

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 2040
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, AUGUST 26, 2015
TIME: 4:07 P.M.

Reported By: Mary Clark Transcribing
4919 H Parkway
Sacramento, CA 95823-3413
(916) 428-6439
marycclark13@comcast.net

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES

MEMBERS OF THE BOARD PRESENT:

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

ESTEBAN ALMANZA, Chief Deputy Director, Department of General Services, designated representative for Daniel C. Kim, Director, Department of General Services

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

NICK SCHWEIZER, Deputy Superintendent of Public Instruction, Services for Administration, Finance, Technology & Infrastructure Branch, California Department of Education (CDE), designated representative for Tom Torlakson, Superintendent of Public Instruction

SENATOR LONI HANCOCK

SENATOR CAROL LIU

SENATOR SHARON RUNNER

ASSEMBLYMEMBER ADRIN NAZARIAN

ASSEMBLYMEMBER SUSAN BONILLA

ASSEMBLYMEMBER ROCKY CHAVEZ

REPRESENTATIVES 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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIRPERSON ORTEGA: Good afternoon, everyone.
I'd like to call to order today's meeting of the State
Allocation Board and if you could call the roll, please.

MS. JONES: Senator Hancock.

Senator Liu.

Senator Runner.

SENATOR RUNNER: Here.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Present.

MS. JONES: Assemblymember Bonilla.

Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Here.

MS. JONES: Nick Schweizer.

MR. SCHWEIZER: Here.

MS. JONES: Thank you, Nick. Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Esteban Almanza.

MR. ALMANZA: Here.

MS. JONES: Eraina Ortega.

CHAIRPERSON ORTEGA: Here.

MS. JONES: We have a quorum.

CHAIRPERSON ORTEGA: Great. So the first item of
business we have today is the **Minutes** from the June 30th

1 meeting. Are there any comments from the Board members on
2 the Minutes? Seeing none, is there a motion?

3 MR. ALMANZA: So move.

4 MR. DIAZ: Second.

5 CHAIRPERSON ORTEGA: So I think there's been a
6 motion by Mr. Almanza, second by Mr. Diaz, if that's what I
7 heard. All in favor.

8 (Ayes)

9 CHAIRPERSON ORTEGA: Any abstentions or opposed?
10 No. So the Minutes are adopted. And the next item will be
11 Lisa.

12 MS. SILVERMAN: Yes. So we have a few items to
13 report tonight in the **Executive Officer's Statement**. One of
14 them is the -- we announced the close in charter school
15 funding round.

16 The Board took action to provide preliminary
17 apportionments in November 2014. With that, as of today,
18 we'll have 13 projects for nine schools approved for
19 \$157 million. There's still a half million dollars that
20 remains and so we've -- staff have been actively reaching
21 out to those projects that were filed within that filing
22 round to see if they want to take the remaining bond
23 authority.

24 If they choose not, then we will keep that bond
25 authority available for projects that already have existing

1 preliminary apportionments that have -- that are sitting on
2 the unfunded list.

3 So with that, once that happens, then we will
4 return all the applications back.

5 The second item is to update the Board. They took
6 action on the apportionments in April of this year for
7 \$113 million. That deadline passed July 14th. So there was
8 41 projects that had the ability to access the cash.

9 There were a few projects that didn't make that
10 mark, and so they received a new date, and so they didn't
11 lose their bond authority, and so with that, we just wanted
12 to share that.

13 Plus there's actually 12 career tech education
14 projects that have a 12-month timeline. Even though they
15 did come in for an apportionment, they didn't activate it,
16 but it doesn't mean that they're penalized. They still have
17 until April 14th of 2016 to activate that cash and come in
18 with the proper Division of State Architect's approvals and
19 Department of Education approvals as well.

20 CHAIRPERSON ORTEGA: Okay.

21 MS. SILVERMAN: And just want to highlight
22 regulation update. The Board took action and we have some
23 regulations related to charter schools on general site to
24 amend that regulation. And so October 1st, 2015, they'll be
25 active.

