOOLS

13950 Milton Ave. 200B Westminster, CA 92683

P: (714) 892-5066 F: (714) 362-9588

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Name of Staff Originator: Frank Gonzalez, Chief Growth Officer

## Attachments

Magnolia Science Academy 2 Grant Agreement.pdf  
Signed Award Letter – MSA 2.pdf

Magnolia Science Academy 4 Grant Agreement.pdf  
Signed Award Letter – MSA 4.pdf

Magnolia Science Academy 5 Grant Agreement.pdf  
Signed Award Letter – MSA 5.pdf

STATE OF CALIFORNIA

CALIFORNIA SCHOOL FINANCE AUTHORITY

300 South Spring Street, Suite 8500  
Los Angeles, CA 90013  
Telephone: (213) 620-4467  
Fax: (213) 620-6309



**MEMBERS:**

John Chiang, Chair  
*State Treasurer*

Tom Torlakson  
*Superintendent of Public Instruction*

Michael Cohen  
*Director of Finance*

**EXECUTIVE DIRECTOR:**

Katrina Johantgen

August 18, 2015

Oswaldo Diaz, CFO  
Magnolia Educational Research Foundation  
On behalf of Magnolia Science Academy-2  
13950 Milton Avenue 200B  
Westminster, CA 92683  
E-mail: [odiaz@magnoliapublicschools.org](mailto:odiaz@magnoliapublicschools.org)

Dear Mr. Diaz:

At its board meeting on August 12, 2015, the California School Finance Authority (Authority) awarded a grant to Magnolia Science Academy 2 (CDS Code 19-64733-0115212) under the State Charter School Facilities Incentive Grants Program (CFDA #84.282D). The per-pupil federal grant will be awarded in monthly disbursements over three years to Magnolia Science Academy 2 for the project described below.

Project Description:

Lease costs for the charter school facilities located at 17125 Victory Blvd., Van Nuys, CA 91406

Total Annual Grant Amount:

\$74,297 (based on 75 percent of annual lease costs of \$99,062 during the 2015-16 school year)

Grant funds are to be used for the immediate needs of the designated project and must be obligated and expended by the dates specified in the grant agreement (Cal. Code Regs., Title 4, §10185). Please review the enclosed agreement for the disbursement schedule as well as the terms and conditions of accepting the grant. Funds will be released as described.

To confirm acceptance of the grant award and begin receiving monthly disbursements, the following documentation will need to be received by the Authority at the letterhead address by **August 24, 2015**.

1. Grant agreement (including exhibits), signed by an official representative of the charter school;
2. Certified resolution of the school's governing board, accepting the terms and conditions of the grant agreement;

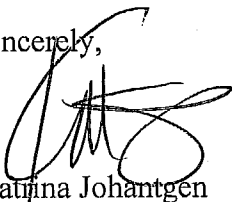
Oswaldo Diaz, CFO  
Magnolia Educational Research Foundation  
On behalf of Magnolia Science Academy-2  
August 18, 2015  
Page No. 2

3. Request for Disbursement of Grant Proceeds (see Exhibit B of the grant agreement as a sample);
4. Current, executed lease agreement (if applicable);
5. Current charter (if applicable); and
6. Verification of eligibility to receive federal funds by being actively registered in SAM (System for Award Management) at <https://www.sam.gov/portal/public/SAM/>.

Additionally, to ensure subgrantees will receive all eligible monthly disbursements by the close of the grant period, the Authority's regulations require current subgrantees provide verification of continued eligibility and confirmation of facility costs in February and August of each year. The regulations also provide that incomplete documentation will cause the subgrantee to forfeit the next monthly disbursement of the respective semi-annual disbursement cycle (March-August or September-February). If the documentation is still insufficient 30 days after February 28 or August 31, the subgrantee will forfeit all six monthly disbursements for the respective semi-annual disbursement cycle.

If you have any question about the above information or the State Charter School Facilities Incentive Grants Program, please contact the Authority at (213) 620-4467.

Sincerely,



Katijina Johantgen  
Executive Director

Enclosures

STATE OF CALIFORNIA

CALIFORNIA SCHOOL FINANCE AUTHORITY

300 South Spring Street, Suite 8500  
Los Angeles, CA 90013  
Telephone: (213) 620-4467  
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*State Treasurer*

Tom Torlakson  
*Superintendent of Public Instruction*

Michael Cohen  
*Director of Finance*

EXECUTIVE DIRECTOR:  
Katrina Johantgen

August 18, 2015

Oswaldo Diaz, CFO  
Magnolia Educational Research Foundation  
On behalf of Magnolia Science Academy-4  
13950 Milton Avenue 200B  
Westminster, CA 92683  
E-mail: [odiaz@magnoliapublicschools.org](mailto:odiaz@magnoliapublicschools.org)

Dear Mr. Diaz:

At its board meeting on August 12, 2015, the California School Finance Authority (Authority) awarded a grant to Magnolia Science Academy 4 (CDS Code 19-64733-0117622) under the State Charter School Facilities Incentive Grants Program (CFDA #84.282D). The per-pupil federal grant will be awarded in monthly disbursements over three years to Magnolia Science Academy 4 for the project described below.

Project Description:

Lease costs for the charter school facilities located at 11330 Graham Place, Los Angeles, CA 90064

Total Annual Grant Amount:

\$104,958 (based on 75 percent of annual lease costs of \$139,944 during the 2015-16 school year)

Grant funds are to be used for the immediate needs of the designated project and must be obligated and expended by the dates specified in the grant agreement (Cal. Code Regs., Title 4, §10185). Please review the enclosed agreement for the disbursement schedule as well as the terms and conditions of accepting the grant. Funds will be released as described.

To confirm acceptance of the grant award and begin receiving monthly disbursements, the following documentation will need to be received by the Authority at the letterhead address by **August 24, 2015**.

1. Grant agreement (including exhibits), signed by an official representative of the charter school;
2. Certified resolution of the school's governing board, accepting the terms and conditions of the grant agreement;

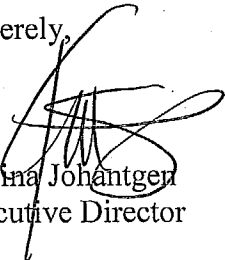
Oswaldo Diaz, CFO  
Magnolia Educational Research Foundation  
On behalf of Magnolia Science Academy-4  
August 18, 2015  
Page No. 2

3. Request for Disbursement of Grant Proceeds (see Exhibit B of the grant agreement as a sample);
4. Current, executed lease agreement (if applicable);
5. Current charter (if applicable); and
6. Verification of eligibility to receive federal funds by being actively registered in SAM (System for Award Management) at <https://www.sam.gov/portal/public/SAM/>.

Additionally, to ensure subgrantees will receive all eligible monthly disbursements by the close of the grant period, the Authority's regulations require current subgrantees provide verification of continued eligibility and confirmation of facility costs in February and August of each year. The regulations also provide that incomplete documentation will cause the subgrantee to forfeit the next monthly disbursement of the respective semi-annual disbursement cycle (March-August or September-February). If the documentation is still insufficient 30 days after February 28 or August 31, the subgrantee will forfeit all six monthly disbursements for the respective semi-annual disbursement cycle.

If you have any question about the above information or the State Charter School Facilities Incentive Grants Program, please contact the Authority at (213) 620-4467.

Sincerely,



Katrina Johantgen  
Executive Director

Enclosures

STATE OF CALIFORNIA

CALIFORNIA SCHOOL FINANCE AUTHORITY

300 South Spring Street, Suite 8500  
Los Angeles, CA 90013  
Telephone: (213) 620-4467  
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Michael Cohen  
*Director of Finance*

**EXECUTIVE DIRECTOR:**  
Katrina Johantgen

August 18, 2015

Oswaldo Diaz, CFO  
Magnolia Educational Research Foundation  
On behalf of Magnolia Science Academy-5  
13950 Milton Avenue 200B  
Westminster, CA 92683  
E-mail: [odiaz@magnoliapublicschools.org](mailto:odiaz@magnoliapublicschools.org)

Dear Mr. Diaz:

At its board meeting on August 12, 2015, the California School Finance Authority (Authority) awarded a grant to Magnolia Science Academy 5 (CDS Code 19-64733-0117630) under the State Charter School Facilities Incentive Grants Program (CFDA #84.282D). The per-pupil federal grant will be awarded in monthly disbursements over three years to Magnolia Science Academy 5 for the project described below.

Project Description: Lease costs for the charter school facilities located at 18230 Kittridge Street, Reseda, CA 91335

Total Annual Grant Amount: \$74,297 (based on 75 percent of annual lease costs of \$99,063 during the 2015-16 school year)

Grant funds are to be used for the immediate needs of the designated project and must be obligated and expended by the dates specified in the grant agreement (Cal. Code Regs., Title 4, §10185). Please review the enclosed agreement for the disbursement schedule as well as the terms and conditions of accepting the grant. Funds will be released as described.

To confirm acceptance of the grant award and begin receiving monthly disbursements, the following documentation will need to be received by the Authority at the letterhead address by **August 24, 2015**.

1. Grant agreement (including exhibits), signed by an official representative of the charter school;
2. Certified resolution of the school's governing board, accepting the terms and conditions of the grant agreement;

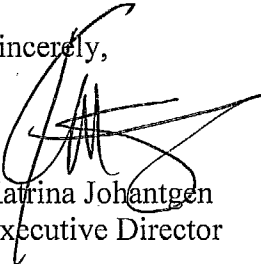
Oswaldo Diaz, CFO  
Magnolia Educational Research Foundation  
On behalf of Magnolia Science Academy-5  
August 18, 2015  
Page No. 2

3. Request for Disbursement of Grant Proceeds (see Exhibit B of the grant agreement as a sample);
4. Current, executed lease agreement (if applicable);
5. Current charter (if applicable); and
6. Verification of eligibility to receive federal funds by being actively registered in SAM (System for Award Management) at <https://www.sam.gov/portal/public/SAM/>.

