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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

STATE CAPITOL
ROOM 113
SACRAMENTO, CALIFORNIA 95814

DATE: MONDAY, APRIL 24, 2017

TIME: 4:02 P.M.

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APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

ERAINA ORTEGA, Chief Deputy Director, Policy, Department of Finance, designated representative for Michael Cohen, Director, Department of Finance

DANIEL KIM, Director, Department of General Services

CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of the State of California

JUAN MIRELES, Director, School Facilities and Transportation Services Division, California Department of Education, designated representative for Tom Torlakson, Superintendent of Public Instruction

SENATOR RICHARD PAN

SENATOR JANET NGUYEN

ASSEMBLYMEMBER ADRIN NAZARIAN

ASSEMBLYMEMBER PATRICK O'DONNELL

REPRESENTATIVE OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer

REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer
BARBARA KAMPMEINERT, Deputy Executive Officer

REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF LEGAL SERVICES PRESENT:

JONETTE BANZON, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON ORTEGA: Good afternoon,
everyone. I would like to call to order the April 24th
meeting of the State Allocation Board. Lisa, if you could
call the roll, please.

MS. JONES: Certainly. Senator Allen.
Senator Nguyen

SENATOR NGUYEN: Here.

MS. JONES: Senator Pan.
Assemblymember Nazarian.
Assemblymember Chavez.
Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Here.

MS. JONES: Juan Mireles.

MR. MIRELES: Here.

MS. JONES: Daniel Kim.

MR. Kim: Here.

MS. JONES: Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Eraina Ortega.

CHAIRPERSON ORTEGA: Here.

MS. JONES: We have a quorum.

CHAIRPERSON ORTEGA: Thank you. The first
item of business we have is the **Minutes** from the January

1 25th meeting.

2 Do we have any comments, any corrections to the
3 Minutes? Okay, is there a motion?

4 MR. DIAZ: Moved.

5 ASSEMBLYMEMBER O'DONNELL: Seconded.

6 CHAIRPERSON ORTEGA: Moved by Mr. Diaz,
7 seconded by Mr. O'Donnell. All in favor of approval of the
8 Minutes please say aye.

9 (Ayes)

10 CHAIRPERSON ORTEGA: Approved unanimously.

11 SENATOR NGUYEN: I just have a question.

12 CHAIRPERSON ORTEGA: Yes, please.

13 SENATOR NGUYEN: Since I wasn't here, do you
14 -- do you -- is it okay that I vote? Does it matter?

15 CHAIRPERSON ORTEGA: I think you can but

16 --

17 MS. BANZON: You can vote on it, the Minutes.

18 CHAIRPERSON ORTEGA: All right, Lisa.

19 MS. SILVERMAN: The **Executive Officer's**

20 **Statement.** We wanted to share with the Board three items
21 tonight as part of the agenda. In the consent agenda we
22 actually have 17 projects for \$63 million and that's the
23 result of the spring bond sale. And those districts need to
24 submit the - excuse me - need to submit certification by
25 July 24th. And so those items will be approved tonight.

1 And so we'll be reaching out to the districts as we start
2 getting close to the deadlines. So we wanted to share that
3 with the Board tonight.

4 The second item is to announce that the priority
5 funding round certification will be opening up on May 10th
6 and it will close on June 8th. So any projects that
7 received an unfunded approval prior to those deadlines will
8 be eligible to submit a certification.

9 And then the last item is to share with the Board,
10 we had announced back in January that there was a charter
11 round opening and so we have had a lot of folks interested
12 in some attendance at numerous outreaches. And so that
13 round closes up on June 5th. So we'll be sending out
14 reminders as well for those charters that are interested in
15 the project, and that's it.

16 CHAIRPERSON ORTEGA: Okay. Any questions on
17 those items?

18 Seeing none, we'll move to the **Consent Agenda**.

19 MS. SILVERMAN: The consent agenda is ready
20 for your approval.

21 CHAIRPERSON ORTEGA: Okay. Any questions or
22 comments from Board members on the **Consent Calendar**?

23 Is there any public comment on any of the items on
24 consent?

25 Okay, seeing none, is there a motion?

1 MR. KIM: Motion to approve.

2 MR. O'DONNELL: I'll second.

3 CHAIRPERSON ORTEGA: Okay. It's been moved
4 and seconded. All in favor of the **Consent Calendar** please
5 say aye.

6 (Ayes)

7 CHAIRPERSON ORTEGA: I believe that's
8 unanimous. We'll move to item five - pardon me. Sorry.
9 Let's - actually, you know what, let's hold the roll open on
10 the consent and we'll call the absent members, in case Mr.
11 Nazarian joins us, as well, but let's just hold that open.
12 I don't think there's any objection to consent items.

13 So, **Status of Funds**.

14 MS. SILVERMAN: So, the financials on page
15 74. We just wanted to highlight the funds that we've
16 released as a result of the priority funding apportionment
17 that went out in December, and so we had 1.7 million that
18 was released in January and nothing to report in the months
19 of February and March. So that's on page 74. And as far as
20 status of funds, on page 76, again, the activity we wanted
21 to highlight for the Board in the agenda, all the
22 propositions outside of Proposition 51, we had over \$20
23 million -- excuse me -- 20 projects for over \$64 million
24 that was approved as part of the unfunded approvals this
25 month. And also as far as rescissions and closeouts, we

1 actually had \$66 million and 35 projects that were -- either
2 came through or were rescinded.

3 And on page 76, we wanted to highlight with the
4 Board the Emergency Repair Program projects that were
5 approved as well. We did receive almost \$6 million and that
6 resulted in savings that came back to the program from the
7 Emergency Repair Program. And we actually did provide some
8 -- actually apportionments or additional grants to districts
9 close to \$5 million and that's 54 projects.

10 So with that, that was the report.

11 CHAIRPERSON ORTEGA: Okay. Any questions or
12 comments on those?

13 Welcome Senator Pan.

14 SENATOR PAN: Thank you.

15 CHAIRPERSON ORTEGA: Any comments?

16 Seeing none, we will move to the item under Tab 6,
17 which is an **Appeal Item**.

18 MR. LAPASK: Good evening. Brian LaPask with
19 OPSC. The Beverly Hills Unified School District has a
20 seismic mitigation repair project they're requesting
21 replacement funds for. Last year, the Board saw quite a few
22 projects that had qualified historic buildings where they
23 were doing rehabilitation rather than replacement when they
24 actually qualified for replacement funding. The statutes do
25 not prohibit -- or don't, don't say that if you qualify for

1 replacement funding, you have to actually replace the
2 building. So the Board has been able to have the
3 flexibility to allow folks to -- excuse me -- rehabilitate
4 facilities with replacement funds. The Board asked staff to
5 create regulations that would allow for these types of
6 projects when there is a qualified historic building to move
7 forward without having to come through an appeal. We
8 brought those required, and they were approved by the Board
9 in October. However, they're not active yet. So this is a
10 textbook project that would fit directly into those
11 regulations. If they approved, you wouldn't have the appeal
12 before you today. So staff recommending the approval of the
13 item as requested, replacement funds for the rehabilitation
14 of the building pursuant to the regulations that are still
15 going through the rulemaking process, and I can answer any
16 questions that you have.