1 We have a bond sale that's started today in the
2 Treasurer's office, and so they're actively hitting the
3 market, trying to sell those bonds for this program. So
4 we're going to have a consent only agenda in a couple weeks.
5 So September 8th, we'll have a 9:30 meeting to bring those
6 apportionments or those awards for a consent only agenda.
7 And that's it.

8 CHAIRPERSON ORTEGA: Okay. Any questions or
9 comments? Mr. Chavez.

10 ASSEMBLYMEMBER CHAVEZ: Just I asked a question in
11 preparation about the impact on the bond sale in light of
12 all the things going on the market and I got a response, but
13 I -- would you like to share that what you sent back to me?

14 MS. SILVERMAN: Yeah. The member had asked
15 whether or not there was going to be implications or any
16 delays as a result of the turmoil on the market in the last
17 few days, and the Treasurer had conveyed there could be no
18 changes into the sale today.

19 However, I know the member was interested on
20 whether or not the cost of the bonds would be different.
21 They'll still trying to sum that up to see if the cost of
22 the bonds which fluctuate a little bit. So we don't have
23 any answers for that today.

24 CHAIRPERSON ORTEGA: Maybe that's something at a
25 later meeting you could confirm with the Treasurer's office

1 whether they saw any change in the rate that they expected
2 versus what was achieved.

3 MS. SILVERMAN: Yes. We could certainly do that.

4 CHAIRPERSON ORTEGA: That'd be great. Thanks.

5 ASSEMBLYMEMBER CHAVEZ: That was it.

6 CHAIRPERSON ORTEGA: Okay. One housekeeping note,
7 we have the item under Tab 10, the -- it was an action item
8 related to the use of developer fees in financial hardship
9 reviews. That item was removed from the agenda. So if
10 you're here for only that item, you are excused.

11 Under Tab 4 is the **Consent Agenda**.

12 MS. SILVERMAN: It is ready for your approval.

13 CHAIRPERSON ORTEGA: Okay. There's no additional
14 items for the Consent Agenda. Any questions or comments
15 from Board members on the Consent Agenda?

16 MR. DIAZ: Move to approve.

17 CHAIRPERSON ORTEGA: Moved by Mr. Diaz.

18 ASSEMBLYMEMBER NAZARIAN: Second.

19 CHAIRPERSON ORTEGA: Second. Any public comment
20 on any of the items on the Consent Agenda? Okay. Seeing
21 none, all in favor.

22 (Ayes)

23 CHAIRPERSON ORTEGA: Any objections, abstentions?

24 None. It passes.

25 I'm going to not call the final vote. I'm going

1 to leave it open in case the members who come later would
2 like to add on. So the Consent Agenda has enough votes to
3 pass, any of you were following that, but we'll leave it
4 open so the other members can join in in the vote.

5 Let's see. Tab 5 is the **Status of Fund Releases**.

6 MS. SILVERMAN: Yes. So the financials on
7 page 89, we just wanted to highlight which we have been on a
8 regular basis. We did have a spur of projects come in from
9 June 14th deadline. So we released \$50 million in the month
10 of July.

11 CHAIRPERSON ORTEGA: Okay.

12 MS. SILVERMAN: And so as far as the progress of
13 projects that are moving through our bond authority
14 currently, on page 93, we did introduce the consent agenda,
15 those Emergency Repair Program projects, they were part of
16 the consent agenda and also that was over 600 projects. So
17 the Williams' settlement to that extent has been satisfied.

18 We still have \$3 million that we want to identify
19 for future projects, but just to highlight to the Board
20 those items were part of the consent agenda.

21 There's a few seismic projects that actually were
22 part of the consent agenda as well. So with that, there's
23 \$17.3 million of unfunded approvals in the agenda.
24 Likewise, staff did close out -- \$300,000 in closeouts for
25 the month as well.

