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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

STATE CAPITOL
ROOM 127
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, JUNE 28, 2017

TIME: 4:08 P.M.

Reported By: Mary C. Clark
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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

JEFFREY McGUIRE, Chief Deputy Director, Department of General Services, designated representative for 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 BENJAMIN ALLEN

SENATOR JANET NGUYEN

SENATOR RICHARD PAN

ASSEMBLYMEMBER ADRIN NAZARIAN

ASSEMBLYMEMBER ROCKY CHAVEZ

ASSEMBLYMEMBER PATRICK O'DONNELL

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

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CHAIRPERSON ORTEGA: Good afternoon, everyone.

4

I'd like to call the June 28th meeting of the State

5

Allocation Board to order. Please call the roll.

6

MS. JONES: Certainly. Senator Allen.

7

Senator Nguyen.

8

Senator Pan.

9

Assemblymember Nazarian.

10

ASSEMBLYMEMBER NAZARIAN: Present.

11

MS. JONES: Assemblymember Chavez.

12

ASSEMBLYMEMBER CHAVEZ: Here.

13

MS. JONES: Assemblymember O'Donnell.

14

ASSEMBLYMEMBER O'DONNELL: Here.

15

MS. JONES: Juan Mireles.

16

MR. MIRELES: Here.

17

MS. JONES: Cesar Diaz.

18

Jeffrey McGuire.

19

MR. MCGUIRE: Here.

20

MS. JONES: Eraina Ortega.

21

CHAIRPERSON ORTEGA: Here.

22

MS. JONES: We have a quorum.

23

CHAIRPERSON ORTEGA: Thank you. Okay. And if you

24

could please call Senator Nguyen.

25

MS. JONES: Okay. Will do. Senator Nguyen.

1 SENATOR NGUYEN: Oh, here. Sorry.

2 MS. JONES: Thank you.

3 CHAIRPERSON ORTEGA: No. You're just right -- so
4 we can get started. So my plan is to move through these
5 items as quickly as we can. There are many of the members
6 who need to be at other hearings and meetings and we will
7 leave the items open to let the other senators add on should
8 they join us later in the meeting.

9 So let's start quickly with the action items.
10 We'll take up under Tab 2 the **Minutes** from the June 5th
11 meeting. Any comments/questions? Motion.

12 ASSEMBLYMEMBER CHAVEZ: Moved.

13 MR. McGUIRE: Second.

14 CHAIRPERSON ORTEGA: Moved and seconded. Any
15 comments on the Minutes? Seeing none, all in favor, please
16 say aye.

17 (Ayes)

18 CHAIRPERSON ORTEGA: And let's see. The next
19 action item is under Tab 5. Is that right, Lisa?

20 MS. SILVERMAN: Yes.

21 CHAIRPERSON ORTEGA: On the chart here? This is
22 the item on the **regulatory amendments for the program**
23 **accountability**.

24 MS. SILVERMAN: Correct. So we wanted to grab
25 your attention on page 22, we wanted to bring back the

1 conforming regulations to the grant agreement amendments
2 that we had discussed last month and reflect that into the
3 new grant agreement template in Attachment 2.

4 Attachment 1 does reflect the strikeouts and the
5 amendments. But we also wanted to update the language
6 relating to the trailer bill language and that was actually
7 signed yesterday by the Governor, so that's in effect as
8 well.

9 And so the amendments are reflected in the amended
10 grant agreement. And so on page 23, it's a short summary of
11 the amendments related to the grant agreement, and at this
12 time, we're asking the Board to adopt the amendment on
13 Attachment 2 and file that on an emergency basis.

14 CHAIRPERSON ORTEGA: Okay. Thank you. Any
15 questions or comments on the staff report?

16 ASSEMBLYMEMBER O'DONNELL: Move.

17 CHAIRPERSON ORTEGA: Moved by Mr. O'Donnell.

18 ASSEMBLYMEMBER CHAVEZ: Second.

19 CHAIRPERSON ORTEGA: Seconded by Mr. Chavez. Any
20 public comment on this item? Okay. Seeing none, please
21 call the roll.