Additionally, to ensure subgrantees will receive all eligible monthly disbursements by the close of the grant period, the Authority's regulations require current subgrantees provide verification of continued eligibility and confirmation of facility costs in February and August of each year. The regulations also provide that incomplete documentation will cause the subgrantee to forfeit the next monthly disbursement of the respective semi-annual disbursement cycle (March-August or September-February). If the documentation is still insufficient 30 days after February 28 or August 31, the subgrantee will forfeit all six monthly disbursements for the respective semi-annual disbursement cycle.

If you have any question about the above information or the State Charter School Facilities Incentive Grants Program, please contact the Authority at (213) 620-4467.

Sincerely,



Katrina Johantgen  
Executive Director

Enclosures



**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-43**

**MAGNOLIA SCIENCE ACADEMY 2  
AND MAGNOLIA EDUCATIONAL RESEARCH FOUNDATION  
CDS CODE 19-64733-0115212  
17125 VICTORY BLVD., VAN NUYS, CA 91406**

THIS GRANT AGREEMENT (AGREEMENT) IS MADE this seventeenth day of August 2015, between Magnolia Science Academy 2 and Magnolia Educational Research Foundation, collectively referred to as Subgrantee, and the California School Finance Authority (Authority).

**RECITALS**

- A. The Subgrantee has applied to the Authority for a State Charter School Facilities Incentive Grant (Grant) (CFDA #84.282D) and the Subgrantee's Application, which is attached hereto as Exhibit A, has been determined by the Authority to meet eligibility requirements, and the Subgrantee was awarded a Grant through a competitive process.
- B. The Authority proposes to grant \$74,297 annually, for a total three-year award of \$222,890 to the Subgrantee from the State Charter School Facilities Incentive Grant Fund (Fund) for the Project as defined below on the terms and conditions herein contained.
- C. The Subgrantee proposes to apply all funds received as a Grant award toward the lease costs of a charter school facility for Magnolia Science Academy 2, operating at 17125 Victory Blvd., Van Nuys, CA 91406 (Project).
- D. The term of this Agreement shall be thirty-six (36) months from the execution date of this Agreement, unless at the Authority's discretion, the time period is amended in writing.
- E. This Grant Program and continuing apportionments to the Subgrantee's are contingent upon the receipt of funds in each budget period as scheduled by the United States Department of Education.
- F. The purpose of this Agreement is to set forth the terms and conditions upon which the Authority will provide the Grant to the Subgrantee to undertake the Project.

NOW, THEREFORE, the Authority and the Subgrantee agree as follows:

**ARTICLE I – DEFINITIONS**

Section 1.1 – COMMITMENT LETTER means the Authority's notification to the Subgrantee that contains the terms and conditions of funding, attached hereto as Exhibit D (incorporated herein by reference).

Section 1.2 – DOCUMENT RESOLUTION means Authority resolution number 06-07 "Approving the Forms of Grant Agreement," dated January 24, 2006.

Section 1.3 – ELIGIBLE COSTS means those designated Project costs consistent with the Grant and the Grant Documents, and approved by the Authority as set forth in the Authority's Commitment Letter attached hereto as Exhibit D.

Section 1.4 – EXECUTIVE DIRECTOR means the Executive Director authorized to act on behalf of the Authority.

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-43**

Section 1.5 – FUNDING RESOLUTION means Authority resolution number 15-25 “Approving Awards and Authorizing the Disbursement of Funds under the Eleventh Funding Round of the State Charter School Facilities Incentive Grants Program,” dated August 12, 2015.

Section 1.6 - GRANT or GRANT PROGRAM means the State Charter School Facilities Incentive Grant.

Section 1.7 – GRANT DOCUMENTS means this Agreement, Program Regulations, Subgrantee’s Application, Document Resolution, Funding Resolution, and the Commitment Letter, including any and all exhibits to such documents.

Section 1.8 – GRANT PERIOD means the thirty-six (36) month period commencing from the execution date of this Agreement, unless at the Authority’s discretion, the time period is amended.

Section 1.9 – SUBGRANTEE means Magnolia Science Academy 2 and Magnolia Educational Research Foundation, collectively, located at 17125 Victory Blvd., Van Nuys, CA 91406, a California charter school, Charter No. 906.

Section 1.10 - PROJECT means the base lease costs of a charter school facility for Magnolia Science Academy 2, operating at 17125 Victory Blvd., Van Nuys, CA 91406, as specifically described in the school’s lease with Los Angeles Unified School District attached hereto as Exhibit E.

Section 1.11 – REGULATIONS or PROGRAM REGULATIONS means the California Code of Regulations, title 4, division 15, article 2 (commencing with section 10176), as may be amended from time to time.

**ARTICLE II – DELEGATION OF AUTHORITY**

Section 2.1 – Pursuant to the Funding Resolution, the Executive Director is authorized to take actions for, and on behalf, and in the name of the Authority, including, but not limited to:

- (a) Taking all steps necessary with respect to the Subgrantee including notifying the Subgrantee whether its Application has been approved for funding, preparing a Commitment Letter for the Subgrantee, preparing and executing the final form of Grant Agreement and disbursing funds pursuant to the Grant Agreement and the Authority’s Regulations;
- (b) Approving changes in the Project when necessary and authorized under the Regulations (provided that the amount of the Grant award may not be increased above the amount approved by the Authority);
- (c) Drawing money from the Authority’s Fund, not to exceed the amount approved by the Authority for the Subgrantee.
- (d) Executing and delivering to the Subgrantee any and all documents necessary to complete the transfer of funds; and
- (e) Undertaking any and all actions and to execute and deliver any and all documents that the Executive Director deems necessary or advisable in order to effectuate the purposes of the Documents Resolution approved by the Authority.

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-43**

**ARTICLE III – REPRESENTATIONS AND WARRANTIES**

The Subgrantee makes the following representations and warranties to the Authority:

Section 3.1 – LEGAL STATUS. The Subgrantee is Magnolia Science Academy 2 and Magnolia Educational Research Foundation, collectively, a California charter school, Charter No. 906. The Subgrantee represents and warrants that:

- (a) An approved charter has been awarded and is in place and current at the time of application, and without interruption throughout the application review and approval process.
- (b) The charter school is in good standing with its chartering authority and is in compliance with the terms of its charter at the time of application submission and without interruption throughout the term of the Grant. The Authority will rely on information from the chartering authority regarding the school's good standing and compliance with the terms of its charter. Charter schools may appeal any response by the chartering authority's staff directly to the chartering authority's governing board. It shall be the charter school's responsibility, and not the Authority's, to ensure that the good standing and compliance response letter is received by the stated deadline.
- (c) The charter school has completed at least one school year of instructional operations under its current County-District-School (CDS) Code and charter number issued by the California Department of Education.
- (d) If a district-dependent charter school, the school can demonstrate operational and financial autonomy from its authorizing district.
- (e) The charter school is not a current subgrantee pursuant to the 2009 State Charter School Facilities Incentive Grants Program (Rounds 6-10)
- (f) At least eighty percent (80%) of the instructional time offered by the charter school shall be at the school site, and the charter school shall attain an average daily attendance rate of at least eighty percent (80%) based on the school's most recent CALPADS or CBEDS report.
- (g) The charter school is established pursuant to Education Code section 47600, et seq., and also meets the Federal definition of charter school as defined in section 5210(1) of the Elementary and Secondary Education Act of 1965 (20 USCA section 7221(i)), as amended by the No Child Left Behind Act of 2001.
- (h) The charter school admits students by lottery in the event more students want to attend the school than the school can accommodate.
- (i) The charter school is able to demonstrate costs are eligible pursuant to Regulations.
- (j) The charter school is in compliance with all other programs administered by the Authority, where applicable. Where an educational management organization (EMO) has submitted an application on behalf of a charter school, the compliance of affiliate charter schools within the EMO is not a requirement.
- (k) The charter school is actively registered with SAM – System for Award Management ([www.sam.gov](http://www.sam.gov)) and has no delinquent federal debt and has no active exclusions on the SAM record

The Subgrantee understands that it must continuously satisfy each of these legal requirements throughout the length of time the Project will be assisted by the Grant Program, as they may be amended, to be eligible to receive funding under this Grant.

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-43**

Section 3.2 – AUTHORIZATION. This Agreement has been duly authorized, executed and delivered by the Subgrantee, and is a valid and binding Agreement of the Subgrantee.

Section 3.3 – PROJECT. The Project as set forth in Exhibit E attached hereto meets the criteria defined in the Regulations.

Section 3.4 – ELIGIBLE COSTS. The costs set forth in Exhibit E attached hereto meet the criteria defined in the Regulations. Grant funds may not be applied to costs other than those approved herein.

Section 3.5 – GRANT DOCUMENTS. The Subgrantee warrants that (a) the Subgrantee has access to professional advice to the extent necessary to enable the Subgrantee to fully comply with the terms of the Grant Documents; and (b) the Subgrantee has the full power and authority to execute the Grant Documents.

**ARTICLE IV - CONDITIONS PRECEDENT TO EACH DISBURSEMENT**

The obligation of the Authority to make any disbursements under the Agreement is subject to all of the following conditions:

Section 4.1 – EVENT OF DEFAULT. There shall not exist an Event of Default, as defined in this Agreement, and there shall exist no event, omission or failure of condition, which, after notice of lapse of time, would constitute an Event of Default, as defined in this Agreement.

Section 4.2 – DOCUMENTATION. The Subgrantee shall deliver to the Authority in form and substance satisfactory to the Authority this Agreement and any other documents required by the Authority prior to beginning monthly disbursements, and no later than August 31, 2015. Additionally, the Subgrantee shall deliver to the Authority in form and substance satisfactory to the Authority any documents required by the Authority to verify continued eligibility prior to beginning each semi-annual disbursement cycle, no later than February 28 and August 31 of each year.

Section 4.3 – CERTIFIED RESOLUTION. This Agreement and any amendments hereto shall be accompanied by a certified resolution from the Subgrantee's governing body authorizing its execution (See Exhibit C hereof).