17 CHAIRPERSON ORTEGA: Thank you.

18 Any questions from Board members?

19 Is there any public comment on this item?

20 No. I don't think there's any objection to moving
21 this appeal forward.

22 Is there a motion?

23 MR. DIAZ: Motion to approve.

24 MR. KIM: Second.

25 CHAIRPERSON ORTEGA: Moved and seconded.

1 All in favor of the of the motion please say aye.

2 (Ayes)

3 CHAIRPERSON ORTEGA: Okay. It's approved,
4 and we will move to **Item Seven**.

5 I do have many speaker cards on **Item Seven**. If
6 you haven't filled one out that would be helpful just to
7 keep the comments orderly and the items under Tab 7. So if
8 you could grab a speaker card and get your name on the list,
9 that would be helpful. But we will start with a staff
10 presentation on the regulatory agreement proposed under Tab
11 7.

12 MS. SILVERMAN: Actually, grab your attention
13 to Tab 7, which is on stamped page 113. So we wanted to
14 highlight, in January, we came and presented a overview of
15 the Office of State Audits and Evaluation audit of the
16 program. And we shared with the Board that we had some
17 concerns about some of the issues that were being raised in
18 the audit that were performed by the Department of Finance.

19 We also highlighted to the Board there's Executive Order S-
20 02-07, that actually provides a lot of oversight and
21 responsibility to departments and Board to ensure that bond
22 funds are spent effectively and efficiently. And with that,
23 we introduced grant agreements as part of enhancing
24 accountability in this program. So with that, we got Board
25 direction at the January meeting to go back and develop

1 grant agreements for corresponding regulations. So on March
2 24th, staff presented, sent out publically, the draft grant
3 agreement. And we actually held a meeting on March 30th.
4 And we had quite a bit of members -- excuse me -- members of
5 the public that was interested in that meeting, so a full
6 house, about 30 to 50 participants. We also had about 900
7 people that actually watched the webcast. So that widely
8 had some interest in that. We also had a -- solicited some
9 feedback from stakeholders as well. We sent out an email
10 blast and was hoping to get some feedback as far as
11 technical amendments that we could make forward and the
12 grant agreements and so we had a deadline of April 10th. We
13 did receive some letters. And so with that, we had the
14 ability to make some -- some changes that were reflected in
15 that draft grant agreement and we also had a sit-down
16 meeting with some folks as well to get some more input on
17 the grant agreements itself. And that was on April 12th.
18 So what staff is proposing today is having the
19 grant agreements apply to projects that are on the true
20 Unfunded List, that's \$370 million of projects that have
21 been processed by the Board and also apply it to the
22 Acknowledged List. And those are the projects, that's over
23 two -- close to two and a half billion dollars, the projects
24 that we received but haven't been processed by staff. So
25 that's what we're proposing today.

1 And then on page 115, we wanted to clarify really
2 what the grant agreement is doing. It's actually --
3 improves oversight and accountability and also, we also feel
4 it addresses OSAE's findings as well. We find it's a useful
5 tool, not only for districts, but it clearly lays out the
6 items that they're required to do for each of the programs.

7 It also provides very clear guidelines for eligible and
8 ineligible expenditures that really aren't very transparent
9 for some of our program grants. So we definitely think it's
10 a useful tool. It also provides the oversight
11 responsibility for the Office of Public School Construction.

12 It also provides the oversight responsibility of the
13 closeout audits being accompanied for their local audits to
14 be performed once the project is completed. And that
15 correlates with the trailer bill language as well. It also
16 gets in the process of, if you are a local audit, then --
17 again, that would go through the Educational Audit and
18 Appeal process. And so we actually have some exhibits
19 associated with that.

20 We think it's a useful tool, and it very clearly
21 outlines what the requirements are for the program. We
22 wanted to highlight on -- excuse me -- the feedback we
23 received on page 116. We did have some letters that did
24 come in from districts and also some stakeholders. And so
25 we wanted to highlight to the Board in a very transparent

1 Before I open it up to questions from the Board
2 members, I do want to take a moment to thank Lisa and
3 Barbara, in particular, and the other OPSC staff who worked
4 on this. I think the hours it took to compile all of the
5 code section and regulatory section items into one single
6 document, I think it's the first time that it's been done
7 for the program. The grant agreement is comprehensive. I
8 know that there are concerns about complexity, but the
9 program is quite complex as it exists today. And the
10 document, I think, is probably the clearest effort we have
11 ever seen to try to make sense of it in one place. And so I
12 really do want to thank you for your work, and I know that
13 it took a tremendous amount of time, and I think it's a very
14 high quality product that you produced. So I do want to
15 acknowledge that.

16 And then I think we'll start with comments or
17 questions from Board members, and then we'll take public
18 comment on the item.

19 Go ahead Mr. O'Donnell.

20 ASSEMBLYMEMBER O'DONNELL: Yes. Thank you.

21 Thank you for the presentation and your hard work.
22 I know this was, kind of, herculean, and I think the mantra
23 was that we get it done quickly but also be very thorough
24 and make sure that projects could get up and running. So
25 thank you again.

1 So, I have several concerns, and I'll, kind of,
2 lay them out and they're under our proposal today. I'll
3 just, kind of, number them off, and they're kind of,
4 scattered because it's been a scattered day, so please be
5 patient with me.

6 Under current law, districts are allowed to set up
7 a payment plan when it's found that they have had ineligible
8 expenditures, and it looks like there's some changes with
9 regard to that. Is that accurate?

10 So in other words, if they do -- okay. If they're
11 found to have ineligible expenditures, this proposal has it
12 coming out of the their base allocation; is that correct?

13 MS. SILVERMAN: That's, that's part of the --
14 that accompanies the trailer bill language that's the draft
15 for the bill language.

16 ASSEMBLYMEMBER O'DONNELL: Right. So -- and
17 that's the other complexity we're referencing is a trailer
18 bill that has not yet passed, but that's down the road here.

19 So do we really want to do that? What if the local
20 district has some other sources of funding? Their own bond
21 funding, developer fees, et cetera? Why wouldn't we just
22 say it comes out of your base allocation?

23 CHAIRPERSON ORTEGA: Let me - let me respond
24 to that.

25 Assemblymember O'Donnell, I think that's a, a

1 legitimate point, and I think it's something that folks are
2 considering. I don't think it's something that was proposed
3 by Lisa or her staff. So I'm not sure that they

4 ASSEMBLYMEMBER O'DONNELL: Is it in here?

5 CHAIRPERSON ORTEGA: It's in the trailer
6 bill. So that --

7 ASSEMBLYMEMBER O'DONNELL: Oh, okay. But
8 references that trailer bill.

9 CHAIRPERSON ORTEGA: Yeah. Certainly, the
10 grant agreement is supposed to be a companion document to
11 the trailer bill, but the mechanism for paying back
12 something --

13 ASSEMBLYMEMBER O'DONNELL: Which comes first?

14 CHAIRPERSON ORTEGA: I guess we'll find out.

15 ASSEMBLYMEMBER O'DONNELL: Yeah. So -- okay.
16 Well, why don't I --

17 CHAIRPERSON ORTEGA: I just don't want to put
18 Lisa and her team on the spot for making that choice when
19 that's in the budget trailer bill.

