



Board Agenda Item #	III A
Date:	February 8, 2018
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo, CFO Patrick Ontiveros, General Counsel & Director of Facilities Erdinc Acar, Regional Director
RE:	Approval of Intra Company Loan for MSA-Santa Ana Construction Needs

Proposed Board Recommendation

I move that the board authorize a \$600,000 temporary inter-agency loan from MSA 8 to MSA Santa Ana to cover projected overages in the budget for MSA-Santa Ana’s gymnasium construction project.

Background

The budget for the Project was initially estimated at \$3,859,380. This initial budget was established before the Project was put out to bid. Only one response was received to the published RFP. Total estimated cost after the bid is \$4,671,177, leaving a deficit of \$811,798.

At the October 2017 Board of Directors meeting, the Board was made aware of the discrepancy. The Board approved and directed staff to proceed with the Project with the instruction that Staff should determine if there are any costs savings that can be realized through value engineering. After taking into consideration costs associated with implementing identified value engineering items, the net budget overage is \$604,147.

Staff is seeking to borrow in the amount of \$600,000. No funds will be borrowed from the school’s operating account that will negatively impact our students in any way. The Loan will be interest free and full payment is estimated by June 2019.

Budget Implications

The temporary loan will not have any budget impact to any MPS schools. The repayment schedule shows that the loan is projected to be paid in full by June 2019.

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

Completion of MSA Santa Ana Gymnasium project.
MSA 8 maintains a healthy cash balance after the temporary loan.

Exhibits:

- MSA Santa Ana Cash Flow and Payment Schedule
- MSA 8 Cash Flow and Re-payment Schedule