Section 4.4 – FUNDING CONDITIONS. The Subgrantee has met all terms and conditions of funding in accordance with the Regulations and the Authority's Funding Resolution.

Section 4.5 – TERMS OF COMMITMENT. In the event the Subgrantee has not fulfilled all terms and conditions precedent set forth in this Article IV within thirty (30) days of the Subgrantee's execution of this Agreement, the Authority's obligation under this Agreement shall automatically terminate, unless at the Authority's discretion, the time period is extended in writing.

**ARTICLE V – GRANT DISBURSEMENT PROCEDURES**

Section 5.1 – DISBURSEMENT PROCEDURES. Disbursements of the Grant shall not commence until this Agreement is executed by all parties and the requirements of the Authority are satisfied. Disbursements of the Grant shall only be applied for the Eligible Costs of lease payments for a charter school facility for Magnolia Science Academy 2, as set forth by the Authority and subject to the Authority's Funding Resolution. Pursuant to section 10186 of Program Regulations, the Subgrantee shall obtain prior written authorization from the Authority for any change in the use of Grant funds.

Any unspent Grant funds and unspent investment earnings shall immediately revert to the Authority.

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GRANT AGREEMENT NUMBER 11-43**

Section 5.2 - DISBURSEMENT PROCESS. Grant award funds will be disbursed monthly. In order to receive disbursements, requests for disbursement and verification of continued eligibility must be submitted during February and August of each year and must be supported by documentation sufficient in the Authority's determination to support payment.

Incomplete documentation of continued eligibility due each February and August will cause the subgrantee to forfeit the next monthly disbursement of the respective semi-annual disbursement cycle (March-August or September-February). If the documentation is still insufficient 30 days after February 28 or August 31, the subgrantee will forfeit all six monthly disbursements for the respective semi-annual disbursement cycle. Missed disbursements cannot be made up and will revert to the Authority immediately.

The request for disbursement must contain at least the information in substance and form of Exhibit B attached hereto.

The Authority shall notify the Subgrantee in writing within seven (7) business days or as soon as practicable of any deficiencies or discrepancies in the request for disbursement. The Subgrantee shall not receive a disbursement until the Subgrantee corrects any such deficiencies or discrepancies. Funds are to be applied toward current costs at the time of disbursement; therefore, a delay in the processing of any disbursement will result in a loss of grant funds. Grant funds may not be applied retroactively.

The Subgrantee's expenditure of Grant funds for uses not described in the Subgrantee's Application or the request for disbursement, or which deviate, without Authority authorization, in any category from the approved uses of Grant proceeds listed in the Commitment Letter and subject to the Authority's Funding Resolution, may result in the suspension of subsequent Grant disbursements and may be deemed by the Authority to constitute an Event of Default hereunder. The amount of all ineligible Grant expenditures shall be immediately repaid to the Authority.

If it is determined that funds are used for costs other than Eligible Costs, the Authority may suspend subsequent Grant disbursements. If warranted, the Authority may take action consistent with Article VIII of this Agreement.

Section 5.3 - AMOUNT OF DISBURSEMENT. Grant proceeds shall be disbursed up to the amount authorized under this Grant Agreement and only for Eligible Project Costs. Any unused Grant funds shall revert to the Authority.

Section 5.4 - DISBURSEMENT PERIOD. The initial disbursement of Grant proceeds shall be made no later than September 2015 and fulfillment of all requirements; and all Grant disbursements shall be disbursed no later than September 2018 unless the Authority, at its discretion, amends this time in writing, which writing shall become incorporated into this Agreement. Consistent with title 34, Code of Federal Regulations (CFR), part 80 and 31 CFR part 205, the Subgrantee must minimize the amount of time elapsing between the transfer of Grant funds and the disbursement of Grant funds to a reasonable time period (i.e. three days of the drawdown), such that the monthly disbursements for lease costs shall be paid out within three days of receipt and are to be applied toward the current lease costs for the current month based on when the disbursement is received.

**ARTICLE VI - AFFIRMATIVE COVENANTS**

Section 6.1 - CERTIFICATE OF COMPLETION. Upon disbursement of Grant funds, the Subgrantee shall certify to the Authority that the Project is complete, and shall provide a final report that sets forth the use of the funds, in letter format or as otherwise requested by the

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
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Authority, and shall include all information with supporting documentation as described in section 10189 of the Regulations.

The final report shall be completed and two (2) printed copies shall be submitted to the Authority no later than sixty (60) days after the final disbursement of Grant funds, unless the time period is extended at the Authority's discretion.

Section 6.2 – LEGAL COMPLIANCE. The Subgrantee shall comply with the Authority's Regulations and all Federal requirements, as such may be amended from time to time throughout the Grant Period. These Federal requirements include Section 5205 of the Elementary and Secondary Education Act; 34 CFR Part 226, when enacted, and 34 CFR sections 75.525, 75.600-617, and 80.36, pertaining to the State Charter School Facilities Incentive Grants Program.

Continued and uninterrupted compliance with all Grant Program requirements is the Subgrantee's responsibility.

Section 6.3 – ACCOUNTING RECORDS. The Subgrantee shall maintain an accounting system that accurately reflects fiscal transactions, with necessary controls and safeguards. This system shall provide an audit trail, including original source documents such as lease agreements, contracts, bidding procedures, receipts, progress payments, invoices, etc. related to the Project. The system also shall provide accounting data so the total cost of the facilities can be readily determined. These records shall be retained for a period of three years after submission of the certificate of completion and final report to the Authority. Such books and accounts shall be available for audit and/or review upon request by the Authority, the Bureau of State Audits and the U.S. Department of Education.

Section 6.4 – LITIGATION. The Subgrantee shall promptly notify the Authority in writing of any administrative action or litigation, pending or threatened, by or against the Subgrantee or otherwise related to the Project or Subgrantee. For purposes of this item, the term "Subgrantee" shall include the charter school, the parent company of the charter school, and any subsidiary of the charter school if the subsidiary is involved in or will be benefited by the Grant or the Project. In addition to each of these entities themselves, the term "Subgrantee" shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company.

Section 6.5 - NOTICE TO AUTHORITY. The Subgrantee shall:

- (a) Promptly notify the Authority in writing of any uninsured or partially uninsured loss related to the Project through fire, theft, liability, or otherwise in excess of an aggregate of two thousand five hundred dollars (\$2,500).
- (b) Notify the Authority if the Subgrantee is not in good standing or the Subgrantee's charter is not renewed, revoked, or placed on probation at any time during the Grant Period, within 30 (thirty) days of receipt of notification of such action, including providing the Authority with a copy of the document provided by the chartering entity notifying the charter school of such action.
- (c) Notify the Authority, within 30 (thirty) days, of any material changes to the Subgrantee's facilities, enrollment, charter status, nonprofit status, financial condition, or scope of the Project that occurs between the time of application and the time the Subgrantee's final report is accepted by the Authority.
- (d) Notify the Authority immediately if the facility subject to this Agreement is no longer operating as a charter school or if the number of students attending school at the facility decreases by 20 percent.

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Section 6.6 – RELEASE. The Subgrantee hereby waives all claims and recourse against the Authority including but not limited to the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this Agreement, the Subgrantee's use of the Grant proceeds, the Subgrantee's business operations, or the Project. The provisions of this section shall survive the termination of this Agreement.

Section 6.7 – INDEMNIFICATION. The Subgrantee shall defend, indemnify and hold harmless the Authority, the State, and the Federal Government/U.S. E.D., and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or the State Charter School Facilities Incentive Grants Program. The provisions of this section shall survive termination of this Agreement.

Section 6.8 - NON-DISCRIMINATION CLAUSE. The Subgrantee and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religion, creed, national origin, culture, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. The Subgrantee and its contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Subgrantee and its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, title 2, section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, section 12990 (a-f), set forth in chapter 5 of division 4 of title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Subgrantee and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

**ARTICLE VII - NEGATIVE COVENANTS**

The Subgrantee further covenants that so long as this Agreement is in effect, the Subgrantee will not without prior written consent of the Authority:

Section 7.1 - USE OF FUNDS. Use any Grant proceeds for purposes other than as described in Exhibit E and approved by the Authority, the request for disbursement, or requirements of the Grant Program.

Section 7.2 – CHANGE IN PROJECT. Make any material change to the Project as described in Exhibit E or any of the Grant Documents, without prior written authorization of the Authority. Material changes may include, but are not limited to, a reduction of 20 percent in the number of students attending school at the facility subject to the Agreement, or the lessor or lessee of the facility changes during the term of the Agreement.

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**ARTICLE VIII – DEFAULT AND REMEDIES**

Section 8.1 - EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

- (a) Any representation or warranty made by the Subgrantee, or anyone acting on its behalf, hereunder or under any of the Grant Documents, is incorrect in any material respect; or
- (b) The Subgrantee's failure to perform or abide by any term or condition of this Agreement (including all requirements and covenants in Articles III through VII herein) or other Grant Documents or comply with any other agreements between the Subgrantee and the Authority relating to this Grant; or
- (c) Any substantial or continuous breach by the Subgrantee of any material obligations of the Subgrantee imposed by any agreements other than the Grant Documents with respect to the Grant; or
- (d) Failure to use the funds for the approved purposes and under the requirements of the Grant Documents.
- (e) Failure to maintain continued compliance with each of the requirements for eligibility, as they may be amended, for the length of time the Project will be assisted by the Grant Program.

Section 8.2 - NOTICE OF SUBGRANTEE'S DEFAULT AND OPPORTUNITY TO CURE. The Authority shall give written notice to the Subgrantee of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) the action required to cure the Event of Default, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default, so long as the Subgrantee has commenced to cure within such time, then the Subgrantee shall have a reasonable period, as determined by the Authority, thereafter within which to fully cure the Event of Default.

Section 8.3 – REMEDIES. In an Event of Default, the Authority may pursue any remedy available to it in law or in equity, including, but not limited to, forfeiture and return of all Grant funds and any accrued interest.