20 ASSEMBLYMEMBER O'DONNELL: Okay. Well, who
21 did then? I mean, help me understand it.

22 CHAIRPERSON ORTEGA: It's been proposed as
23 part of the Governor's budget in the budget trailer bill.
24 So you can put me on the spot on that question.

25 ASSEMBLYMEMBER O'DONNELL: Okay, Well, then

1 if you want to --

2 CHAIRPERSON ORTEGA: As I said, it's
3 something that has been raised and, and folks are certainly
4 considering what other options. We proposed what we thought
5 was the simplest way to create a mechanism for repayment.
6 If there's a better option, I think that can certainly be
7 discussed as part of the budget.

8 ASSEMBLYMEMBER O'DONNELL: Well, I guess,
9 then what's, what's -- what is -- what's, what's wrong with
10 the current practice?

11 CHAIRPERSON ORTEGA: Well, I think,
12 currently, there isn't a practice at all. There is no --
13 there is no mechanism today to pay back something that's
14 found because there is, in fact, no complete financial audit
15 today.

16 ASSEMBLYMEMBER O'DONNELL: So I guess where I
17 I'm coming from is there ought to be other mechanisms, and I
18 think it ought to not come out -- straight out of the base
19 allocation. I know that's swift and efficient.

20 CHAIRPERSON ORTEGA: Sure.

21 ASSEMBLYMEMBER O'DONNELL: But again, there
22 may be a more appropriate places and I don't think that
23 serves the best needs of our students.

24 CHAIRPERSON ORTEGA: And I think we're open
25 to that --

1 ASSEMBLYMEMBER O'DONNELL: Point made. Okay.

2 And then ultimately where will those funds go? Will they
3 go back to the state general fund? Or do they go back in
4 Prop 98?

5 CHAIRPERSON ORTEGA: I think, as it's
6 proposed, it will go back into Prop 98, because it will come
7 out of the allocation of the district and it would go right
8 back in the same fund.

9 ASSEMBLYMEMBER O'DONNELL: My understanding
10 was possibly the general fund, the diversion was to the
11 general fund, but you don't believe that to be the case.

12 CHAIRPERSON ORTEGA: I don't believe that's
13 the proposal, but we can certainly have that conversation.

14 ASSEMBLYMEMBER O'DONNELL: Okay. More to
15 talk about.

16 With regard to expenditures, we have eligible and
17 ineligible. I have heard that maybe an ineligible list
18 might be better to operate from as opposed to having an
19 eligible list versus an ineligible list because something
20 might come up in the course of the project that might not be
21 on the list, kind of, a practical consideration.

22 MS. SILVERMAN: And we actually have the
23 ability, I mean, if there are items that are not listed in
24 here, I mean, even with the trailer bill language, I mean,
25 there's always an opportunity to come back and have some

1 changes brought forward.

2 ASSEMBLYMEMBER O'DONNELL: If we have had an
3 -- if we had an eligible list only, wouldn't that just be a
4 better practice?

5 MS. SILVERMAN: Well, I mean, sometimes, we
6 also have new -- changeover in staff, not only at our staff,
7 our office, but we also have changes in staff with the
8 districts. And so it's -- sometimes, it's useful to have a
9 comprehensive document that really clearly identifies what's
10 allowable, what's not allowable. So I would expect if I saw
11 I opened up a package and saw just a list of ineligible
12 then I also would want to see what the companion eligible
13 expenditures are.

14 ASSEMBLYMEMBER O'DONNELL: Okay.

15 Understood. Again, I just think the ineligible,
16 from what I'm hearing on the ground, is a more workable
17 practice.

18 Also, -- let's see. What else. Again, the
19 trailer bill language, you know, which comes first here?
20 That's a question we need to contemplate as a body. We're
21 referencing a trailer bill that has not passed in this
22 document. And again, should -- I don't want to wait until
23 July because I know there's things going on but again,
24 consideration taken.

25 And then with regard to the Unfunded List, would

1 it apply to the Unfunded List or not?

2 MS. SILVERMAN: As it is proposed today, it
3 would apply to projects on the

4 ASSEMBLYMEMBER O'DONNELL: What would the
5 practical impact be of that on the ground?

6 MS. SILVERMAN: Well, I mean, they would
7 still have to -- these are still the same rules and
8 regulations in place as you would have been approved last
9 year, two years ago. So I mean, we are not structurally,
10 structurally changing the rules as far as how the program,
11 those allowances are -- other than outside the computer
12 allowances. So I would expect that districts that got,
13 received a grant moving forward even those projects were
14 completed. They would still be abiding by the same rules
15 and so the same rules that we're also outlining in the grant
16 agreement as well.

17 ASSEMBLYMEMBER O'DONNELL: Well, I hope we'll
18 hear what some people come up and comment about that.

19 And with that, I'll just leave it at that. To me,
20 today, I'm not ready to approve this today. I would say
21 just bounce this over to May so that we can really get it
22 right. That's where I site today. So thank you.

23 CHAIRPERSON ORTEGA: Senator Nguyen.

24 SENATOR NGUYEN: I'm new on the Board. I'm -
25 - just, trailer bill versus this, which one goes first?

1 What is the normal practice? Shouldn't the trailer bill,
2 because it's put in statute, shouldn't that go first before
3 we go?

4 MS. SILVERMAN: Well, the Board has the
5 ability to adopt regulations and also adopt the grant
6 agreement, and if there's any differences that result as the
7 trailer bill being enacted, then we also have the ability to
8 modify in the future what those changes are.

9 SENATOR NGUYEN: Could there be -- could the
10 trailer bill add things in there that will be drastic that
11 could change what we're doing today? I mean, because that's
12 the thing, I'm just thinking, why go before the trailer
13 bill, because my understanding is, I mean, it's statute,
14 it's the law. And it's easier just to follow it than having
15 to chase it or to amend and amend and amend.

16 CHAIRPERSON ORTEGA: I think that could
17 happen, Senator Nguyen. I think there could be something in
18 the trailer bill that requires us to come back and modify
19 the grant agreement. I think that the two items are on
20 different tracks because they address different pieces of an
21 accountability program. The trailer bill addresses the
22 audit requirements on the back end. The grant agreement is
23 a regulatory agreement about receiving funds. The attempt
24 was made to make the grant agreement address the program as
25 it is today, which, which the bonds really locked into place

1 in terms of ineligible, eligible expenditures. I think what
2 could likely change in the trailer bill is more on the
3 process side rather than what's eligible or not eligible
4 because I don't think that's part of the trailer bill
5 discussions. But I think it is possible we could approve a
6 grant agreement today. The trailer bill could make a change
7 that would require us to come back and modify it. But
8 approving a grant agreement today is not something that
9 would be difficult to revise it at another meeting. So
10 that's why we felt it made sense. There was a lot of
11 interest from the stakeholder community of getting these
12 items on the agenda as soon as possible, so that's why we
13 have them here today.