22 MS. JONES: Senator Allen.

23 CHAIRPERSON ORTEGA: Item 5, the regulatory
24 amendments update.

25 SENATOR ALLEN: Aye.

1 MS. JONES: Okay. Senator Nguyen.

2 SENATOR NGUYEN: Aye.

3 MS. JONES: Assemblymember Nazarian.

4 ASSEMBLYMEMBER NAZARIAN: Aye.

5 MS. JONES: Assemblymember Chavez.

6 ASSEMBLYMEMBER CHAVEZ: Aye.

7 MS. JONES: Assemblymember O'Donnell.

8 ASSEMBLYMEMBER O'DONNELL: Aye.

9 MS. JONES: Juan Mireles.

10 MR. MIRELES: Aye.

11 MS. JONES: Jeffrey McGuire.

12 MR. MCGUIRE: Aye.

13 MS. JONES: And Eraina Ortega.

14 CHAIRPERSON ORTEGA: Aye.

15 MS. JONES: The motion carries.

16 CHAIRPERSON ORTEGA: We'll leave that item open
17 for the other two members.

18 MS. JONES: Okay.

19 CHAIRPERSON ORTEGA: We'll move to the **regulatory**
20 **amendments for the Financial Hardship Program.**

21 MS. KAMPMEINERT: So we've brought before you
22 amendments to the regulations for the Financial Hardship
23 Program for districts applying for assistance with their
24 local match.

25 The current process requires them to submit

1 documents for a financial hardship approval in advance of
2 submitting a funding application. These regulations would
3 reverse that order and allow districts to submit a funding
4 application, indicate that they want financial hardship, and
5 then when OPSC is ready to process, we would request the
6 financial hardship information and do the review at that
7 time.

8 We believe this will streamline the process and
9 ensure that the financial information is relevant to the
10 time in which we're processing the application. So we have
11 some regulations included that outline that change and the
12 timelines that we would notify districts in advance of
13 processing the application so that they're prepared to
14 submit the documents.

15 CHAIRPERSON ORTEGA: Okay. Any questions on the
16 staff report? Okay. Any public comment on this item? All
17 right. Do we have a motion?

18 ASSEMBLYMEMBER NAZARIAN: So move.

19 CHAIRPERSON ORTEGA: Moved by Mr. Nazarian.

20 ASSEMBLYMEMBER CHAVEZ: Second.

21 CHAIRPERSON ORTEGA: Second by Mr. Chavez. Let's
22 see if we can say all in favor say aye.

23 (Ayes)

24 CHAIRPERSON ORTEGA: Okay. Everyone present
25 voting aye. We'll leave that open for Senator Pan and

1 Mr. Diaz.

2 Tab 6 is the **information** item.

3 MS. KAMPMEINERT: Yes. We have a report for the
4 Board. After the June 5th meeting, we had a number of
5 questions from school districts and stakeholders about what
6 the Board's action on the projects on the acknowledged list
7 moving forward to the work list meant for the processing.

8 So in this report, we have outlined the -- at a
9 high level, what the Board did a few weeks ago and then we
10 also touched on some of the main points in our processing
11 process.

12 So we wanted to remind folks that under the new
13 process, we will be going forward with the applications.
14 For new construction funding applications, districts will
15 need to update their enrollment for the current enrollment
16 year, which is '16-'17 and for the year in which we're
17 processing as we move forward.

18 And we also wanted to let folks know that we will
19 be processing the funding applications and eligibility
20 associated with the funding applications.

21 Small school districts have one component in
22 statute that we wanted to address. We got a number of
23 questions on this in the last few weeks.

24 When small school districts establish or update
25 their new construction eligibility, they are not to be

1 subject to a decrease for three years from the date of the
2 Board approval.

3 So there was some concern that with us processing
4 new construction eligibility tied to funding applications
5 that this would have an impact on the small school districts
6 that wanted to submit eligibility so that they could lock
7 that eligibility in place for the next three years.

8 So we believe that administratively we can
9 accomplish this by processing the new construction
10 eligibility for the small school districts and these are the
11 districts that have 2,500 students or less, that we would be
12 able to process that eligibility even if it does not have an
13 associated funding application.