**ARTICLE IX – MISCELLANEOUS**

Section 9.1 – AMENDMENTS. This Agreement may be amended, changed or modified in writing signed by the Subgrantee and the Authority.

Section 9.2 - ENTIRE AGREEMENT. This Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire Agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 9.3 – NOTICES. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first-class mail, postage prepaid and addressed as follows:



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(i) If to the Subgrantee:

Attention: Oswaldo Diza, CFO  
Magnolia Science Academy 2 and Magnolia Educational Research Foundation  
13950 Milton Avenue 200B, Westminster, CA 92683

(ii) If to the Authority:

Attention: Katrina Johantgen, Executive Director  
California School Finance Authority  
300 S Spring Street, Suite 8500  
Los Angeles, CA 90013

Section 9.4 – COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 9.5 – GOVERNING LAW, VENUE. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California. This Agreement shall be enforceable in the State of California and any action arising hereunder shall (unless waived in writing by the Authority) be filed and maintained in Sacramento, Sacramento County, California.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in day and year first hereinabove written.

Magnolia Science Academy 2:

By:  Date: 08.28.2015  
Signature

Print Contact Name, Contact Title: SVAT AZAR, PRINCIPAL

Magnolia Educational Research Foundation:

By:  Date: 08/28/2015  
Signature

Print Contact Name, Contact Title: OSWALDO DIAZ, CFO

CALIFORNIA SCHOOL FINANCE AUTHORITY:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Katrina Johantgen, Executive Director

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**Exhibit A**

**SUBGRANTEE'S APPLICATION AND AMENDMENTS**

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**Exhibit B**

**DRAFT**

**REQUEST FOR DISBURSEMENT OF GRANT PROCEEDS**

*[Fill in Date of Request]*

Katrina Johantgen  
Executive Director  
California School Finance Authority  
300 S Spring Street, Suite 8500  
Los Angeles, CA 90013

RE: Certification and Request for Disbursement of Grant Funds for Magnolia Science Academy 2

This is to request the next six monthly disbursements of \$6,191 each (rounded), under the State Charter School Facilities Incentive Grants Program (CFDA #84.282D) as allowed by the Grant Documents.

I hereby certify and attest to each of the following for the current period through February 28, 2016:

1. The Subgrantee will continuously meet all eligibility requirements listed in Program regulations during this semi-annual disbursement cycle (Cal Code Regs., title 4, §10177).
2. Disbursements from the California School Finance Authority to the Subgrantee shall be directed to the attention of *[fill in name, title]* at the Subgrantee's official address, on file with the Authority.
3. Grant funds will be applied toward the current lease costs of a charter school facility for *[fill in charter school name]* CDS Code No. *[fill in CDS Code]* a California charter school, Charter No. *[fill in #]*, currently operating at *[fill in street, city, and zip]*, as described in the school's lease agreement with *[fill in name of Lessor]*.
4. None of the costs for which these disbursements are requested have been paid previously.
5. These disbursements will not be used to pay for prior month(s) or year(s) costs, nor will they be used to pay for a facility receiving funds under the Charter School Facilities Program.
6. Each disbursement will be expended within three days, or the amount of time between transfer of funds and disbursement will be minimized, as determined by the United States Department of Education.
7. Interest will not be earned on these federal funds.
8. The Subgrantee will comply with the Federal A-133 audit requirements and will provide the Authority a copy of the single or program-specific audit as when available ([www.whitehouse.gov/omb/circulars/a133/a133.html](http://www.whitehouse.gov/omb/circulars/a133/a133.html)).

Insert Official signature and signature block.

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**Exhibit C**

**CERTIFIED RESOLUTION OF SUBGRANTEE'S GOVERNING BOARD**

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**Exhibit D**

**AUTHORITY'S COMMITMENT LETTER**

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**Exhibit E**

**LEASE AND AMENDMENTS**

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**MAGNOLIA SCIENCE ACADEMY 4  
AND MAGNOLIA EDUCATIONAL RESEARCH FOUNDATION  
CDS CODE 19-64733-0117622  
11330 GRAHAM PLACE, LOS ANGELES, CA 90064**

THIS GRANT AGREEMENT (AGREEMENT) IS MADE this seventeenth day of August 2015, between Magnolia Science Academy 4 and Magnolia Educational Research Foundation, collectively referred to as Subgrantee, and the California School Finance Authority (Authority).

**RECITALS**

- A. The Subgrantee has applied to the Authority for a State Charter School Facilities Incentive Grant (Grant) (CFDA #84.282D) and the Subgrantee's Application, which is attached hereto as Exhibit A, has been determined by the Authority to meet eligibility requirements, and the Subgrantee was awarded a Grant through a competitive process.
- B. The Authority proposes to grant \$104,958 annually, for a total three-year award of \$314,873 to the Subgrantee from the State Charter School Facilities Incentive Grant Fund (Fund) for the Project as defined below on the terms and conditions herein contained.
- C. The Subgrantee proposes to apply all funds received as a Grant award toward the lease costs of a charter school facility for Magnolia Science Academy 4, operating at 11330 Graham Place, Los Angeles, CA 90064 (Project).
- D. The term of this Agreement shall be thirty-six (36) months from the execution date of this Agreement, unless at the Authority's discretion, the time period is amended in writing.
- E. This Grant Program and continuing apportionments to the Subgrantee's are contingent upon the receipt of funds in each budget period as scheduled by the United States Department of Education.
- F. The purpose of this Agreement is to set forth the terms and conditions upon which the Authority will provide the Grant to the Subgrantee to undertake the Project.

NOW, THEREFORE, the Authority and the Subgrantee agree as follows:

**ARTICLE I – DEFINITIONS**

Section 1.1 – COMMITMENT LETTER means the Authority's notification to the Subgrantee that contains the terms and conditions of funding, attached hereto as Exhibit D (incorporated herein by reference).

Section 1.2 – DOCUMENT RESOLUTION means Authority resolution number 06-07 "Approving the Forms of Grant Agreement," dated January 24, 2006.

Section 1.3 – ELIGIBLE COSTS means those designated Project costs consistent with the Grant and the Grant Documents, and approved by the Authority as set forth in the Authority's Commitment Letter attached hereto as Exhibit D.

Section 1.4 – EXECUTIVE DIRECTOR means the Executive Director authorized to act on behalf of the Authority.



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Section 1.5 – FUNDING RESOLUTION means Authority resolution number 15-25 “Approving Awards and Authorizing the Disbursement of Funds under the Eleventh Funding Round of the State Charter School Facilities Incentive Grants Program,” dated August 12, 2015.

Section 1.6 - GRANT or GRANT PROGRAM means the State Charter School Facilities Incentive Grant.

Section 1.7 – GRANT DOCUMENTS means this Agreement, Program Regulations, Subgrantee’s Application, Document Resolution, Funding Resolution, and the Commitment Letter, including any and all exhibits to such documents.

Section 1.8 – GRANT PERIOD means the thirty-six (36) month period commencing from the execution date of this Agreement, unless at the Authority’s discretion, the time period is amended.

Section 1.9 – SUBGRANTEE means Magnolia Science Academy 4 and Magnolia Educational Research Foundation, collectively, located at 11330 Graham Place, Los Angeles, CA 90064, a California charter school, Charter No. 986.

Section 1.10 - PROJECT means the base lease costs of a charter school facility for Magnolia Science Academy 4, operating at 11330 Graham Place, Los Angeles, CA 90064, as specifically described in the school’s lease with Los Angeles Unified School District attached hereto as Exhibit E.

Section 1.11 – REGULATIONS or PROGRAM REGULATIONS means the California Code of Regulations, title 4, division 15, article 2 (commencing with section 10176), as may be amended from time to time.

**ARTICLE II – DELEGATION OF AUTHORITY**

Section 2.1 – Pursuant to the Funding Resolution, the Executive Director is authorized to take actions for, and on behalf, and in the name of the Authority, including, but not limited to:

- (a) Taking all steps necessary with respect to the Subgrantee including notifying the Subgrantee whether its Application has been approved for funding, preparing a Commitment Letter for the Subgrantee, preparing and executing the final form of Grant Agreement and disbursing funds pursuant to the Grant Agreement and the Authority’s Regulations;
- (b) Approving changes in the Project when necessary and authorized under the Regulations (provided that the amount of the Grant award may not be increased above the amount approved by the Authority);
- (c) Drawing money from the Authority’s Fund, not to exceed the amount approved by the Authority for the Subgrantee.
- (d) Executing and delivering to the Subgrantee any and all documents necessary to complete the transfer of funds; and
- (e) Undertaking any and all actions and to execute and deliver any and all documents that the Executive Director deems necessary or advisable in order to effectuate the purposes of the Documents Resolution approved by the Authority.

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**ARTICLE III – REPRESENTATIONS AND WARRANTIES**

The Subgrantee makes the following representations and warranties to the Authority:

Section 3.1 – **LEGAL STATUS**. The Subgrantee is Magnolia Science Academy 4 and Magnolia Educational Research Foundation, collectively, a California charter school, Charter No. 986. The Subgrantee represents and warrants that:

- (a) An approved charter has been awarded and is in place and current at the time of application, and without interruption throughout the application review and approval process.
- (b) The charter school is in good standing with its chartering authority and is in compliance with the terms of its charter at the time of application submission and without interruption throughout the term of the Grant. The Authority will rely on information from the chartering authority regarding the school's good standing and compliance with the terms of its charter. Charter schools may appeal any response by the chartering authority's staff directly to the chartering authority's governing board. It shall be the charter school's responsibility, and not the Authority's, to ensure that the good standing and compliance response letter is received by the stated deadline.
- (c) The charter school has completed at least one school year of instructional operations under its current County-District-School (CDS) Code and charter number issued by the California Department of Education.
- (d) If a district-dependent charter school, the school can demonstrate operational and financial autonomy from its authorizing district.
- (e) The charter school is not a current subgrantee pursuant to the 2009 State Charter School Facilities Incentive Grants Program (Rounds 6-10)
- (f) At least eighty percent (80%) of the instructional time offered by the charter school shall be at the school site, and the charter school shall attain an average daily attendance rate of at least eighty percent (80%) based on the school's most recent CALPADS or CBEDS report.
- (g) The charter school is established pursuant to Education Code section 47600, et seq., and also meets the Federal definition of charter school as defined in section 5210(1) of the Elementary and Secondary Education Act of 1965 (20 USCA section 7221(i)), as amended by the No Child Left Behind Act of 2001.
- (h) The charter school admits students by lottery in the event more students want to attend the school than the school can accommodate.
- (i) The charter school is able to demonstrate costs are eligible pursuant to Regulations.
- (j) The charter school is in compliance with all other programs administered by the Authority, where applicable. Where an educational management organization (EMO) has submitted an application on behalf of a charter school, the compliance of affiliate charter schools within the EMO is not a requirement.
- (k) The charter school is actively registered with SAM – System for Award Management ([www.sam.gov](http://www.sam.gov)) and has no delinquent federal debt and has no active exclusions on the SAM record

The Subgrantee understands that it must continuously satisfy each of these legal requirements throughout the length of time the Project will be assisted by the Grant Program, as they may be amended, to be eligible to receive funding under this Grant.