14 SENATOR NGUYEN: What, what, what we heard or
15 as some of the folks that came and met with us is that your
16 -- one, yes, they want this to move fast but what their
17 concern was that the -- you know, the public hearing and the
18 public information, it was a lot of information and a lot of
19 things they have to look through. And so they didn't --
20 they weren't able to get all their input in. And so they
21 just don't want to look and -- they want to make sure that
22 we're doing it right, but at the end of the day, we want the
23 money out as soon as possible, get these projects going, but
24 that's where the unfunded, the funded, the unidentified, et
25 cetera. You know, I think they just want to, kind of,

1 pause. But I mean, hopefully, some of the folks, if they're
2 here today, can make those comments because I just wanted us
3 to make sure that we're working hand in step with the
4 Governor's office and getting him to release the funding as
5 soon as possible. But I don't want us to have to come back
6 and do a special hearing just so that we now -- oops, we
7 forgot this, or oops, they just added this, because I don't
8 want any delay as we go forward, because I don't want people
9 to have hope. I mean, you tell them we do all the
10 regulations and then we were stopped. That's all. I mean,
11 that's just my, my comments. So, you know -- but that's the
12 reason why I'm asking the question.

13 CHAIRPERSON ORTGEA: Mr. Diaz.

14 MR. DIAZ: Thank you Madam Chair. So I also
15 want to thank the staff. I think they put a lot of work
16 into this proposal. I think, in the end, it really just
17 focuses on accountability and clarify in the program in the
18 front end. And I think -- I thank the Senator for her
19 comments because it is about accountability. It is about
20 clarity, trying to make sure we address all the problems in
21 the front end so we're not seeing many appeals later down
22 the road. And sitting on this Board for several years, I
23 have seen how, you know, districts can, in fact, look at
24 some things that could be ambiguous. Perhaps, they had a
25 different interpretation and different things. And so when

1 they come with those appeal, I think what staff is trying to
2 do with this proposal is to actually look at the program
3 that we have heard and many, many times, that many of the
4 stakeholders here have been very supportive of. In fact,
5 wearing my other hat, I've sat in different committee
6 hearings, where we've seen time and time again, like the
7 program, we believe in the program, how it exists, in fact
8 the voters approved the program, and cemented it for this
9 new round of funding sources. So I think, to the extent
10 possible, that we can address those issues by looking at
11 these grant agreements and knowing what the rules are, that
12 provides accountability for the limited resources that the
13 State is actually providing -- for these projects. So I
14 want to thank you for your hard work on that.

15 MR. KIM: I want to echo the sentiments of
16 the Chair and Mr. Diaz. I think the work that Lisa and
17 Barbara and OPSC staff has put together is outstanding. I
18 say this having worked 14 years in local government, and I
19 used to receive a lot of state funding. And the one issue
20 that I really had was what are the rules for using the
21 funds? I want to know those up front. I don't want to know
22 those on the back end when I'm getting audited. And what
23 you have been able to do is provide this road map to be very
24 clear up front, very transparent, this is what's allowable
25 and this isn't what's allowable. And that's really

1 important in this day because there's so much attrition and
2 turnover at the school level, at the county levels, at the
3 state levels. So for all of us to be on the same page is
4 really, really important. So I commend you for putting that
5 together. My understanding of the process is that -- at
6 least the intent is to the extent that we have the grant
7 agreement now, we want to make sure that it reconciles with
8 the trailer bill language. Is that true?

9 MS. SILVERMAN: Correct.

10 MR. KIM: And so to the extent it doesn't
11 reconcile that you will come back to us and make changes
12 consistent with what the trailer bill says.

13 MS. SILVERMAN: That's correct.

14 MR. KIM: And this process is just to make
15 sure to let's get this out there sooner rather than later,
16 so folks know what the rules are up front.

17 MS. SILVERMAN: Right, before they receive an
18 award.

19 MR. KIM: Right, and, if anything, this is
20 expediting the process and getting the funding out.

21 MS. SILVERMAN: It could. Yes, definitely.

22 CHAIRPERSON ORTEGA: Okay. Yeah.

23 MR. MIRELES: First of all, I want to echo
24 the comments regarding staff and their work. I know
25 firsthand that this is no easy task to put this together.

1 There's a lot of work that has to happen to get these items
2 ready. So thank you guys, and thank the rest of the folks
3 at OPSC.

4 Second, I do want to state that the state's
5 superintendent has been a strong supporter of the state bond
6 program and now that the bond program is approved, we are
7 very anxious in getting the money out to the districts, and
8 having these grant agreements in place will help us get the
9 money out. That being said, there are some, some questions
10 and concerns that we have. We do share these same comments
11 with Assemblymember O'Donnell regarding the trailer bill
12 language. We believe that capital funds should be an option
13 but we understand that's going to be discussed in the budget
14 process in terms of paying back ineligible expenditures.

15 There's a couple of other comments that we had
16 that, maybe, we can clarify, one of them being for projects
17 that are on the acknowledged list and that have been built.

18 And the grant agreements require that those projects be
19 subject to the laws in effect at the time of the agreement.

20 So I just want to clarify that if the school has been built
21 and the agreements are signed two, three years later, that
22 that will not be problematic to comply with new laws when
23 the district signs it, because it could be a couple years
24 out. Is that something that districts are going to be
25 subject to in terms of new laws for a school that's already

1 been built?

2 MS. KAMPMERINERT: The intent is for the laws
3 that apply to the project to be the laws the district
4 followed. The law was triggered by a contract date then the
5 law would tie to that particular contract date. So it's not
6 an attempt to subject a project to any new law that may be
7 coming in the future.

8 MR. MIRELES: Great. Thank you for
9 clarifying. Another -- and this is a suggestion.

10 Assemblymember O'Donnell raised this issue in
11 terms of the ineligible and eligible costs. We do have
12 language in regards to the eligible cost -- or ineligible
13 cost I should say -- that it is not an exhaustive listing.
14 We don't have that same language for the eligible costs.
15 And that might be a way to include the common types of
16 eligible expenditures, but could we use that same type of
17 language to mention that it's not an exhaustive list? That
18 might be a way to address your comments, Assemblymember, in
19 terms of having a list of common eligible expenditures but
20 referencing that it is not an exhaustive list, similar to
21 what we have for the ineligible costs.

22 MR. KIM: If I may, having experience at the
23 local level, trying to figure those things out, I think it
24 is always helpful to know, up front, what the eligible costs
25 are. If we keep it open ended, that, that creates more

1 uncertainty. And to my, my understanding is that we've gone
2 ahead and asked our stakeholders, are there any other
3 eligible costs that we haven't identified in here. And that
4 answer, to date, has been, this is pretty comprehensive?