1 CHAIRPERSON ORTEGA: Okay. Any questions from the
2 Board members? Any public comment on funds? Seeing none,
3 we'll move to -- did we cover Tab 6 as well there, Lisa?
4 Should we move onto 7 or --

5 MS. SILVERMAN: Yes. That's with Sausalito.

6 CHAIRPERSON ORTEGA: Okay.

7 MS. SILVERMAN: We wanted to highlight to the
8 Board, we have a similar issue as we did present in June.
9 We had a labor code issue where Sausalito Marin City School
10 District did receive a seismic mitigation project approval
11 and that approval was provided by the Board in May of 2014.

12 The district was approved for rehab of full
13 classrooms at the Martin Luther King, Jr., Academy in Marin.
14 However, the district opted to actually do more than just a
15 renovation work. They actually demo'd the project -- the
16 site -- those classrooms and rebuilt the classrooms.

17 And so the district came in and the Board took
18 action in April for an apportionment. Come July 14th, they
19 had a 90-day timeline associated with that project, and at
20 the time, we were notified that the district had two
21 contracts in place related to that project. One contract
22 was awarded in June of 2013.

23 They did properly notify Department of Industrial
24 Relations. However, it was 13 days late. They were out of
25 compliance. So they had a five-day notification to the

1 Department of Industrial Relations.

2 They also had a second contract. It was for an
3 earlier date, April 9th of 2013. However, they did not
4 notify Department of Industrial Relations until the day
5 prior to them submitting the fund release request to our
6 office, which was July 13th of 2015.

7 Staff does understand that the projects that they
8 were moving forward with was a much larger project, which is
9 way beyond what the State grant was going to cover.
10 However, they did not comply with the labor code.

11 And so with that, staff cannot release the funds.
12 So we're -- we have some challenges before us, so we'll
13 present to you with the recommendations.

14 CHAIRPERSON ORTEGA: Okay. Any questions or
15 comments from Board members?

16 Some of you will recall this is nearly identical
17 to the issues we faced at the last meeting with some of the
18 other projects. I don't think -- staff tells me there
19 aren't any representatives of the district here today, so we
20 don't have anyone here to talk about the project.

21 I would note one thing that I found curious in the
22 information that we were provided is the -- that they seem
23 to know to report to DIR in one of the applications but not
24 in the other.

25 So I had hoped that someone would be here to kind

1 of explain what their process is for not -- you know, to
2 make sure that that did not happen in the future because it
3 seemed like maybe some staff knew what they were supposed to
4 do and others didn't and they needed to have a better
5 process.

6 So I -- but nevertheless, we do not have a
7 representative here. So any -- Mr. Nazarian.

8 ASSEMBLYMEMBER NAZARIAN: Did we get any feedback
9 on what the justification was for that?

10 MS. SILVERMAN: Other than they just missed it.
11 So there's no formal justification provided.

12 ASSEMBLYMEMBER NAZARIAN: Okay.

13 CHAIRPERSON ORTEGA: All right. So options before
14 the Board are to approve it notwithstanding the errors that
15 were made, to not take action in which case the funds would
16 not be released by staff, or take some alternative action.

17 ASSEMBLYMEMBER NAZARIAN: The alternative would
18 be?

19 CHAIRPERSON ORTEGA: Go ahead, Mr. Diaz.

20 MR. DIAZ: I would say that based on the current
21 Board action -- or the previous Board action, we're trying
22 to be fair and trying to provide the grant to these
23 districts that are coming in for applications when they make
24 these mistakes, but is putting other districts at a
25 disadvantage when they're complying with all the

1 requirements under the program and some aren't.

2 So at the last Board, we took the position with
3 certain districts that weren't in compliance to lessen the
4 impact by reducing the grant by 5 percent. So in that
5 spirit of fairness to those districts as well that were hit
6 by that 5 percent reduction, I think that that's an option
7 we should be looking at as well.