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Section 3.2 – AUTHORIZATION. This Agreement has been duly authorized, executed and delivered by the Subgrantee, and is a valid and binding Agreement of the Subgrantee.

Section 3.3 – PROJECT. The Project as set forth in Exhibit E attached hereto meets the criteria defined in the Regulations.

Section 3.4 – ELIGIBLE COSTS. The costs set forth in Exhibit E attached hereto meet the criteria defined in the Regulations. Grant funds may not be applied to costs other than those approved herein.

Section 3.5 – GRANT DOCUMENTS. The Subgrantee warrants that (a) the Subgrantee has access to professional advice to the extent necessary to enable the Subgrantee to fully comply with the terms of the Grant Documents; and (b) the Subgrantee has the full power and authority to execute the Grant Documents.

**ARTICLE IV - CONDITIONS PRECEDENT TO EACH DISBURSEMENT**

The obligation of the Authority to make any disbursements under the Agreement is subject to all of the following conditions:

Section 4.1 – EVENT OF DEFAULT. There shall not exist an Event of Default, as defined in this Agreement, and there shall exist no event, omission or failure of condition, which, after notice of lapse of time, would constitute an Event of Default, as defined in this Agreement.

Section 4.2 – DOCUMENTATION. The Subgrantee shall deliver to the Authority in form and substance satisfactory to the Authority this Agreement and any other documents required by the Authority prior to beginning monthly disbursements, and no later than August 31, 2015. Additionally, the Subgrantee shall deliver to the Authority in form and substance satisfactory to the Authority any documents required by the Authority to verify continued eligibility prior to beginning each semi-annual disbursement cycle, no later than February 28 and August 31 of each year.

Section 4.3 – CERTIFIED RESOLUTION. This Agreement and any amendments hereto shall be accompanied by a certified resolution from the Subgrantee's governing body authorizing its execution (See Exhibit C hereof).

Section 4.4 – FUNDING CONDITIONS. The Subgrantee has met all terms and conditions of funding in accordance with the Regulations and the Authority's Funding Resolution.

Section 4.5 – TERMS OF COMMITMENT. In the event the Subgrantee has not fulfilled all terms and conditions precedent set forth in this Article IV within thirty (30) days of the Subgrantee's execution of this Agreement, the Authority's obligation under this Agreement shall automatically terminate, unless at the Authority's discretion, the time period is extended in writing.

**ARTICLE V – GRANT DISBURSEMENT PROCEDURES**

Section 5.1 – DISBURSEMENT PROCEDURES. Disbursements of the Grant shall not commence until this Agreement is executed by all parties and the requirements of the Authority are satisfied. Disbursements of the Grant shall only be applied for the Eligible Costs of lease payments for a charter school facility for Magnolia Science Academy 4, as set forth by the Authority and subject to the Authority's Funding Resolution. Pursuant to section 10186 of Program Regulations, the Subgrantee shall obtain prior written authorization from the Authority for any change in the use of Grant funds.

Any unspent Grant funds and unspent investment earnings shall immediately revert to the Authority.

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Section 5.2 - DISBURSEMENT PROCESS. Grant award funds will be disbursed monthly. In order to receive disbursements, requests for disbursement and verification of continued eligibility must be submitted during February and August of each year and must be supported by documentation sufficient in the Authority's determination to support payment.

Incomplete documentation of continued eligibility due each February and August will cause the subgrantee to forfeit the next monthly disbursement of the respective semi-annual disbursement cycle (March-August or September-February). If the documentation is still insufficient 30 days after February 28 or August 31, the subgrantee will forfeit all six monthly disbursements for the respective semi-annual disbursement cycle. Missed disbursements cannot be made up and will revert to the Authority immediately.

The request for disbursement must contain at least the information in substance and form of Exhibit B attached hereto.

The Authority shall notify the Subgrantee in writing within seven (7) business days or as soon as practicable of any deficiencies or discrepancies in the request for disbursement. The Subgrantee shall not receive a disbursement until the Subgrantee corrects any such deficiencies or discrepancies. Funds are to be applied toward current costs at the time of disbursement; therefore, a delay in the processing of any disbursement will result in a loss of grant funds. Grant funds may not be applied retroactively.

The Subgrantee's expenditure of Grant funds for uses not described in the Subgrantee's Application or the request for disbursement, or which deviate, without Authority authorization, in any category from the approved uses of Grant proceeds listed in the Commitment Letter and subject to the Authority's Funding Resolution, may result in the suspension of subsequent Grant disbursements and may be deemed by the Authority to constitute an Event of Default hereunder. The amount of all ineligible Grant expenditures shall be immediately repaid to the Authority.

If it is determined that funds are used for costs other than Eligible Costs, the Authority may suspend subsequent Grant disbursements. If warranted, the Authority may take action consistent with Article VIII of this Agreement.

Section 5.3 – AMOUNT OF DISBURSEMENT. Grant proceeds shall be disbursed up to the amount authorized under this Grant Agreement and only for Eligible Project Costs. Any unused Grant funds shall revert to the Authority.

Section 5.4 – DISBURSEMENT PERIOD. The initial disbursement of Grant proceeds shall be made no later than September 2015 and fulfillment of all requirements; and all Grant disbursements shall be disbursed no later than September 2018 unless the Authority, at its discretion, amends this time in writing, which writing shall become incorporated into this Agreement. Consistent with title 34, Code of Federal Regulations (CFR), part 80 and 31 CFR part 205, the Subgrantee must minimize the amount of time elapsing between the transfer of Grant funds and the disbursement of Grant funds to a reasonable time period (i.e. three days of the drawdown), such that the monthly disbursements for lease costs shall be paid out within three days of receipt and are to be applied toward the current lease costs for the current month based on when the disbursement is received.

**ARTICLE VI – AFFIRMATIVE COVENANTS**

Section 6.1 – CERTIFICATE OF COMPLETION. Upon disbursement of Grant funds, the Subgrantee shall certify to the Authority that the Project is complete, and shall provide a final report that sets forth the use of the funds, in letter format or as otherwise requested by the

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Authority, and shall include all information with supporting documentation as described in section 10189 of the Regulations.

The final report shall be completed and two (2) printed copies shall be submitted to the Authority no later than sixty (60) days after the final disbursement of Grant funds, unless the time period is extended at the Authority's discretion.

Section 6.2 – LEGAL COMPLIANCE. The Subgrantee shall comply with the Authority's Regulations and all Federal requirements, as such may be amended from time to time throughout the Grant Period. These Federal requirements include Section 5205 of the Elementary and Secondary Education Act; 34 CFR Part 226, when enacted, and 34 CFR sections 75.525, 75.600-617, and 80.36, pertaining to the State Charter School Facilities Incentive Grants Program.

Continued and uninterrupted compliance with all Grant Program requirements is the Subgrantee's responsibility.

Section 6.3 – ACCOUNTING RECORDS. The Subgrantee shall maintain an accounting system that accurately reflects fiscal transactions, with necessary controls and safeguards. This system shall provide an audit trail, including original source documents such as lease agreements, contracts, bidding procedures, receipts, progress payments, invoices, etc. related to the Project. The system also shall provide accounting data so the total cost of the facilities can be readily determined. These records shall be retained for a period of three years after submission of the certificate of completion and final report to the Authority. Such books and accounts shall be available for audit and/or review upon request by the Authority, the Bureau of State Audits and the U.S. Department of Education.

Section 6.4 – LITIGATION. The Subgrantee shall promptly notify the Authority in writing of any administrative action or litigation, pending or threatened, by or against the Subgrantee or otherwise related to the Project or Subgrantee. For purposes of this item, the term "Subgrantee" shall include the charter school, the parent company of the charter school, and any subsidiary of the charter school if the subsidiary is involved in or will be benefited by the Grant or the Project. In addition to each of these entities themselves, the term "Subgrantee" shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company.

Section 6.5 - NOTICE TO AUTHORITY. The Subgrantee shall:

- (a) Promptly notify the Authority in writing of any uninsured or partially uninsured loss related to the Project through fire, theft, liability, or otherwise in excess of an aggregate of two thousand five hundred dollars (\$2,500).
- (b) Notify the Authority if the Subgrantee is not in good standing or the Subgrantee's charter is not renewed, revoked, or placed on probation at any time during the Grant Period, within 30 (thirty) days of receipt of notification of such action, including providing the Authority with a copy of the document provided by the chartering entity notifying the charter school of such action.
- (c) Notify the Authority, within 30 (thirty) days, of any material changes to the Subgrantee's facilities, enrollment, charter status, nonprofit status, financial condition, or scope of the Project that occurs between the time of application and the time the Subgrantee's final report is accepted by the Authority.
- (d) Notify the Authority immediately if the facility subject to this Agreement is no longer operating as a charter school or if the number of students attending school at the facility decreases by 20 percent.