5 MS. SILVERMAN: We received feedback -- some
6 feedback from our stakeholders but as far as -- I think
7 there was some questions related to items that would
8 normally fall under a Career Tech project, you know, whether
9 or not there would be allowances for kitchen appliances. Of
10 course, if it lines up with a culinary type of path, those
11 items would be eligible. But there would be other items
12 that, obviously, wouldn't fit that eligibility component,
13 which could be, you know, supplies, and operational items
14 that wouldn't fall within the program grants.

15 MR. KIM: I see. So let me see if I'm
16 phrasing this correctly. So it sounds like you've
17 identified to your best knowledge all the allowable eligible
18 costs. With that said, there may be some that you haven't
19 thought of, in which case, you would work with the school
20 district and those items to determine whether they would be
21 eligible or not.

22 MS. SILVERMAN: Yeah. And I'm not sure do we
23 receive a short list of additional ones?

24 MS. KAMPMEINERT: We didn't actually receive
25 very many comments on specific eligible, ineligible

1 expenditures. There was an ineligible expenditure that we
2 have identified that was brought to our attention but that
3 wasn't consistent with the program. We did remove that from
4 the ineligible expenditure list. So we've only got a few
5 comments on that. If we received additional items in the
6 future or if we find them as we're going through the other
7 projects that we're currently auditing that we need to add
8 to this list, that is something that we could add in the
9 future to the grant agreement template. But as of right
10 now, the feedback didn't have anything more specific other
11 than that Career Tech piece and the items that we did
12 address already.

13 ASSEMBLYMEMBER O'DONNELL: Just a comment on
14 that, I think it's the unknown that people are concerned
15 about, not the known necessarily. That's where I think the
16 concern comes from, what we don't know in this room today
17 that might come up through the process.

18 But I want to go back to a question Mr. Mireles
19 asked, and I think was it the acknowledged list you spoke to
20 with regard to the grant agreement?

21 MR. MIRELES: Yes.

22 ASSEMBLYMEMBER O'DONNELL: Yes. So, so if
23 the grant agreement is applied to the acknowledged list,
24 you're saying that's not going to create anything cumbersome
25 because that is past practice?

1 MS. KAMPMEINERT: The grant agreement, for
2 both the Unfunded List and the acknowledged list.

3 ASSEMBLYMEMBER O'DONNELL: Uh-huh.

4 MS. KAMPMEINERT: With the exception, as Lisa
5 mentioned, of the technology component, it's --

6 ASSEMBLYMEMBER O'DONNELL: It's the same.

7 MS. KAMPMEINERT: It's the same requirements
8 in the one document, trying to make it more clear. And we
9 did ask at a couple of the stakeholder opportunities, what
10 would make it so that a district would not be able to sign
11 this document in the event that the project was already
12 completed -- and we heard the technology piece for some
13 folks that had gone forward and they would need to consider
14 whether they had been considering claiming technology as an
15 eligible expenditure and then -- that was actually the main
16 one. Other than that, I didn't hear any specific comments.

17 So the laws that are referenced in this grant
18 agreement, the regulations that are referenced in this grant
19 agreement, they're similar -- or tied to the certifications
20 the districts have to enter into when they're completing the
21 funding requests as well. So we're not seeing that this is
22 going to be a major issue for projects that have already
23 completed or signed contracts because it's not adding new
24 requirements that they otherwise would not have been doing
25 under the program. An example, we did have a certification

1 that was on the form for many, many years that came up and
2 when we put it into this grant agreement format, we got a
3 question about whether districts were subject to it or not,
4 and that was a surprise because it was a certification
5 that's been around for a long time. So actually seeing that
6 in the first week of this document being out was a sign that
7 actually this format might help people see the
8 certifications that they otherwise might not be reading
9 over. But the certifications and the laws did not change.
10 So we think there will be minimal impact to those that
11 already completed their project.

12 ASSEMBLYMEMBER O'DONNELL: Thank you.

13 CHAIRPERSON ORTEGA: Any other Board member
14 comments?

15 All right. Let's move to public comment. We'll
16 start with Don Ulrich -- and please come on up.

17 MR. ULRICH: Madam Chair, here?

18 CHAIRPERSON ORTEGA: You can sit there or
19 stand, your choice.

20 MR. ULRICH: Okay, if I have a choice, I'll
21 sit. Thank you.

22 Madam Chair, members of the State Allocation
23 Board, thank you for having us today. We appreciate the
24 opportunity to comment. My name is Don Ulrich. I'm the
25 chair of the Coalition for Adequate School Housing or CASH,

1 and the purpose really today is to comment and make
2 recommendations on, you know, really three items, the up
3 front agreement. We talked about audits, that it's related.
4 The list, if that's appropriate, you know, the acknowledged
5 list and the Unfunded List. And then there's some related
6 issues. So I'll try to summarize the CASH position on these
7 issues in advance and therefore -- thereafter, offer some
8 detailed comments.

9 First of all, I think it's really important to
10 understand, CASH has said this before and we want to
11 continue to make everybody understand this, that we support,
12 you know, the concept of a plainly and clearly written and
13 agreed upon master document to serve as a guide and template
14 for expenditures of state bond funds to be used in decision
15 making. You know, as far as the delay of, you know, funds
16 getting out, you know, we agree that we don't want that to
17 happen like a couple of our legislators have stated. But we
18 don't want that to happen at the expense of an agreement
19 that we feel adds some complexities to the program and also
20 causes some issues for school districts.

21 We also support the idea and the concept of
22 changing the K-12 audit guide, establishing the goal of
23 district responsibility for auditing the expenditures of
24 state bond funds. However, we do not agree with the
25 approach taken in each matter as these are not consistent

1 with existing statutes contained in Chapter 12.5 of the
2 Education Code.

3 As for the two lists, the true Unfunded and
4 acknowledged list, CASH opposes -- and I think this is
5 important -- any prejudice as to the treatment of either
6 list. CASH believes that the projects on each list were
7 submitted according to the existing statute and ask that
8 each project on each list be prepared for future
9 apportionment as the Board has submitted in date order. The
10 district seeking state bond funding from before 2008 through
11 the current date in 2017 have done so relying upon statute
12 and regulation that remained unchanged and, by the way, have
13 been passed by the voters with Prop 51. Regarding the up
14 front agreement again, the agreement before CASH intends to
15 be a -- excuse me -- before the Board, intends to be
16 retroactive as we talked about, requiring districts to agree
17 to the terms presented for projects that have been built,
18 could be occupied, or are under construction. You know, we
19 just find this unreasonable. It is contrary to existing
20 statute and regulation relied upon by school districts that
21 have applied for funding to date. The Board approved
22 projects on the Unfunded List -- excuse me -- and
23 acknowledged list should not be subject to new conditions or
24 new, new rules because there are some changes as
25 contemplated in the agreement. The agreement, as written,

1 creates more complexity within the School Facility Program
2 rather than simplifying the process. That has been a goal
3 of the administration. All the certifications in the
4 agreement -- or at least most of them -- have already been
5 made by the district in the application process. So the
6 agreement due to size and complexity really will add to
7 legal costs, legal review costs for our school districts.
8 The school agency parties to the proposed agreement and
9 independent auditors will be responsible for ensuring
10 compliance by schools have been limited in their inclusion
11 in the creation of the -- of the agreement. Representatives
12 of the K-12 audit profession have significant concern --
13 significant concern as to the work they are to perform and
14 their ability to produce the work intended. The auditors
15 have told us that their procedures are significantly
16 different than those used by OPSC auditors.