14 But in order to make sure that we're in alignment
15 with the Board's decision in the last few weeks, we would
16 begin with the '16-'17 enrollment year. We would not be
17 going back retroactively.

18 So we would start with the current year.
19 Districts would be allowed to submit in this year and then
20 in future years if they want to continue to lock it moving
21 forward.

22 We can't guarantee that we will process within the
23 locked period, but at least we can lock in the eligibility
24 moving forward. Hopefully, this will provide a little bit
25 of reassurance to those small school districts that this

1 component of the program is still in effect.

2 We also wanted to remind the districts that the
3 state agency approvals do still need to be updated and that
4 they will not lose their place in line for processing while
5 they do that and a reminder that grant agreements are in
6 effect for this batch of projects that was moved over to the
7 workload list and moving forward.

8 And then as a part of this item, we had gotten a
9 lot of questions on financial hardship, but the action item
10 that the Board just approved takes care of that process.

11 So we plan to turn this into an FAQ document that
12 we will be posting on our website with some additional, more
13 technical aspects of the program, questions that we're
14 getting, and make this info available to districts so that
15 we can keep going on the processing, and I'd be happy to
16 answer any questions.

17 CHAIRPERSON ORTEGA: Thank you. Any questions for
18 the staff? Sure. Go ahead.

19 MR. MIRELES: In regards to the small school
20 district lock, we appreciate staff highlighting the process
21 that's aligned with the Board's action June 5th, but we do
22 have a concern that we can't guarantee that we're going to
23 process these funding applications for small school
24 districts within the three-year lock.

25 We would like to ask staff to come back with an

1 action item that will include regulations that will allow us
2 to ensure that these funding applications will be processed
3 within this three-year lock to maintain this protection that
4 small school districts have had since 2000.

5 CHAIRPERSON ORTEGA: Okay. Any objection as to
6 the staff bringing a report back on that item? Okay.
7 Seeing none, we'll ask the staff to do that for the next
8 meeting.

9 And I have a public speaker I think on this item,
10 Julie Arthur. Ms. Arthur, is this item -- please come on
11 up.

12 MS. ARTHUR: Good afternoon, Chairman Ortega,
13 members of the State Allocation Board. As you mentioned, my
14 name's Julie Arthur. I'm the Executive Director of
15 Facilities, Planning, and Development for Palm Springs
16 Unified School District, but I'm also here today
17 representing CASH as vice chair and I'm here to speak on
18 behalf of our members.

19 The purpose here today is to talk about our
20 concern and theirs on how districts will be treated in the
21 future. Specifically, we believe that the SAB action on
22 June 5th's Board meeting approving Option 1 is inconsistent
23 to statute, specifically, Statute 170171.75, ongoing
24 eligibility for new construction calculations.

25 It specifically refers to eligibility as being

1 determined in the fiscal year in which the application is
2 submitted.

3 So this adoption of Option 1 and the direction of
4 the Board to OPSC staff to require the reestablishment of
5 eligibility in the year the project is processed by OPSC,
6 this directive is not consistent with statute.

7 So what we are asking, we're asking the Board to
8 correct this action. Thank you.

9 CHAIRPERSON ORTEGA: Okay. Thank you. Mr. Allen.

10 SENATOR ALLEN: Well, I mean I didn't vote with
11 the majority, so I would presume someone who voted with the
12 majority -- I would obviously agree with correcting --
13 making a change item -- the majority -- so I would assume it
14 would take someone from the majority wanting to shift their
15 vote from last month.

16 CHAIRPERSON ORTEGA: A couple of things. I mean I
17 don't think that -- the action we took last meeting is not
18 really what's properly before us on this meeting.

19 The action we took under Tab 5 was to conform it
20 to the trailer bill and to make additional changes.

21 We have in the past had discussions about
22 revisiting past actions. It's not something that we
23 typically do at this Board. I'm happy to hear your
24 comments. They're reflective of the comments that you made
25 at the last meeting, so, you know, we're certainly aware of

1 your concern.