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Section 6.6 – RELEASE. The Subgrantee hereby waives all claims and recourse against the Authority including but not limited to the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this Agreement, the Subgrantee's use of the Grant proceeds, the Subgrantee's business operations, or the Project. The provisions of this section shall survive the termination of this Agreement.

Section 6.7 – INDEMNIFICATION. The Subgrantee shall defend, indemnify and hold harmless the Authority, the State, and the Federal Government/U.S. E.D., and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or the State Charter School Facilities Incentive Grants Program. The provisions of this section shall survive termination of this Agreement.

Section 6.8 - NON-DISCRIMINATION CLAUSE. The Subgrantee and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religion, creed, national origin, culture, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. The Subgrantee and its contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Subgrantee and its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, title 2, section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, section 12990 (a-f), set forth in chapter 5 of division 4 of title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Subgrantee and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

**ARTICLE VII - NEGATIVE COVENANTS**

The Subgrantee further covenants that so long as this Agreement is in effect, the Subgrantee will not without prior written consent of the Authority:

Section 7.1 - USE OF FUNDS. Use any Grant proceeds for purposes other than as described in Exhibit E and approved by the Authority, the request for disbursement, or requirements of the Grant Program.

Section 7.2 – CHANGE IN PROJECT. Make any material change to the Project as described in Exhibit E or any of the Grant Documents, without prior written authorization of the Authority. Material changes may include, but are not limited to, a reduction of 20 percent in the number of students attending school at the facility subject to the Agreement, or the lessor or lessee of the facility changes during the term of the Agreement.

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**ARTICLE VIII – DEFAULT AND REMEDIES**

Section 8.1 - EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

- (a) Any representation or warranty made by the Subgrantee, or anyone acting on its behalf, hereunder or under any of the Grant Documents, is incorrect in any material respect; or
- (b) The Subgrantee's failure to perform or abide by any term or condition of this Agreement (including all requirements and covenants in Articles III through VII herein) or other Grant Documents or comply with any other agreements between the Subgrantee and the Authority relating to this Grant; or
- (c) Any substantial or continuous breach by the Subgrantee of any material obligations of the Subgrantee imposed by any agreements other than the Grant Documents with respect to the Grant; or
- (d) Failure to use the funds for the approved purposes and under the requirements of the Grant Documents.
- (e) Failure to maintain continued compliance with each of the requirements for eligibility, as they may be amended, for the length of time the Project will be assisted by the Grant Program.

Section 8.2 - NOTICE OF SUBGRANTEE'S DEFAULT AND OPPORTUNITY TO CURE. The Authority shall give written notice to the Subgrantee of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) the action required to cure the Event of Default, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default, so long as the Subgrantee has commenced to cure within such time, then the Subgrantee shall have a reasonable period, as determined by the Authority, thereafter within which to fully cure the Event of Default.

Section 8.3 – REMEDIES. In an Event of Default, the Authority may pursue any remedy available to it in law or in equity, including, but not limited to, forfeiture and return of all Grant funds and any accrued interest.

**ARTICLE IX – MISCELLANEOUS**

Section 9.1 – AMENDMENTS. This Agreement may be amended, changed or modified in writing signed by the Subgrantee and the Authority.

Section 9.2 - ENTIRE AGREEMENT. This Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire Agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 9.3 – NOTICES. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first-class mail, postage prepaid and addressed as follows:

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- (i) If to the Subgrantee:  
Attention: Cafer Turan, Accountant  
Magnolia Science Academy 4 and Magnolia Educational Research Foundation  
13950 Milton Avenue 200B, Westminster, CA 92683
- (ii) If to the Authority:  
Attention: Katrina Johantgen, Executive Director  
California School Finance Authority  
300 S Spring Street, Suite 8500  
Los Angeles, CA 90013

Section 9.4 – COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

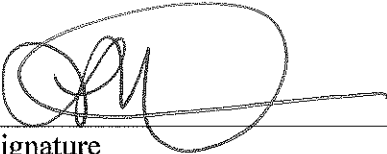
Section 9.5 – GOVERNING LAW, VENUE. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California. This Agreement shall be enforceable in the State of California and any action arising hereunder shall (unless waived in writing by the Authority) be filed and maintained in Sacramento, Sacramento County, California.




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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in day and year first hereinabove written.

Magnolia Science Academy 4:

By:  Date: 8-28-15  
Signature  
Print Contact Name, Contact Title: Lisa Ross, Principal

Magnolia Educational Research Foundation:

By:  Date: 08-28-2015  
Signature  
Print Contact Name, Contact Title: OSWALDO DIAZ, CFO

CALIFORNIA SCHOOL FINANCE AUTHORITY:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Katrina Johantgen, Executive Director

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**Exhibit A**

**SUBGRANTEE'S APPLICATION AND AMENDMENTS**

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
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**Exhibit B**

**DRAFT**

**REQUEST FOR DISBURSEMENT OF GRANT PROCEEDS**

*[Fill in Date of Request]*

Katrina Johantgen  
Executive Director  
California School Finance Authority  
300 S Spring Street, Suite 8500  
Los Angeles, CA 90013

RE: Certification and Request for Disbursement of Grant Funds for Magnolia Science Academy 4

This is to request the next six monthly disbursements of \$8,746 each (rounded), under the State Charter School Facilities Incentive Grants Program (CFDA #84.282D) as allowed by the Grant Documents.

I hereby certify and attest to each of the following for the current period through February 28, 2016:

1. The Subgrantee will continuously meet all eligibility requirements listed in Program regulations during this semi-annual disbursement cycle (Cal Code Regs., title 4, §10177).
2. Disbursements from the California School Finance Authority to the Subgrantee shall be directed to the attention of *[fill in name, title]* at the Subgrantee's official address, on file with the Authority.
3. Grant funds will be applied toward the current lease costs of a charter school facility for *[fill in charter school name]* CDS Code No. *[fill in CDS Code]* a California charter school, Charter No. *[fill in #]*, currently operating at *[fill in street, city, and zip]*, as described in the school's lease agreement with *[fill in name of Lessor]*.
4. None of the costs for which these disbursements are requested have been paid previously.
5. These disbursements will not be used to pay for prior month(s) or year(s) costs, nor will they be used to pay for a facility receiving funds under the Charter School Facilities Program.
6. Each disbursement will be expended within three days, or the amount of time between transfer of funds and disbursement will be minimized, as determined by the United States Department of Education.
7. Interest will not be earned on these federal funds.
8. The Subgrantee will comply with the Federal A-133 audit requirements and will provide the Authority a copy of the single or program-specific audit as when available ([www.whitehouse.gov/omb/circulars/a133/a133.html](http://www.whitehouse.gov/omb/circulars/a133/a133.html)).

Insert Official signature and signature block.

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**Exhibit C**

**CERTIFIED RESOLUTION OF SUBGRANTEE'S GOVERNING BOARD**

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**Exhibit D**

**AUTHORITY'S COMMITMENT LETTER**

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**Exhibit E**

**LEASE AND AMENDMENTS**

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
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**MAGNOLIA SCIENCE ACADEMY 5  
AND MAGNOLIA EDUCATIONAL RESEARCH FOUNDATION  
CDS CODE 19-64733-0117630  
18230 KITTRIDGE STREET, RESEDA, CA 91335**

THIS GRANT AGREEMENT (AGREEMENT) IS MADE this seventeenth day of August 2015, between Magnolia Science Academy 5 and Magnolia Educational Research Foundation, collectively referred to as Subgrantee, and the California School Finance Authority (Authority).

**RECITALS**

- A. The Subgrantee has applied to the Authority for a State Charter School Facilities Incentive Grant (Grant) (CFDA #84.282D) and the Subgrantee's Application, which is attached hereto as Exhibit A, has been determined by the Authority to meet eligibility requirements, and the Subgrantee was awarded a Grant through a competitive process.
- B. The Authority proposes to grant \$74,297 annually, for a total three-year award of \$222,891 to the Subgrantee from the State Charter School Facilities Incentive Grant Fund (Fund) for the Project as defined below on the terms and conditions herein contained.
- C. The Subgrantee proposes to apply all funds received as a Grant award toward the lease costs of a charter school facility for Magnolia Science Academy 5, operating at 18230 Kittridge Street, Reseda, CA 91335 (Project).
- D. The term of this Agreement shall be thirty-six (36) months from the execution date of this Agreement, unless at the Authority's discretion, the time period is amended in writing.
- E. This Grant Program and continuing apportionments to the Subgrantee's are contingent upon the receipt of funds in each budget period as scheduled by the United States Department of Education.
- F. The purpose of this Agreement is to set forth the terms and conditions upon which the Authority will provide the Grant to the Subgrantee to undertake the Project.

NOW, THEREFORE, the Authority and the Subgrantee agree as follows:

**ARTICLE I – DEFINITIONS**

Section 1.1 – COMMITMENT LETTER means the Authority's notification to the Subgrantee that contains the terms and conditions of funding, attached hereto as Exhibit D (incorporated herein by reference).

Section 1.2 – DOCUMENT RESOLUTION means Authority resolution number 06-07 "Approving the Forms of Grant Agreement," dated January 24, 2006.

Section 1.3 – ELIGIBLE COSTS means those designated Project costs consistent with the Grant and the Grant Documents, and approved by the Authority as set forth in the Authority's Commitment Letter attached hereto as Exhibit D.

Section 1.4 – EXECUTIVE DIRECTOR means the Executive Director authorized to act on behalf of the Authority.

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Section 1.5 – FUNDING RESOLUTION means Authority resolution number 15-25 “Approving Awards and Authorizing the Disbursement of Funds under the Eleventh Funding Round of the State Charter School Facilities Incentive Grants Program,” dated August 12, 2015.

Section 1.6 - GRANT or GRANT PROGRAM means the State Charter School Facilities Incentive Grant.

Section 1.7 – GRANT DOCUMENTS means this Agreement, Program Regulations, Subgrantee’s Application, Document Resolution, Funding Resolution, and the Commitment Letter, including any and all exhibits to such documents.