8 SENATOR RUNNER: Is that a motion?

9 MR. DIAZ: I will make it a motion.

10 ASSEMBLYMEMBER CHAVEZ: So approved.

11 SENATOR RUNNER: I was just going to say I'll make
12 that motion.

13 MR. DIAZ: Okay.

14 CHAIRPERSON ORTEGA: Okay. It's been moved and
15 seconded. Any additional public comment on this item?
16 Seeing none -- are there any objections? All in favor?

17 (Ayes)

18 CHAIRPERSON ORTEGA: Any abstentions? Seeing
19 none, it passes unanimously. Minus 5 percent, yes, to be
20 clear, the motion was -- by the maker of the motion, it was
21 minus the 5 percent.

22 We're -- that's a little reverse than maybe the
23 staff report. I think the printed information might be a
24 little different. So we're going to the **Alpaugh** item now.
25 So that's my Tab 7. I'm not sure where it is for other

1 people, the Alpaugh appeal. Barbara?

2 MS. KAMPMEINERT: So the Alpaugh Unified is the
3 first appeal we have on the agenda today, and this is an
4 appeal related to prior facility hardship projects that the
5 Board approved to replace some facilities on the school site
6 due to some health and safety issues with the structure of
7 the building.

8 The district is financial hardship, and what that
9 means is that the State in this application provided grant
10 funding as well as a financial hardship matching share. And
11 the original design for this project was to replace 24
12 classrooms in a multistory facility.

13 The district has determined that in order to stay
14 within the budget of the grant amount plus the financial
15 hardship share, they need to change the scope of the
16 project, and what they would like to do is reduce the
17 classrooms to 21 classrooms, and rather than build a
18 multistory facility, do a single-story facility. They're
19 doing this in order to stay within the scope.

20 The difference in classrooms from the 21 to the
21 24 -- the other three classrooms are going to be part of a
22 future new construction project, but that is outside of bond
23 authority.

24 To do this, this requires Board approval because
25 it is a change to a previously approved project and the

1 district would be required to get new DSA approved plans and
2 CDE approvals. It's our understanding that they have done
3 that.

4 Staff has evaluated the request to make sure that
5 it is in line with regulations and then past practice in
6 change of scope items and it appears consistent with other
7 change of scope requests that the Board has approved in the
8 past. It doesn't appear that there's any sort of advantage
9 by requesting the change of scope.

10 The district did receive a grant increase for
11 multilevel construction. If they receive this change of
12 scope approval and they reduce it to a single-story facility
13 as they plan, we would need to reduce that grant from their
14 apportionment in order to keep it in line with the School
15 Facility Program regulations.

16 So staff -- on page 112 of the agenda, there are
17 four bullet points that we would recommend adding as
18 requirements in order to comply with statute and SFP
19 regulations if the Board does decide to approve this appeal.

20 And those requirements would be that the district
21 submit the DSA-approved plans and specifications to OPSC,
22 that they provide progress updates until they do so.

23 The third would be that we would come back with an
24 amended apportionment item to reduce the multilevel story
25 grant and make a few other grant adjustments due to the

1 change of scope request; and also to note that this does not
2 extend any of the deadlines for the original project
3 approval.

4 Staff does recommend approval of the district's
5 request.

6 CHAIRPERSON ORTEGA: Any questions from Board
7 members? Any public comment on this item?

8 MR. HUDSON: We'd like to thank you very much
9 for -- the SAB for considering this and we'd also like to
10 thank OPSC who -- in order to help the students and the
11 community. For Alpaugh, this is a really big deal, and we
12 appreciate all of your support.