2 I'm happy to let other Board members -- I know
3 Mr. O'Donnell also did not agree with the past action. I
4 think, speaking for my vote, obviously, I'm still, you know,
5 in support of the action of the Board from the June 5th
6 meeting. So Mr. O'Donnell.

7 ASSEMBLYMEMBER O'DONNELL: Yes. Thank you.
8 This -- they -- you know, then we got some Brown Act stuff
9 going on probably too, I imagine. I don't know. But -- so
10 I don't know that we could exactly do that today.

11 But I just -- from my perspective, I'd like to
12 maybe sit down with some of your folks and get more educated
13 on some of the, you know, legal ramifications or statutes
14 that you've cited so then I'm fully educated on your
15 perspective as you sit today. So I'm sure we'll have that
16 conversation. Not here.

17 MS. ARTHUR: Right. That would be wonderful.

18 ASSEMBLYMEMBER O'DONNELL: Going forward. Thank
19 you.

20 CHAIRPERSON ORTEGA: I think the other issue that
21 I would raise just in response is that, as we discussed it
22 at the last meeting, we talked about having -- we didn't
23 have any testimony before us that was from a district who
24 was going to be facing the impact of the action that we took
25 at the meeting. So we were not really clear as to who and

1 when the issue might come up.

2 So I think that's why we took the motion with the
3 directions to staff that they would bring an appeal to the
4 Board when the eligibility question caused someone to be
5 disadvantaged in the program, and because the applications
6 have not been processed yet, we haven't reached that point.

7 So I think -- I guess from a procedural standpoint
8 it would make more sense to me for us to also see an actual
9 application being affected by the changes the Board approved
10 and then consider these issues under -- and I'm going to --
11 our counsel is interested in making a comment.

12 MS. BANZON: I just want to remind the Board that
13 this is not an action item, so as much as possible not to go
14 into discussion.

15 CHAIRPERSON ORTEGA: Sure.

16 MS. BANZON: Thank you.

17 CHAIRPERSON ORTEGA: Thank you. Yes.

18 ASSEMBLYMEMBER O'DONNELL: Just one more comment.
19 Piggybacking, you know, on the comments, right, I'd like to
20 sit down with you, but also maybe you could bring me some
21 evidence. I thought we did hear some conversations at our
22 last hearing, some comments from districts that were going
23 be to impacted. I thought mine was, if I recall correctly,
24 Long Beach Unified.

25 So not today, but going forward, I really would

1 like to sit down with you and then please come ready to
2 educate me on, you know, the legal ramifications, but also
3 the practical ramifications at the district level, from
4 across the state.

5 MS. ARTHUR: Absolutely. So I think most
6 districts right now that will be affected, it's going to be
7 months before they're actually going to have that
8 information --

9 CHAIRPERSON ORTEGA: Yeah.

10 MS. ARTHUR: -- and update their eligibility which
11 does actually take districts several months to do. From
12 collecting their information onto track maps, to their
13 CBEDS, depending on the timing on that, it does take time
14 and what's going to be processed now it appears that most of
15 the items that this affects that were on the former
16 acknowledged list, well, those we're actually not going to
17 see processed for some time as this first bond sale will go
18 to those that were on the unfunded list.

19 CHAIRPERSON ORTEGA: Right.

20 MS. ARTHUR: So we're actually looking at months
21 of this and that's why we were hoping to have the discussion
22 now. We didn't want to leave this sit. It's something we
23 feel is important as it relates to a lot of districts,
24 especially County Offices of Education who are financial
25 hardship and so looking at how their funding will be

1 determined.

2 CHAIRPERSON ORTEGA: All right. Thank you. Any
3 other comments from Board members? All right.

4 Any other public comment on this item? Again this
5 was an informational item.

6 Please have the record reflect that Mr. Diaz and
7 Dr. Pan have joined the meeting.

8 MS. ARTHUR: Thank you.

9 CHAIRPERSON ORTEGA: Thank you. Lisa, what I'm
10 going to do is let's return to the item under Tab 5 -- Lisa
11 Jones -- the regulatory amendment for increased program
12 accountability, if you could call the absent members.