17 Much more and different work will be needed --
18 need to be done at the local level for these auditors. It
19 will be a different process. The K-12 auditors predict that
20 only a few audit items will actually be prepared -- a few
21 audit firms -- excuse me -- will actually be prepared to do
22 the work.

23 And as far as the list, both lists, we feel,
24 should be processed to the Board in date order on a month-
25 to-month basis as has been the practice prior to the

1 implementation of the project and funding method which
2 commenced in May of 2009, you know, during our great
3 recession. And establishment of the practice of biannual
4 funding implemented by the Board has begun to apportion, you
5 know, small small -- a small amount of projects for stalling
6 the complete diminishment of the school bond authority from
7 2012 to the present date.

8 So the true Unfunded List, we really feel you
9 should move that, as you have considered, to the full, full
10 apportionment immediately and in anticipation of a fall bond
11 sale. Regarding the acknowledged list, process to the Board
12 immediately for action as an unfunded apportionment so that
13 you can be prepared for the bond sale in the spring. If
14 anything would do what some of us have asked for is get the
15 money out soon and sooner to schools, this item would do
16 that.

17 So, kind of, a summary of our recommendations, we
18 ask that the Board, that has been recommend by Senator
19 O'Donnell, defer the adoption of the agreement as proposed
20 and we further ask that the Board direct its staff to call
21 together a small yet representative body of school districts
22 and K-12 audit practitioners to engage OPSC and Department
23 of Finance in the negotiation of a simply and clearly
24 written agreement. If the Department of Finance is
25 interested in directing expenditure decisions made by

1 districts with an emphasis on the avoidance of technology or
2 computer purchases, they could simply compile a master list
3 of unacceptable expenditures as has been recommended today
4 and get agreement from CASH and the schools. The DOF and
5 OPSC can then propose that an LEA acknowledge that it has
6 read and agreed not to purchase unacceptable furniture and
7 equipment. CASH will support such a clear and simple
8 agreement if it is prospective and not reactionary. We
9 suggest that the requirement commence for any project for
10 which a contract is signed on or after July 1st, 2017
11 consistent with the beginning of the state budget. We ask
12 that the Board recognize that the voters of California
13 approve Proposition 51 to fund projects according to
14 Education Code, Chapter 12.5 in implementing regulations as
15 they existed in January 1st, 2015. We ask that the Board
16 also recognize that projects on both lists are there because
17 district governing boards took action to expenditures -- to
18 the expenditure of billions of dollars of local funds as
19 required by statute as the local funding share to plan
20 projects received DSA approval and apply for state bond
21 funding that's relying on the School Facility Program.

22 So we ask that you approve the true funded list to
23 move forward immediately as you've discussed. And, again,
24 we ask that you approve the acknowledged list you move
25 forward intact in date order to the unfunded category.

1 Again, thank you for attention to these matters.
2 We know that the discussion will be robust, and we
3 appreciate the opportunity to comment, and we also would add
4 that we appreciate the work we've done with OPSC. You know,
5 the meeting on April 12 was very productive. The OPSC staff
6 and Lisa did a great job leading them to listen to try to
7 understand what our issues are. We know that if we continue
8 to work together with them in that fashion, we can come to
9 an agreement that meets the conditions we have asked for
10 today. Thank you.

11 CHAIRPERSON ORTEGA: Thank you.

12 I'll call Lettie Boggs.

13 MS. BOGGS: I'll just stand. Thank you.

14 I just wanted to mention that in the audit
15 requirements -- and I understand part of the audit
16 requirements are in the trailer bill part -- are in the --
17 in the lists that are given. It is helpful to have lists of
18 what's ineligible and what's eligible. However, the nature
19 of those kinds of lists is that as soon as you begin listing
20 it, people have - people have -- "Oh, what about this?" And
21 "What about this" and it becomes very difficult. It's,
22 typically, easier to work with principles. So one of the
23 principles that we've always applied to the capitalization
24 of school projects, things that if it's routinely purchased
25 on the supply budget, it doesn't become accounted for in the

1 capitalization of the project. But if it is something that
2 is needed to equip the school for functioning the first time
3 it is built, the rules are different than strictly supply
4 later.

5 So for instance, the first time you build this
6 room, you could put light fixture in it but if you were only
7 buying -- well, these are expensive -- but if you were only
8 buying one school light fixture, it wouldn't meet the
9 threshold, and those are part of the system. But there are
10 a log of things in the room that are not part of a system
11 that are needed to make the school a going concern that you
12 could walk in first day. And so this has been an area where
13 we've worked with clients for many years that the first time
14 you purchase it to make the school a going, functioning
15 facility, it is allowable in capitalization. You use those
16 capitalization numbers for insurance purposes. If the
17 building was to burn down, you would need all that stuff in
18 there. You'd have to make it a going concern again absent
19 what was usually purchased under a supply budget. So for
20 instance, you could buy the copier machine under the
21 capitalization, but you couldn't buy paper because paper is
22 routinely purchased.

23 So I think there could be some principles that
24 might assist us better in defining what's appropriate to put
25 within a capitalization of a project. We just ask to be

1 included in those conversations going forward because the
2 stakeholders deal with this conversation between fiscal and
3 facilities all the time. We get a lot of these calls from
4 our clients. Thank you.

5 CHAIRPERSON ORTEGA: Okay, Thank you.

6 Next, we have Darrin Watters.

7 MR. WATTERS: Good afternoon. Thank you. My
8 name is Darrin Watters. I'm the Deputy Superintendent for
9 Val Verde Unified School District. First, I'd like to thank
10 Ms. Silverman and her staff at OPSC. There was a great
11 dialog and opportunities we have been provided to provide
12 input. And thank Member O'Donnell and Nguyen certainly for
13 some of your comments there. I think you hit the nail right
14 on the head with the ineligible list and the apportionments
15 coming out of the -- or excuse me -- the ineligible
16 expenditures coming out of my apportionments for district.
17 The optics on that, I'm trying to get my bond dollars into
18 the general fund to back that are horrible. I don't know
19 how I go to my COC and tell them I have taken local bond
20 dollars and moved them into my general fund to back fill
21 that. So the opportunity to pay that is right on.

22 A little story, you know, I'm building a high
23 school right now. It's a high priority in our community.
24 I'm having to do it in phases because we haven't had state
25 participation. We're doing it totally locally right now.