13 CHAIRPERSON ORTEGA: Could you identify yourself
14 for the reporter?

15 MR. HUDSON: I'm Rob Hudson, Superintendent of
16 Alpaugh.

17 CHAIRPERSON ORTEGA: Thank you. Any other public
18 comment?

19 ASSEMBLYMEMBER NAZARIAN: All right. During the
20 briefing, I asked if there was an opportunity for us to have
21 some of our attorneys engaged in the exchange process so
22 that --

23 MS. KAMPMEINERT: I think that might have been the
24 Riverside.

25 ASSEMBLYMEMBER NAZARIAN: Is that Riverside?

1 MS. KAMPMEINERT: This is Alpaugh, yes.

2 ASSEMBLYMEMBER NAZARIAN: Thank you. I'm trying
3 to follow which one this was, so thank you.

4 CHAIRPERSON ORTEGA: Anything else on this item?
5 I would just say that whoever's interested in making a
6 motion --

7 SENATOR LIU: So move.

8 CHAIRPERSON ORTEGA: Okay. I'm going to assume
9 your motion includes the recommended four items on page 112.

10 SENATOR LIU: It does.

11 CHAIRPERSON ORTEGA: Great. So moved by Senator
12 Liu.

13 MR. DIAZ: Second.

14 CHAIRPERSON ORTEGA: Second by Mr. Diaz. All in
15 favor.

16 (Ayes)

17 CHAIRPERSON ORTEGA: Any objections or
18 abstentions? No.

19 Let's go back -- Lisa, if you don't mind, we'll go
20 back to Item 4 which was the Consent Agenda. I think we
21 have Senators Liu and Hancock and Assemblymember Bonilla who
22 were not here during the consent item. So if you could call
23 those folks.

24 MS. JONES: I certainly can. Senator Hancock, how
25 do you vote on the Consent Calendar?

1 SENATOR HANCOCK: Aye.

2 MS. JONES: Thank you. Senator Liu?

3 SENATOR LIU: Aye.

4 MS. JONES: Thank you. And Assemblymember
5 Bonilla?

6 ASSEMBLYMEMBER BONILLA: Aye.

7 MS. JONES: Thank you.

8 CHAIRPERSON ORTEGA: Okay. Let's move to
9 **Riverside.**

10 MS. KAMPMEINERT: So Riverside is our second
11 appeal on this agenda and this is also related to a prior
12 facility hardship apportionment that the district received
13 back in 2007.

14 And the district received approval from the Board
15 to abandon and replace a school site. One of the conditions
16 of the Board approval was that the district be required to
17 sell the abandoned site and remit 50 percent of the proceeds
18 back to the program.

19 The district's appeal today is requesting an
20 alternative to satisfy that requirement, and what they would
21 like to do is obtain an appraisal for that abandoned site
22 and remit 50 percent of the appraised value to the Board to
23 satisfy that obligation.

24 What they would like to do with the site is later
25 trade it with a private party that has parcel that's

1 adjacent to the existing high school that the district feels
2 would be more beneficial, and they would be -- the parcel
3 that they would be trading for is -- has a higher value. So
4 they would be paying the private party some additional
5 funding plus trading the abandoned school site for the other
6 parcel.

7 There are no regulations or guidelines in the
8 program that address a site exchange in lieu of a site sale,
9 but there has been past Board precedent in a prior item with
10 Fairfield where a similar situation occurred.

11 And what staff has done is we've taken a look at
12 that Fairfield item and there were some requirements that
13 you'll see on page 117 of the agenda, page 3 of the item.

14 There are some requirements that came out of that
15 Fairfield item that seem to still apply in this case, if the
16 Board were to consider allowing the district to do this.

17 The requirements are to make certain that
18 something does result out of this that provides some funding
19 back to the program. One requirement would be to set a
20 timeline of 12 months to make sure that this occurs.

21 It is our understanding the district is ready to
22 move on this fairly quickly if the Board approves the item.

23 Also the second requirement relates to if the
24 district receives any cash basically for the exchange of
25 this site. It's not expected that this will happen because

1 the current appraised value for the other parcel is higher
2 than the site that the district is trading.

3 But in the event that things take a little bit
4 longer and values change, staff wanted to make sure that we
5 had that requirement in there just to protect the program in
6 the event that something unexpected came up.