13 MS. JONES: Yes. Okay. That would be, Senator
14 Pan, how do you vote on the grant agreement, which is under
15 Tab 5?

16 SENATOR PAN: Hold on. I'm going to get my --

17 CHAIRPERSON ORTEGA: This is the conforming
18 changes to the item from last meeting.

19 SENATOR PAN: Okay. Aye.

20 MS. JONES: Thank you. And then Cesar Diaz?

21 MR. DIAZ: Aye.

22 MS. JONES: Thank you. That motion does carry.

23 CHAIRPERSON ORTEGA: And then the next open item
24 is the regulatory amendments for the Financial Hardship
25 Program.

1 MS. JONES: Okay. And how do you vote, Senator
2 Pan?

3 SENATOR PAN: Aye.

4 MS. JONES: Okay. And Cesar Diaz?

5 MR. DIAZ: Aye.

6 MS. JONES: Thank you.

7 CHAIRPERSON ORTEGA: Okay. And, Ms. Silverman, I
8 think that's it for the action items, right?

9 MS. SILVERMAN: That's -- the Minutes or --

10 MS. JONES: Did you want to do the Minutes?

11 CHAIRPERSON ORTEGA: Sure. Let me -- well, the
12 roll is open. All in favor of approval of the Minutes say
13 aye.

14 (Ayes)

15 CHAIRPERSON ORTEGA: We didn't have enough votes
16 on the Minutes. It's very important to --

17 MS. JONES: Thank you.

18 CHAIRPERSON ORTEGA: -- on the record. So the
19 action items are complete for those members who had an
20 appointment, and, Lisa, we'll return to the **Executive**
21 **Officer's Statement.**

22 MS. SILVERMAN: I'm going to highlight that we
23 shared --

24 CHAIRPERSON ORTEGA: But, please, I still need six
25 people to be here.

1 MS. SILVERMAN: It shouldn't take longer than a
2 minute or so. We wanted to share with the Board that the
3 charter round closed that day, June 5th, and we actually had
4 a \$2.5 billion dollars in applications that came to the
5 door. So it will be a very competitive process and there's
6 \$500 million in the charter program.

7 We also wanted to highlight that the action the
8 Board took for the projects moving over with the Prop. 51
9 designation -- true unfunded list, it was -- those projects
10 had the ability to submit during the certification round and
11 we had other projects on the certification round as well.

12 So we had an interest through that closing date of
13 \$444 million in applications that are competing for a fall
14 bond sale. So wanted to highlight that to the Board.

15 We have a few apportionments that are outstanding
16 for April. We have nine to be exact and those projects have
17 until July 24th to come in and perfect.

18 And then the historical building regulations that
19 we've been long waiting for have also been approved by the
20 Office of Administrative Law and those are in effect as of
21 June 19th, so we'll be moving items and instead of having
22 appeals in the Consent Agenda.

23 And with that, we have a meeting on August 23rd.

24 CHAIRPERSON ORTEGA: Okay. All right. And the --

25 MS. SILVERMAN: There is no Consent. Yeah.

1 There's no Consent items. There's nothing to report as far
2 as action items in the financial reports, other than the
3 fund releases, we did want to share that \$26.4 million went
4 out in June. We have the workload report.

5 CHAIRPERSON ORTEGA: Okay. And workload items are
6 under Tab 6.

7 MS. SILVERMAN: Right. And we wanted to highlight
8 there's no activity for July, but we do have a few items
9 slated for August.

10 CHAIRPERSON ORTEGA: Okay.

11 MS. SILVERMAN: And one of them noted is the
12 Career Tech Education item.

13 CHAIRPERSON ORTEGA: All right. Any other
14 comments from members? Any public comment on items not on
15 the agenda? Okay. Seeing none, we'll be adjourned. Thank
16 you, everyone.

17 (Whereupon, at 4:25 p.m. the proceedings were
18 adjourned.)

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REPORTER'S CERTIFICATE

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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 June 29, 2017.

Mary C. Clark
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