1 We're praying for state participation so we can finish this
2 thing out. Highly inefficient way to do it, but we
3 understand these are the times. I've got ninth -- we opened
4 it up with ninth and tenth graders this year, and we're
5 bringing 11th graders next year. The fact that this
6 agreement is going to be retroactive -- I guess it's going
7 to be very difficult to me to sign a document when I know
8 there are -- you know, and Ms. Silverman's own words in the
9 staff report as well, vastly -- a vast majority is the same.
10 But there are nuance differences and that's going to really
11 hurt my district because we did - computers have been used
12 in the past and we did buy computers with that -- with the
13 anticipation we would get the match from the state. So now
14 that I have done that in good faith because that's the way
15 we have done it in the past program, now back to Member
16 O'Donnell's comment now on my Prop 98 principle
17 apportionment, I'm going to be hit. I don't even have an
18 opportunity to pay for it out of capital facility funds. So
19 I really ask that you take a hard, hard look at the
20 retroactivity of this agreement. It's, kind of, hard to go
21 back and penalize those of us that had been following the
22 rules as we have always done and have been published and
23 discussed around the community. So thank you.

24 CHAIRPERSON ORTEGA: Thank you, Mr. Watters.

25 Eric Bakke.

1 MR. BAKKE: Thank you very much. Eric Bakke,
2 Los Angeles Unified School District. Pleased to be here to
3 present our, our concerns. We also want to apologize for
4 our late letter that most of you have received this
5 afternoon, one of the requests was to provide specifics
6 about what are some of the concerns we actually see in the
7 agreement, and we provided an annotated document that
8 identifies 20, 30, 40 areas of concern as it relates to
9 conflict with the existing regulations that relates to
10 conflict with the existing statutes of 12.5 and how that
11 would all apply to the TBL as well as this grant agreement.

12 I want to align some of our comments with Ms. Boggs. I
13 think she hit it on the head for one of our biggest issues.

14 We don't know what we don't know. And I think by Section G
15 of the grant agreement, by clarifying or stating
16 specifically what is eligible, we lose sight of what could
17 also be eligible but we're limited to what's in that list.
18 When the auditors are looking at this, it's intended to be a
19 very clear document so they know what to allow and what not
20 to allow. But if there's sometimes, comes something that
21 maybe wasn't foreseen, that's going to be a project where
22 our cost is going to be deemed ineligible.

23 I'll give you an example, savings, the use of
24 savings. The use of savings is limited to what's in G, by
25 what's in G says, for example, sidewalks. The construction

1 of site development for sidewalks is an eligible
2 expenditure, but you're only limited to two sides. It
3 specifically says that in the -- in the grant agreement.
4 But if I wanted to use savings from another project to apply
5 to pay for my local cost for the other sides, I'm not
6 allowed to do that anymore because we're so specific in what
7 is eligible. So savings would be deemed an ineligible
8 expenditure for the construction of sidewalks in a future
9 project. I don't think that's the intent, but that's what
10 the words in the grant agreement say. There are a lot of
11 these types of scenarios that we're finding that I think we
12 have to hit the pause button, make sure we're catching these
13 things. I know it's great that we're rushing through
14 because we want to address getting the money out. We don't
15 want to look like we're holding, and we appreciate that.
16 But there are a lot of unforeseen things that we are going
17 to have to deal with, and I'm not sure the mechanisms are in
18 place to deal with this right now.

19 So we would just ask and if -- we support
20 Assemblymember O'Donnell's recommendation to hold this item,
21 look at it a little bit more carefully, understand -- I
22 think we still have time. I know I missed the earlier
23 conversation about the budget trailer bill language and
24 having to go through the legislative process, but I feel
25 like there's still probably another five or six weeks here

1 before we actually have to take action, and we just ask that
2 the time be used to evaluate the scenarios that do exist for
3 the one I described. Thank you.

4 CHAIRPERSON ORTEGA: All right. I have other
5 speakers cards, but they're specific to the unfunded and
6 acknowledged list items, so I'll ask if there's any other
7 public comment on the regulatory agreement.

8 Okay. Seeing none, pleasure of the Board. Do you
9 want to hear the next two items or consider this item?

10 MR. KIM: I just have some questions. Maybe
11 staff can answer or some of the representatives. Mr. Ulrich
12 mentioned complexity of the agreement. My understanding
13 based on the presentation was all the staff did was
14 aggregate all of the requirements that we currently have,
15 put it in one package so that it's much more transparent and
16 accessible for new people who may not be familiar with the
17 process. Did you change anything other than what's -- I
18 mean, what, what additional things that -- might you have
19 added that are increasing the complexity of the current
20 process?

21 MS. SILVERMAN: Most of the items that we
22 highlighted are included in the grant documentation, the
23 grant agreement was just to -- from the certifications some
24 of the problem areas that we wanted to just highlight for
25 districts to make it more simple as opposed to muddling

1 through a number of different certifications that we do have
2 for the program. So again, it brings clarity as far as,
3 "How do I access the funds through the fund release," you
4 know, "What time stage do I have my substantial progress
5 check," "At what time stage should I be submitting my
6 expenditure report before that final audit closeout." And,
7 you know, what we didn't have before is that, again, the
8 list of the eligible and ineligible -

9 MR. KIM: So what I'm hearing is it's not
10 complexity, it may be clarity. You're adding clarity to a
11 process so -- if the process is not appropriate or complex,
12 that has nothing to do with the new grant agreement. That
13 has to do with the existing process.

14 MS. SILVERMAN: Correct.

15 MR. KIM: Okay. The other question I have
16 and I agree with Ms. Boggs that it's really good to have
17 guiding principles that, kind of, underly or that are
18 foundational and then you have more specifics I guess my
19 question is why can't you have both? Like, the larger
20 principles along with -- and these are how we're applying
21 them in these specific cases with the understanding that if
22 something is not identified clearly as eligible or as
23 ineligible, that that could be taken up with OPSC staff. I
24 asked that because in my prior life as a -- at the local
25 government level, if I had an issue, I didn't know if it was

1 an allowable expense I would contact the state. The state
2 would give me an answer, I'd put a letter to file, and I
3 make sure that that was in my file so that if an auditor
4 came on board, they would be able to see, hey I got
5 clearance from the state on this process. So I would think
6 from an auditor's standpoint, they would want as much
7 information as possible up front, the guiding principles
8 along with the detail of what is allowable and what's not
9 allowable and then any, kind of, documentation about
10 something that is, kind of, gray.

11 MS. SILVERMAN: Yes. And in the current
12 program as it exists, if we have any issues or items that
13 districts want to raise as far as it's not really clear,
14 then yes, we'll sit down. We'll discuss those items and
15 whether or not -- we'll -- yeah. At which time we do put
16 things in writing. So that way, everyone has a clear trail
17 about, yes, we gave you our opinion on this item and yes, we
18 made a determination about whether that's eligible, and then
19 likewise, the district would have a copy of that document.

20 CHAIRPERSON ORTEGA: And to you anticipate
21 that continuing?

22 MS. SILVERMAN: Yes, I mean, that's part of
23 our outreach and education forum, too, is you know, like you
24 said, we're hoping that we'd be able to come together with
25 the comprehensive list, but there's also those anomalies,

1 and we'd be happy to sit down when we have those anomalies
2 to have those discussions with the districts, and it
3 becomes, you know, kind of, a reoccurring theme, then yes,
4 we should be talking about modifying the grant agreement to
5 incorporate what those items that we are missing.