Section 1.8 – GRANT PERIOD means the thirty-six (36) month period commencing from the execution date of this Agreement, unless at the Authority’s discretion, the time period is amended.

Section 1.9 – SUBGRANTEE means Magnolia Science Academy 5 and Magnolia Educational Research Foundation, collectively, located at 18230 Kittridge Street, Reseda, CA 91335, a California charter school, Charter No. 987.

Section 1.10 - PROJECT means the base lease costs of a charter school facility for Magnolia Science Academy 5, operating at 18230 Kittridge Street, Reseda, CA 91335, as specifically described in the school’s lease with Los Angeles Unified School District attached hereto as Exhibit E.

Section 1.11 – REGULATIONS or PROGRAM REGULATIONS means the California Code of Regulations, title 4, division 15, article 2 (commencing with section 10176), as may be amended from time to time.

**ARTICLE II – DELEGATION OF AUTHORITY**

Section 2.1 – Pursuant to the Funding Resolution, the Executive Director is authorized to take actions for, and on behalf, and in the name of the Authority, including, but not limited to:

- (a) Taking all steps necessary with respect to the Subgrantee including notifying the Subgrantee whether its Application has been approved for funding, preparing a Commitment Letter for the Subgrantee, preparing and executing the final form of Grant Agreement and disbursing funds pursuant to the Grant Agreement and the Authority’s Regulations;
- (b) Approving changes in the Project when necessary and authorized under the Regulations (provided that the amount of the Grant award may not be increased above the amount approved by the Authority);
- (c) Drawing money from the Authority’s Fund, not to exceed the amount approved by the Authority for the Subgrantee.
- (d) Executing and delivering to the Subgrantee any and all documents necessary to complete the transfer of funds; and
- (e) Undertaking any and all actions and to execute and deliver any and all documents that the Executive Director deems necessary or advisable in order to effectuate the purposes of the Documents Resolution approved by the Authority.



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**ARTICLE III – REPRESENTATIONS AND WARRANTIES**

The Subgrantee makes the following representations and warranties to the Authority:

Section 3.1 – **LEGAL STATUS**. The Subgrantee is Magnolia Science Academy 5 and Magnolia Educational Research Foundation, collectively, a California charter school, Charter No. 987. The Subgrantee represents and warrants that:

- (a) An approved charter has been awarded and is in place and current at the time of application, and without interruption throughout the application review and approval process.
- (b) The charter school is in good standing with its chartering authority and is in compliance with the terms of its charter at the time of application submission and without interruption throughout the term of the Grant. The Authority will rely on information from the chartering authority regarding the school's good standing and compliance with the terms of its charter. Charter schools may appeal any response by the chartering authority's staff directly to the chartering authority's governing board. It shall be the charter school's responsibility, and not the Authority's, to ensure that the good standing and compliance response letter is received by the stated deadline.
- (c) The charter school has completed at least one school year of instructional operations under its current County-District-School (CDS) Code and charter number issued by the California Department of Education.
- (d) If a district-dependent charter school, the school can demonstrate operational and financial autonomy from its authorizing district.
- (e) The charter school is not a current subgrantee pursuant to the 2009 State Charter School Facilities Incentive Grants Program (Rounds 6-10)
- (f) At least eighty percent (80%) of the instructional time offered by the charter school shall be at the school site, and the charter school shall attain an average daily attendance rate of at least eighty percent (80%) based on the school's most recent CALPADS or CBEDS report.
- (g) The charter school is established pursuant to Education Code section 47600, et seq., and also meets the Federal definition of charter school as defined in section 5210(1) of the Elementary and Secondary Education Act of 1965 (20 USCA section 7221(i)), as amended by the No Child Left Behind Act of 2001.
- (h) The charter school admits students by lottery in the event more students want to attend the school than the school can accommodate.
- (i) The charter school is able to demonstrate costs are eligible pursuant to Regulations.
- (j) The charter school is in compliance with all other programs administered by the Authority, where applicable. Where an educational management organization (EMO) has submitted an application on behalf of a charter school, the compliance of affiliate charter schools within the EMO is not a requirement.
- (k) The charter school is actively registered with SAM – System for Award Management ([www.sam.gov](http://www.sam.gov)) and has no delinquent federal debt and has no active exclusions on the SAM record

The Subgrantee understands that it must continuously satisfy each of these legal requirements throughout the length of time the Project will be assisted by the Grant Program, as they may be amended, to be eligible to receive funding under this Grant.

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Section 3.2 – AUTHORIZATION. This Agreement has been duly authorized, executed and delivered by the Subgrantee, and is a valid and binding Agreement of the Subgrantee.

Section 3.3 – PROJECT. The Project as set forth in Exhibit E attached hereto meets the criteria defined in the Regulations.

Section 3.4 – ELIGIBLE COSTS. The costs set forth in Exhibit E attached hereto meet the criteria defined in the Regulations. Grant funds may not be applied to costs other than those approved herein.

Section 3.5 – GRANT DOCUMENTS. The Subgrantee warrants that (a) the Subgrantee has access to professional advice to the extent necessary to enable the Subgrantee to fully comply with the terms of the Grant Documents; and (b) the Subgrantee has the full power and authority to execute the Grant Documents.

**ARTICLE IV - CONDITIONS PRECEDENT TO EACH DISBURSEMENT**

The obligation of the Authority to make any disbursements under the Agreement is subject to all of the following conditions:

Section 4.1 – EVENT OF DEFAULT. There shall not exist an Event of Default, as defined in this Agreement, and there shall exist no event, omission or failure of condition, which, after notice of lapse of time, would constitute an Event of Default, as defined in this Agreement.

Section 4.2 – DOCUMENTATION. The Subgrantee shall deliver to the Authority in form and substance satisfactory to the Authority this Agreement and any other documents required by the Authority prior to beginning monthly disbursements, and no later than August 31, 2015. Additionally, the Subgrantee shall deliver to the Authority in form and substance satisfactory to the Authority any documents required by the Authority to verify continued eligibility prior to beginning each semi-annual disbursement cycle, no later than February 28 and August 31 of each year.

Section 4.3 – CERTIFIED RESOLUTION. This Agreement and any amendments hereto shall be accompanied by a certified resolution from the Subgrantee's governing body authorizing its execution (See Exhibit C hereof).

Section 4.4 – FUNDING CONDITIONS. The Subgrantee has met all terms and conditions of funding in accordance with the Regulations and the Authority's Funding Resolution.

Section 4.5 – TERMS OF COMMITMENT. In the event the Subgrantee has not fulfilled all terms and conditions precedent set forth in this Article IV within thirty (30) days of the Subgrantee's execution of this Agreement, the Authority's obligation under this Agreement shall automatically terminate, unless at the Authority's discretion, the time period is extended in writing.

**ARTICLE V – GRANT DISBURSEMENT PROCEDURES**

Section 5.1 – DISBURSEMENT PROCEDURES. Disbursements of the Grant shall not commence until this Agreement is executed by all parties and the requirements of the Authority are satisfied. Disbursements of the Grant shall only be applied for the Eligible Costs of lease payments for a charter school facility for Magnolia Science Academy 5, as set forth by the Authority and subject to the Authority's Funding Resolution. Pursuant to section 10186 of Program Regulations, the Subgrantee shall obtain prior written authorization from the Authority for any change in the use of Grant funds.

Any unspent Grant funds and unspent investment earnings shall immediately revert to the Authority.

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Section 5.2 - DISBURSEMENT PROCESS. Grant award funds will be disbursed monthly. In order to receive disbursements, requests for disbursement and verification of continued eligibility must be submitted during February and August of each year and must be supported by documentation sufficient in the Authority's determination to support payment.

Incomplete documentation of continued eligibility due each February and August will cause the subgrantee to forfeit the next monthly disbursement of the respective semi-annual disbursement cycle (March-August or September-February). If the documentation is still insufficient 30 days after February 28 or August 31, the subgrantee will forfeit all six monthly disbursements for the respective semi-annual disbursement cycle. Missed disbursements cannot be made up and will revert to the Authority immediately.

The request for disbursement must contain at least the information in substance and form of Exhibit B attached hereto.

The Authority shall notify the Subgrantee in writing within seven (7) business days or as soon as practicable of any deficiencies or discrepancies in the request for disbursement. The Subgrantee shall not receive a disbursement until the Subgrantee corrects any such deficiencies or discrepancies. Funds are to be applied toward current costs at the time of disbursement; therefore, a delay in the processing of any disbursement will result in a loss of grant funds. Grant funds may not be applied retroactively.

The Subgrantee's expenditure of Grant funds for uses not described in the Subgrantee's Application or the request for disbursement, or which deviate, without Authority authorization, in any category from the approved uses of Grant proceeds listed in the Commitment Letter and subject to the Authority's Funding Resolution, may result in the suspension of subsequent Grant disbursements and may be deemed by the Authority to constitute an Event of Default hereunder. The amount of all ineligible Grant expenditures shall be immediately repaid to the Authority.

If it is determined that funds are used for costs other than Eligible Costs, the Authority may suspend subsequent Grant disbursements. If warranted, the Authority may take action consistent with Article VIII of this Agreement.

Section 5.3 – AMOUNT OF DISBURSEMENT. Grant proceeds shall be disbursed up to the amount authorized under this Grant Agreement and only for Eligible Project Costs. Any unused Grant funds shall revert to the Authority.

Section 5.4 – DISBURSEMENT PERIOD. The initial disbursement of Grant proceeds shall be made no later than September 2015 and fulfillment of all requirements; and all Grant disbursements shall be disbursed no later than September 2018 unless the Authority, at its discretion, amends this time in writing, which writing shall become incorporated into this Agreement. Consistent with title 34, Code of Federal Regulations (CFR), part 80 and 31 CFR part 205, the Subgrantee must minimize the amount of time elapsing between the transfer of Grant funds and the disbursement of Grant funds to a reasonable time period (i.e. three days of the drawdown), such that the monthly disbursements for lease costs shall be paid out within three days of receipt and are to be applied toward the current lease costs for the current month based on when the disbursement is received.

