



Board Agenda Item #:	II C- Consent Item
Date:	Thursday, April 12, 2018
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Patrick Ontiveros, General Counsel & Director of Facilities
RE:	One Year Lease Agreement with Bridge Bible Fellowship for Classrooms to Accommodate MSA-1 6 <sup>th</sup> Graders

**Proposed Board Recommendation(s)**

The C-Team proposes that the Magnolia Board of Directors grant Dr. Caprice Young, CEO and Superintendent, the authority to negotiate and sign a one year lease agreement with The Bridge Bible Fellowship Church (“TBBF”) located 1864 Sherman Way to house a cohort of 6<sup>th</sup> graders (up to 150 students). The proposed one year lease is being prepared jointly by Musick Peeler & Garrett LLP and by Patrick Ontiveros.

**Background**

Due to multiple delays with permitting, MSA-1’s new building to be constructed immediately adjacent to its existing facility will not be completed in time for the 2018-19 school year. MSA-1 has accepted additional students and therefore is in need of additional space to house those students. After conducting extensive searches in adjacent areas, Board Member Covarrubias introduced MSA-1 to The Bridge Bible Fellowship where her son had previously attended when it had an elementary school which has since shut down.

MSA-1 Principal Mustafa Sahin and CEO Dr. Caprice Young have had multiple meetings with representatives from TBBF. Most recently, C-Team members Suat Acar and Patrick Ontiveros joined Principal Sahin and Dr. Young in meeting with several TBBF representatives to review the space that the church can make available to MSA-1 for lease and to discuss preliminarily some of the logistical and operational challenges that will need to be overcome. Neither side thought that any of the concerns discussed were insurmountable. MPS expressed its flexibility in coordinating its schedule with the other groups who use the church’s facilities.

The next steps are as follows: (1) MPS will prepare a lease that incorporates all of the logistical and operational issues discussed at the Wednesday, April 4<sup>th</sup> meeting, and (2) TBBF elders will vote on the lease of space to MSA-1.

**Budget Implications**

The C-team and MSA-1 believe that it is in the best interests of both to lease temporary facilities to house an expanded 6<sup>th</sup> grade class. Finance is presently preparing a pro forma to show budget impacts but the C-Team is confident that MSA-1 will have sufficient revenue from the increase in enrollment to support the temporary site. To handle short term cash flow needs for the new temporary site, MSA-1 will use reserves to fund operations. After the submission of the P-1, MSA-1 will receive added funds for the additional accepted students and any such funds will be used to pay back the loan from reserves. MSA-1 effectively will borrow from and repay itself.

Some of the arrangements verbally agreed to by MPS and TBBF are as follows:

Base Rent	\$10,000 per month
Maintenance	MSA-1 will hire a full time maintenance person
Space	4 classrooms in “J” Building, 1 classroom on the 2 <sup>nd</sup> floor of “I” Building
Utilities	“J” Building is separately metered All other applicable utilities will be shared equitably
Parking	MSA-1 will receive some parking spots
Lunch Facilities	MSA-1 will be able to use a separate lunch area in another building

**Risks**

The C-Team sees very little to no risk in entering into a lease for TBBF’s space. The lease will be documented on an industry standard AIR form. Entering into this lease will allow MSA-1 to ramp up its enrollment in anticipation of completion of the new building. The TBBF facilities are in immaculate shape. Therefore, very few, if any, improvements will need to be made. Moreover, MSA-1 would have its own separate entrance for drop-off and pick-up, access to a large open field for physical education, and a lounge for after school care. The biggest risk at this juncture is that TBBF’s elders will reject the proposal.

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

The swing space at TBBF supports the larger MPS goal of serving more students who need our programs and allows MSA-1 to maintain projected growth while the building is completed.

**Name of Staff Originator:**

Patrick Ontiveros, General Counsel & Director of Facilities

**Attachments**

None