6 CHAIRPERSON ORTEGA: Okay. Mr. O'Donnell --
7 sorry, Mr. Kim.

8 MR. KIM: I'm finished.

9 ASSEMBLYMEMBER O'DONNELL: You know, where I
10 still sit is I think it's important that we do it right
11 rather than do it now, and I'll take a little blame because
12 I was one of the people saying, "Hey, let's get on this,"
13 and I still think it's good that we're here today, having
14 this conversation because in my opinion it can help get us
15 to the promise land. So that's still where I sit.

16 So do we need a motion on this?

17 CHAIRPERSON ORTEGA: We would need a motion
18 to approve the grant agreement. If we're not going to take
19 action on the grant agreement, I'm not certain that we would
20 need a motion. I will say, that I, I, I have been
21 comfortable with approving the grant agreement today, but it
22 does not appear as though there's enough support to do that,
23 but I will say that if we're not going to move forward with
24 the grant agreement, I could not support moving forward with
25 approving the funding proposals in the next items because I

1 think -- we've been very clear as an administration that
2 funding the projects goes hand-in-hand with the
3 accountability program, which is the grant agreement and the
4 trailer bill language.

5 ASSEMBLYMEMBER O'DONNELL: Okay.

6 CHAIRPERSON ORTEGA: So if we are going to -
7 if there's a motion to defer action, I would support a
8 motion to defer action on all three items under tab seven.
9 So the grant agreement, the acknowledged list and the
10 Unfunded List.

11 MR. MIRELES: And -

12 CHAIRPERSON ORTEGA: Yes.

13 MR. MIRELES: Madam Chair, can I clarify, if
14 the Unfunded List is not approved today, then they are not -
15 - they would have to be approved in May to be eligible for
16 cash between July and December to be able to participate in
17 priorities for funding. I just want to make sure that
18 that's clarified. The Board has to take action on the
19 Unfunded List before June 10th.

20 MS. SILVERMAN: June 6th.

21 MR. MIRELES: June 6th.

22 MS. SILVERMAN: June 10th. I apologize. It
23 is June 10th.

24 ASSEMBLYMEMBER O'DONNELL: Do we know when
25 our next scheduled meeting is?

1 CHAIRPERSON ORTEGA: The end of May; it's the
2 24th.

3 Yes, Mr. Diaz.

4 MR. DIAZ: You know, I, too, agree with that.
5 I would have a lot of hesitation with moving forward
6 without all this being in the vast part of the package.
7 Given some of the testimony, I think they have raised some
8 really excellent points, but I also hear like we're very,
9 very close to clarifying some things, right. I hear that
10 the use of technology is, kind of the main driver that we're
11 talking about here. I think with some time Mr. O'Donnell's
12 concerns and I think the proponents concerns, opponents
13 could be addressed, but I think do think that the main
14 purpose of the grant agreement is to actually be accountable
15 for the existing program. And what I have heard from staff
16 is that they continue to assist districts that have
17 questions. They'll continue to provide as much information
18 in the front end to make sure that if there's a question,
19 that they're also available to address any ambiguities as
20 they do so now. So I would be very comfortable with
21 actually deferring but also deferring all the items to the
22 next meeting. So if you need a motion, I would make that
23 motion now.

24 CHAIRPERSON ORTEGA: Okay. There's a motion.

25 ASSEMBLYMEMBER NAZARIAN: Second.

1 CHAIRPERSON ORTEGA: And a second by Mr.
2 Nazarian. I have public comment cards on the two lists, so
3 I'm going to go ahead and see if those folks would still
4 like to speak on those items. I'll call Mr. Watters. No?

5 MR. WATTERS: Based on what you just said,
6 I'll --

7 CHAIRPERSON ORTEGA: Sure. Corinne Loskot --

8 MS. LOSKOT: No.

9 CHAIRPERSON ORTEGA: And Julie Arthur?

10 MAN IN AUDIENCE: No, she had to leave.

11 CHAIRPERSON ORTEGA: And Allen Rising.

12 AUDIENCE: He's just leaving.

13 CHAIRPERSON ORTEGA: Okay. Alright, okay.

14 Any other public comment on the items under tab seven?

15 Okay. Seeing none, all in favor of the motion to
16 defer action?

17 MR. MIRELES: Just to clarify Madam Chair,
18 bring it back in May for discussion?

19 CHAIRPERSON ORTEGA: I think if --

20 ASSEMBLYMEMBER O'DONNELL: Action. Action.

21 CHAIRPERSON ORTEGA: Yes. Yes.

22 MR. MIRELES: So bring it back in May for
23 action?

24 CHAIRPERSON ORTEGA: Yes. I think we can --
25 strive to do that.

1 I will say, if we come back in May, we are still
2 going to have the chicken and egg question on the trailer
3 bill, so we I think, should acknowledge that.

4 ASSEMBLYMEMBER O'DONNELL: Understood.

5 CHAIRPERSON ORTEGA: Okay. All in favor of
6 that motion say aye.

7 (Ayes)

8 CHAIRPERSON ORTEGA: Okay. That motion
9 passes.

10 Lisa Jones, if you could return to the Consent
11 Calendar, we had two members to call I think.

12 MS. JONES: Yes.

13 Assemblymember Nazarian, how do you vote on the Consent
14 Calendar?

15 ASSEMBLYMEMBER NAZARIAN: Aye.

16 MS. JONES: And the minutes?

17 ASSEMBLYMEMBER NAZARIAN: Aye.

18 CHAIRPERSON ORTEGA: Okay. And then we
19 have -

20 MS. JONES: Senator Nguyen - oh, you were
21 here for the minutes and the Consent Calendar.

22 SENATOR NGUYEN: I was here. I think it was
23 aye, too. I was here, just standing right beside -- I'm
24 sorry.

25 MS. JONES: Very good.

1 CHAIRPERSON ORTEGA: And then Lisa Silverman,
2 anything else under **Item Eight**?

3 MS. SILVERMAN: We just have the workload
4 report over the next few months.

5 CHAIRPERSON ORTEGA: Thank you. Is there any
6 other public comment?

7 All right. Seeing none, we'll be adjourned.

8

9 (Whereupon, the proceedings adjourned at 5:00 p.m.)

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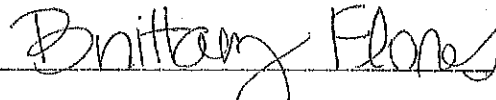
1 I, Brittany Flores, a Certified Shorthand Reporter of
2 the State of California, duly authorized to administer
3 oaths, do hereby certify:

4 That the foregoing proceedings were taken before me
5 at the time and place herein set forth; that a record of
6 the proceedings was made by me using machine shorthand
7 which was thereafter transcribed under my direction;
8 that the foregoing transcript is a true record of the
9 testimony given.

10 I further certify I am neither financially interested
11 in the action nor a relative or employee of any attorney
12 of party to this action.

13 IN WITNESS WHEREOF, I have this date
14 subscribed my name.

15
16 Dated: April 26, 2017

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19 Brittany Flores CSR 13460
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