



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	II. C
Date:	09.10.2015
To:	Magnolia Board of Directors
From:	Oswaldo Diaz, Chief Financial Officer
Staff Lead:	Oswaldo Diaz, Chief Financial Officer
RE:	Home Office Intra-Company Loan to MSA- Santa Clara

Proposed Board Recommendation

I move that the board adopt the revision of the Home Office Intra-Company loan to MSA Santa Clara.

Background

Magnolia Science Academy Santa Clara has a temporary deficit primarily due to pending In-Lieu Property Tax in excess of \$400,000 that is to be received from Santa Clara Unified School District, and the decrease in enrollment due to the facility relocation. MSA Santa Clara requires that the current temporary loan be increased from \$400,000 to \$900,000 from the Home Office to mitigate the temporary financial hardship.

A potential risk associated with this loan is that the school may be unable to repay the loan due to mitigating circumstances related to one-time unexpected expenses and/or Santa Clara USD unavailability to pay the in-lieu of property taxes owed to MSA Santa Clara. The finance staff believes this risk is low and that MSA Santa Clara will be able to repay the loan based on the current budget projections.

This loan will be used to fund legitimate educational and operational expenses with the charter school in accordance with General Accepted Accounting Principles.

Budget Implications

None

Name of Staff Originator:

Oswaldo Diaz, Chief Financial Officer

Attachments

Loan Document



MAGNOLIA PUBLIC SCHOOLS

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MSA-SANTA CLARA INTRA-COMPANY LOAN

Summary

Magnolia Science Academy Santa Clara is in need of a loan totaling \$900,000 from the Home Office to mitigate the temporary financial hardship. This loan will be used to fund legitimate educational and operational expenses with the charter school in accordance with General Accepted Accounting Principles.

Intra-Company Loan Terms

Total Loan Amount: up to \$ 900,000

Date of Disbursements: as needed not to exceed \$900,000

Date Payment Begins: November 30, 2015

Repayment Period: 1 year

Interest Rate: 0.00%

Intra-Company Repayment Schedule

Repayment schedule will include ten (10) monthly payments as follows:

Date	Payment Amount
11/30/2015	40,000.00
12/31/2015	40,000.00
1/31/2016	40,000.00
2/28/2016	40,000.00
3/31/2016	40,000.00
4/30/2016	100,000.00
5/31/2016	100,000.00
6/30/2016	100,000.00
7/31/2016	200,000.00
8/30/2016	200,000.00
Total Payments	900,000.00