7 And also some other timing issues -- or not
8 issues, but some timing requirements to provide progress
9 updates and to have a Board resolution from the school
10 district board that acknowledges these terms within 90 days.

11 And then also in the event that they do not
12 complete the site exchange and remit the appraised value
13 within 12 months that they would still be required as part
14 of the original approval to go ahead and sell the site.

15 If the Board does approve allowing the district to
16 remit 50 percent of the appraisal amount, it results in
17 \$542,000 coming back into the program in cash that could be
18 used for projects that are currently on the unfunded
19 approval list and we could provide cash apportionments
20 moving down the list.

21 As there is no regulation or statute on this, we
22 are seeking Board direction.

23 CHAIRPERSON ORTEGA: Okay. Any questions or
24 comments?

25 SENATOR HANCOCK: I would move approval of the

1 item and the conditions.

2 ASSEMBLYMEMBER BONILLA: Second.

3 CHAIRPERSON ORTEGA: Moved by Senator Hancock,
4 second by Assemblymember Bonilla. Any public comment on
5 this item?

6 MS. CALHOUN: Hayley Calhoun with Riverside
7 Unified School District, just wanting to thank you for
8 listening to our appeal today and to assure you that the
9 district is ready to move forward with meeting the
10 requirements --

11 CHAIRPERSON ORTEGA: Great. Thank you. Okay.
12 Oh, yes. Go ahead, Mr. Nazarian.

13 ASSEMBLYMEMBER NAZARIAN: I just wanted to make
14 sure that there was at least some component of involvement
15 on the State maybe through our legal team while the
16 transaction was taking place to just ensure, given the
17 investment we're making, everything is done according to the
18 standards that I think we'd want to see and follow through
19 with the closure of the transaction and then be done move
20 the project. That was the main point I just wanted to
21 raise.

22 CHAIRPERSON ORTEGA: Okay.

23 ASSEMBLYMEMBER NAZARIAN: And if I need to
24 clarify, I'd be happy to.

25 MS. BANZON: Can you please clarify if you want

1 the legal team to be part of the negotiation after they have
2 paid the 500,000 to the State.

3 ASSEMBLYMEMBER NAZARIAN: I just wanted to know
4 there is an opportunity for us to be engaged in the process
5 given that it's our funds and just to ensure that we're
6 following through and the district is following through
7 according to the standards that we would want to be making
8 the investment.

9 MS. BANZON: My understanding of this transaction
10 is that this was way back in '07 when we funded them and
11 when we have the condition that when they sell, you know,
12 they're going to return the funds to the State.

13 In this case where they're not selling, they are
14 exchanging, we have some parameters. Maybe we can do an
15 alternative, say get some more appraisal just to make sure
16 that the price is within -- is kind of the same as
17 comparable.

18 The problem I may have is in the trying to put a
19 legal team there is that where they've paid the State the
20 funds, they may have -- we have no vested interest in the
21 actual exchange. If they paid the state, there's no more
22 interest there.

23 The condition was they need to pay us the funds.
24 So they pay -- we don't have any more interest and the other
25 issue is the Board jurisdiction may not allow us to actually

1 put legal teams negotiating where we have no vested
2 interest.

3 And there may be liability issues for the State
4 where we have no vested interest, and I would strongly
5 advise against doing that. But, again, you know, this is
6 maybe something the Board may want to discuss.

7 CHAIRPERSON ORTEGA: Well, and I think, Barbara,
8 you -- part of what you talked about was the status updates,
9 and so the staff would be hearing on a regular basis from
10 the district where things are and making sure that it is in
11 fact going to happen so that the issue can be closed.

12 So I don't know, you know, if that gets us any
13 closer to addressing your concerns, but staff would be
14 working with the district.

15 Senator.

16 SENATOR RUNNER: I was just saying I think in our
17 discussion, you said there's already been a situation like
18 this where they did a land exchange with someone. So we
19 have set precedent and we have done this in the past.