**ARTICLE VI – AFFIRMATIVE COVENANTS**

Section 6.1 – CERTIFICATE OF COMPLETION. Upon disbursement of Grant funds, the Subgrantee shall certify to the Authority that the Project is complete, and shall provide a final report that sets forth the use of the funds, in letter format or as otherwise requested by the

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Authority, and shall include all information with supporting documentation as described in section 10189 of the Regulations.

The final report shall be completed and two (2) printed copies shall be submitted to the Authority no later than sixty (60) days after the final disbursement of Grant funds, unless the time period is extended at the Authority's discretion.

Section 6.2 – LEGAL COMPLIANCE. The Subgrantee shall comply with the Authority's Regulations and all Federal requirements, as such may be amended from time to time throughout the Grant Period. These Federal requirements include Section 5205 of the Elementary and Secondary Education Act; 34 CFR Part 226, when enacted, and 34 CFR sections 75.525, 75.600-617, and 80.36, pertaining to the State Charter School Facilities Incentive Grants Program.

Continued and uninterrupted compliance with all Grant Program requirements is the Subgrantee's responsibility.

Section 6.3 – ACCOUNTING RECORDS. The Subgrantee shall maintain an accounting system that accurately reflects fiscal transactions, with necessary controls and safeguards. This system shall provide an audit trail, including original source documents such as lease agreements, contracts, bidding procedures, receipts, progress payments, invoices, etc. related to the Project. The system also shall provide accounting data so the total cost of the facilities can be readily determined. These records shall be retained for a period of three years after submission of the certificate of completion and final report to the Authority. Such books and accounts shall be available for audit and/or review upon request by the Authority, the Bureau of State Audits and the U.S. Department of Education.

Section 6.4 – LITIGATION. The Subgrantee shall promptly notify the Authority in writing of any administrative action or litigation, pending or threatened, by or against the Subgrantee or otherwise related to the Project or Subgrantee. For purposes of this item, the term "Subgrantee" shall include the charter school, the parent company of the charter school, and any subsidiary of the charter school if the subsidiary is involved in or will be benefited by the Grant or the Project. In addition to each of these entities themselves, the term "Subgrantee" shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company.

Section 6.5 - NOTICE TO AUTHORITY. The Subgrantee shall:

- (a) Promptly notify the Authority in writing of any uninsured or partially uninsured loss related to the Project through fire, theft, liability, or otherwise in excess of an aggregate of two thousand five hundred dollars (\$2,500).
- (b) Notify the Authority if the Subgrantee is not in good standing or the Subgrantee's charter is not renewed, revoked, or placed on probation at any time during the Grant Period, within 30 (thirty) days of receipt of notification of such action, including providing the Authority with a copy of the document provided by the chartering entity notifying the charter school of such action.
- (c) Notify the Authority, within 30 (thirty) days, of any material changes to the Subgrantee's facilities, enrollment, charter status, nonprofit status, financial condition, or scope of the Project that occurs between the time of application and the time the Subgrantee's final report is accepted by the Authority.
- (d) Notify the Authority immediately if the facility subject to this Agreement is no longer operating as a charter school or if the number of students attending school at the facility decreases by 20 percent.

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Section 6.6 – RELEASE. The Subgrantee hereby waives all claims and recourse against the Authority including but not limited to the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this Agreement, the Subgrantee's use of the Grant proceeds, the Subgrantee's business operations, or the Project. The provisions of this section shall survive the termination of this Agreement.

Section 6.7 – INDEMNIFICATION. The Subgrantee shall defend, indemnify and hold harmless the Authority, the State, and the Federal Government/U.S. E.D., and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or the State Charter School Facilities Incentive Grants Program. The provisions of this section shall survive termination of this Agreement.

Section 6.8 - NON-DISCRIMINATION CLAUSE. The Subgrantee and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religion, creed, national origin, culture, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. The Subgrantee and its contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Subgrantee and its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, title 2, section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, section 12990 (a-f), set forth in chapter 5 of division 4 of title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Subgrantee and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

**ARTICLE VII - NEGATIVE COVENANTS**

The Subgrantee further covenants that so long as this Agreement is in effect, the Subgrantee will not without prior written consent of the Authority:

Section 7.1 - USE OF FUNDS. Use any Grant proceeds for purposes other than as described in Exhibit E and approved by the Authority, the request for disbursement, or requirements of the Grant Program.

Section 7.2 – CHANGE IN PROJECT. Make any material change to the Project as described in Exhibit E or any of the Grant Documents, without prior written authorization of the Authority. Material changes may include, but are not limited to, a reduction of 20 percent in the number of students attending school at the facility subject to the Agreement, or the lessor or lessee of the facility changes during the term of the Agreement.

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**ARTICLE VIII – DEFAULT AND REMEDIES**

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- (a) Any representation or warranty made by the Subgrantee, or anyone acting on its behalf, hereunder or under any of the Grant Documents, is incorrect in any material respect; or
- (b) The Subgrantee's failure to perform or abide by any term or condition of this Agreement (including all requirements and covenants in Articles III through VII herein) or other Grant Documents or comply with any other agreements between the Subgrantee and the Authority relating to this Grant; or
- (c) Any substantial or continuous breach by the Subgrantee of any material obligations of the Subgrantee imposed by any agreements other than the Grant Documents with respect to the Grant; or
- (d) Failure to use the funds for the approved purposes and under the requirements of the Grant Documents.
- (e) Failure to maintain continued compliance with each of the requirements for eligibility, as they may be amended, for the length of time the Project will be assisted by the Grant Program.

Section 8.2 - NOTICE OF SUBGRANTEE'S DEFAULT AND OPPORTUNITY TO CURE. The Authority shall give written notice to the Subgrantee of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) the action required to cure the Event of Default, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default, so long as the Subgrantee has commenced to cure within such time, then the Subgrantee shall have a reasonable period, as determined by the Authority, thereafter within which to fully cure the Event of Default.

Section 8.3 – REMEDIES. In an Event of Default, the Authority may pursue any remedy available to it in law or in equity, including, but not limited to, forfeiture and return of all Grant funds and any accrued interest.

**ARTICLE IX – MISCELLANEOUS**

Section 9.1 – AMENDMENTS. This Agreement may be amended, changed or modified in writing signed by the Subgrantee and the Authority.

Section 9.2 - ENTIRE AGREEMENT. This Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire Agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

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**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-45**

(i) If to the Subgrantee:

Attention: Cafer Turan, Accountant  
Magnolia Science Academy 5 and Magnolia Educational Research Foundation  
13950 Milton Avenue 200B, Westminster, CA 92683

(ii) If to the Authority:

Attention: Katrina Johantgen, Executive Director  
California School Finance Authority  
300 S Spring Street, Suite 8500  
Los Angeles, CA 90013

Section 9.4 – COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 9.5 – GOVERNING LAW, VENUE. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California. This Agreement shall be enforceable in the State of California and any action arising hereunder shall (unless waived in writing by the Authority) be filed and maintained in Sacramento, Sacramento County, California.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in day and year first hereinabove written.

Magnolia Science Academy 5:

By:  Date: 8/28/2015  
Signature

Print Contact Name, Contact Title: Brad Plonka Principal

Magnolia Educational Research Foundation:

By:  Date: 8/28/2015  
Signature

Print Contact Name, Contact Title: OSWALDO DIAZ, CFO

CALIFORNIA SCHOOL FINANCE AUTHORITY:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Katrina Johantgen, Executive Director



**CALIFORNIA SCHOOL FINANCE AUTHORITY  
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**Exhibit A**

**SUBGRANTEE'S APPLICATION AND AMENDMENTS**

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-45**

**Exhibit B**

**DRAFT**

**REQUEST FOR DISBURSEMENT OF GRANT PROCEEDS**

*[Fill in Date of Request]*

Katrina Johantgen  
Executive Director  
California School Finance Authority  
300 S Spring Street, Suite 8500  
Los Angeles, CA 90013

RE: Certification and Request for Disbursement of Grant Funds for Magnolia Science Academy 5

This is to request the next six monthly disbursements of \$6,191 each (rounded), under the State Charter School Facilities Incentive Grants Program (CFDA #84.282D) as allowed by the Grant Documents.

I hereby certify and attest to each of the following for the current period through February 28, 2016:

1. The Subgrantee will continuously meet all eligibility requirements listed in Program regulations during this semi-annual disbursement cycle (Cal Code Regs., title 4, §10177).
2. Disbursements from the California School Finance Authority to the Subgrantee shall be directed to the attention of *[fill in name, title]* at the Subgrantee's official address, on file with the Authority.
3. Grant funds will be applied toward the current lease costs of a charter school facility for *[fill in charter school name]* CDS Code No. *[fill in CDS Code]* a California charter school, Charter No. *[fill in #]*, currently operating at *[fill in street, city, and zip]*, as described in the school's lease agreement with *[fill in name of Lessor]*.
4. None of the costs for which these disbursements are requested have been paid previously.
5. These disbursements will not be used to pay for prior month(s) or year(s) costs, nor will they be used to pay for a facility receiving funds under the Charter School Facilities Program.
6. Each disbursement will be expended within three days, or the amount of time between transfer of funds and disbursement will be minimized, as determined by the United States Department of Education.
7. Interest will not be earned on these federal funds.
8. The Subgrantee will comply with the Federal A-133 audit requirements and will provide the Authority a copy of the single or program-specific audit as when available ([www.whitehouse.gov/omb/circulars/a133/a133.html](http://www.whitehouse.gov/omb/circulars/a133/a133.html)).

Insert Official signature and signature block.

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-45**

**Exhibit C**

**CERTIFIED RESOLUTION OF SUBGRANTEE'S GOVERNING BOARD**

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-45**

**Exhibit D**

**AUTHORITY'S COMMITMENT LETTER**

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM  
GRANT AGREEMENT NUMBER 11-45**

**Exhibit E**

**LEASE AND AMENDMENTS**