



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	IIF-B
Date:	10.02.2015
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D. CEO & Superintendent
Staff Lead:	Oswaldo Diaz
RE:	Resolution Authorizing the Revision of the 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 totaling \$376,000 that is to be received from Santa Clara Unified School District. MSA Santa Clara requires that the current temporary loan is increased to \$600,000 from the Home Office to mitigate the temporary financial hardship.

The risk associated with this loan is that the school will be unable to pay due to mitigating circumstances related to unexpected expenses; school not being able to recruit the necessary students; and/or Santa Clara USD unavailability to pay the in-lieu of property taxes owed to MSA Santa Clara.

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

No Budget Implications

Attachments:

1. Loan Document

Name of Staff Originator: Oswaldo Diaz, CFO

MSA-SANTA CLARA INTRA-COMPANY LOAN



MAGNOLIA PUBLIC SCHOOLS

13950 Milton Ave. 200B Westminister, CA 92683

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

Summary

Magnolia Science Academy Santa Clara is in need to receive a loan totaling \$600,000 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 \$ 600,000

Loan Type: Revolving Loan

Date of Disbursements: as needed not to exceed \$ 600,000

Date Payment Begins: January 31, 2016

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
1/31/2016	60,000.00
2/28/2016	60,000.00
3/31/2016	60,000.00
4/30/2016	60,000.00
5/31/2016	60,000.00
6/30/2016	60,000.00
7/31/2016	60,000.00
8/31/2016	60,000.00
9/30/2016	60,000.00
10/31/2016	60,000.00
Total Payments	600,000.00



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RESOLUTION AUTHORIZING THE REVISION OF HOME OFFICE INTRA-COMPANY LOAN TO MSA SANTA CLARA

Resolution _____

WHEREAS, MSA Santa Clara requires an increase temporary loan of \$200,000 (from the original loan of \$400,000) up to \$600,000 from the Home Office to mitigate the temporary financial hardship;

NOW, THEREFORE BE IT RESOLVED THAT

The Board of Magnolia Educational and Research Foundation have approved the temporary intra-company loan up to \$600,000 to MSA Santa Clara from the Home Office in accordance with the stipulated loan terms;

PASSED AND ACCEPTED THE 8TH DAY OF October 2015.

Magnolia Educational and Research Foundation A California non-profit corporation.

Secretary of the Board

Date

Magnolia Science Academy - Santa Clara
Loan Disbursements and Payments

Intra-Company Loan Terms

Board Approved Loan Amount: \$ 400,000.00

Date Payments Begin: September 30, 2015

Repayment Period: 1 year

Interest Rate: 0.00%

Date	Description	Amount	Balance
5/7/2015	1st Loan Disbursement	40,000.00	40,000.00
5/7/2015	2nd Loan Disbursement	100,000.00	140,000.00
5/27/2015	3rd Loan Disbursement	80,000.00	220,000.00
6/12/2015	4th Loan Disbursement	100,000.00	320,000.00
6/26/2015	5th Loan Disbursement	60,000.00	380,000.00
7/29/2015	6th Loan Disbursement	100,000.00	480,000.00
8/14/2015	7th Loan Disbursement	100,000.00	580,000.00
9/29/2015	Loan Repayment	(40,000.00)	540,000.00
10/3/2015	Payment Reversal	(140,000.00)	400,000.00
Loan Balance as of October 5, 2015			400,000.00