20 MS. KAMPMEINERT: Right. There was another
21 district, Fairfield, that has done this and they did agree
22 to the requirements and provided the updates as well.

23 The updates as written do end when the district
24 remits the compensation to the Board. So if we wanted to
25 extend that until the site exchange is finished, we need to

1 amend that as part of the motion because it is my
2 understanding that they'll be submitting 50 percent of the
3 appraised value fairly quickly if the Board approves the
4 request.

5 CHAIRPERSON ORTEGA: Okay.

6 ASSEMBLYMEMBER NAZARIAN: The only reason why I
7 was bringing this up is I just -- in many occasions, we will
8 take a certain action and there might be something that we
9 read about in the news press a year or two later that
10 suggests that even though we made the appropriate investment
11 and we did everything appropriately during the time of the
12 decision-making process, something may go wrong later on. I
13 don't want to accuse any district of doing that, but it was
14 just a safeguard that I felt was somewhat missing in the
15 process.

16 So I thought it might not be a bad idea to have
17 some of our attorneys just involved in the process, but I --
18 if anything, I just wanted to know -- I don't know of the
19 liability that you're talking about. I'd be interested to
20 know what liability there would be that we are exposing the
21 State to.

22 I would assume that we're actually probably
23 prohibiting liability or future public relations maybe
24 mishaps if we're better engaged and involved in the process.

25 MS. BANZON: I'm not prepared to discuss the

1 liability issues. What I said was there may be liabilities
2 attached to actually the State participating in something
3 where the State may not have -- or the State has no vested
4 interest.

5 Also the jurisdiction of the State Allocation
6 Board is limited to apportionments eligibility. So you
7 have -- Education Code 17075.3 -- 70.35 has the specific
8 parameters of the Allocation Board's rights and
9 responsibilities and authority.

10 So it may be difficult to kind of incorporate this
11 legal team going out there -- the State legal team going out
12 there and participating in negotiation of the exchange where
13 we have -- where the State has no title to any of the
14 properties.

15 I mean it's my opinion on this one, but again this
16 may be something the Board would want to look at.

17 SENATOR RUNNER: It seems to me that we just want
18 to get our money back is the key and it looks like if we
19 have that appraisal and are able to get the money back that
20 they owe us, then they are free to do what they want with
21 the property, exchange it or whatever, and that's not our
22 involvement. So I would move the bill.

23 CHAIRPERSON ORTEGA: I think we had a motion from
24 Senator Hancock, so -- I don't remember if we had a second.
25 So we'll count Senator Runner as the second.

1 Any additional public comment on this item?

2 Anything else, Mr. Nazarian?

3 ASSEMBLYMEMBER NAZARIAN: I will just abstain.

4 Thank you.

5 CHAIRPERSON ORTEGA: Okay. So all in favor.

6 (Ayes)

7 CHAIRPERSON ORTEGA: And abstention, Mr. Nazarian.

8 ASSEMBLYMEMBER NAZARIAN: Yes.

9 CHAIRPERSON ORTEGA: Anyone else? Any objections?
10 Okay. Seeing none, the motion passes.

11 And we will move onto number 11, the **Seismic**
12 **Mitigation Program.**

13 MR. LaPASK: Thank you. Good evening. Brian
14 LaPask with the Office of Public School Construction.

15 In February, the Board asked staff to go and take
16 a look at the feasibility of having a one agency review for
17 Seismic Mitigation Program projects.

18 Currently, DGS, the Department, is charged with
19 implementing the program, and there's two offices currently
20 that process those projects. DSA has the technical staff
21 for construction oversight and plan approval, and OPSC has
22 more analytical and financial type staff for the funding
23 portion of that.

24 These unique skills, we've kind of been evolving
25 the way that we work together for these projects and trying

1 to work more as one unit. And what we've been doing is
2 we've been going out in the field, meeting with districts.
3 These meetings have typically involved the school district
4 and both OPSC and DSA personnel.

5 We found these meetings to be very beneficial to
6 the process and they give the districts more clear
7 understanding and expectation of what is going to happen
8 when they go to DSA and then when they come to OPSC for
9 funding.

10 Another thing that has helped -- that will help
11 into the future and especially in the past year, we've seen
12 these meetings, but other things too.

13 DSA's process is now requiring that seismic
14 projects have an incremental plan submittal. A lot of times
15 when a seismic project is being conducted, the district will
16 elect to do other work that's required in the same
17 buildings. They might do modernization work or even some
18 new construction type work because they're doing other
19 things.

20 If they are doing those types of things, a lot of
21 them aren't able to be funded under the seismic program.
22 The new DSA procedure, though, requires that any extra work
23 other than the required seismic work is separated into two
24 increments or more.

25 This allows for OPSC to be able to better

1 delineate the fundable, eligible items when it comes into
2 our office.

3 Also we have been -- we will be releasing updated
4 resource materials that we've worked with DSA very closely
5 and they're really going to complement each other and will
6 work as a joint resource for districts to utilize during
7 their design process.

8 So while we do have two separate offices, we're
9 really endeavoring to work as one, and in the last year,
10 we've really seen an uptick in the frequency of seismic
11 applications and the amount of money going out. And so we
12 feel like we're going to continue down this path and it
13 should help the program quite a bit.

14 CHAIRPERSON ORTEGA: Okay. Any questions?
15 Senator Hancock.

16 SENATOR HANCOCK: I'm disappointed that we can't
17 do a little to streamline, but it's probably asking a lot of
18 any agency to streamline, so -- I guess I'll move to accept
19 the report.

20 CHAIRPERSON ORTEGA: Okay. Any other comments? I
21 would say that I think that amount of dollars that have been
22 drawn down since we kind of first talking about this a
23 couple years ago has been -- it's substantial. I mean at
24 this point, I think, if the numbers are right, there's \$94
25 million left in this program.

1 I think at one point we were talking about 240 or
2 something closer to that. So I think with the -- all the
3 things that are causing schools to be able to come in with
4 projects and the changes that the staff are making, I think
5 we're going to see an even faster drawdown of those funds.
6 So I think that that is good news, notwithstanding any other
7 changes that might be made to the program.

8 So I think the staff have some applications that
9 have just come in, and I think we'll see how that goes over
10 the next several months.

11 SENATOR HANCOCK: Yeah -- increased awareness
12 too.

13 CHAIRPERSON ORTEGA: Yeah.

14 SENATOR HANCOCK: -- with what happened in Napa
15 and some of the recent scientific reports--

16 CHAIRPERSON ORTEGA: Right.

17 SENATOR HANCOCK: -- we could really -- this is
18 the time to do it right and to do it as quickly as we can.

19 CHAIRPERSON ORTEGA: Okay. Any other comments
20 from Board members? Any public comment on this item?

21 Okay. Seeing none, with that, unless there's an
22 objection, we will accept the report from the staff.

23 And the three-month workload.

24 MS. SILVERMAN: The three-month workload report
25 and just to highlight, we have a consent only agenda in a

1 few weeks, September 8th.

2 CHAIRPERSON ORTEGA: September 8th. We'll see
3 everybody at 9:30 for a very fast meeting.

4 Is there any public comment on any of the items or
5 on anything that is not on the agenda?

6 Okay. Seeing none, anything else from the
7 members? No. We will be adjourned. Thank you.

8 (Whereupon, at 4:38 p.m., the proceedings were
9 adjourned.)

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

REPORTER'S CERTIFICATE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

That the proceedings herein of the California State Allocation Board, Public Meeting, were duly reported and transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on August 30, 2015.

Mary C. Clark
AAERT CERT*D-214
Certified Electronic Court
Reporter and Transcriber