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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

STATE CAPITOL
ROOM 2040
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, AUGUST 23, 2017

TIME: 4:00 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

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:

HENRY NANJO, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON ORTEGA: Good afternoon, everyone.
I'll call to order the August 23rd meeting of the State
Allocation Board. Please call the roll.

MS. JONES: Senator Allen.

Senator Nguyen.

Senator Pan.

Assemblymember Nazarian.

Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Here.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Here.

MS. JONES: Juan Mireles.

MR. MIRELES: Here.

MS. JONES: Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Jeffrey McGuire.

MR. MCGUIRE: Here.

MS. JONES: Eraina Ortega.

CHAIRPERSON ORTEGA: Here.

MS. JONES: We have a quorum.

CHAIRPERSON ORTEGA: Okay. We have a quorum, so
we'll go ahead and get started and if we come up to any
action items, we will leave the roll open for the Senators

1 to join in later. So let's start with our first action
2 item, which would be the **Minutes** from the June 28th meeting.
3 Any corrections or comments on the Minutes? Any public
4 comment? Is there a motion?

5 ASSEMBLYMEMBER CHAVEZ: Move approval.

6 ASSEMBLYMEMBER O'DONNELL: Second.

7 CHAIRPERSON ORTEGA: All right. Moved by
8 Mr. Chavez. Second by Mr. O'Donnell. All in the favor of
9 approval of the Minutes please say aye.

10 (Ayes)

11 CHAIRPERSON ORTEGA: Adopted unanimously. We'll
12 move to Item 3.

13 MS. SILVERMAN: We have the **Executive Officer's**
14 **Statement**, and we have a few announcements tonight.

15 We'd like to share that at our last Board meeting,
16 early June, we had a certification round that was open and
17 that closed June 8th and we had nearly \$444 million in
18 projects that submitted a cert and those certs are good
19 through July -- from July 1st through December 31st, 2017.

20 And the certifications included the projects that
21 the Board took action on June 5th which was a significant
22 amount of projects that were on the true unfunded list, so
23 that's nearly \$370 million.

24 The next item we wanted to share is there is also
25 a Seismic Mitigation Program project that's also in the

1 Consent Agenda for \$2.1 million. We have an upcoming bond
2 sale next week. The Treasurer's office has a scheduled bond
3 sale for this program.

4 And so in lieu of having a meeting at the end of
5 September, we're recommending to have a consent only agenda
6 on September 6th. So the Board will have the ability to
7 take action on the projects that have submitted a
8 certification.

9 And with that, we're also working on a joint
10 agency workshop -- a couple of venues as we speak -- with
11 the Division of State Architect and Department of Education.
12 I know Division of State Architect has a tentative timeline
13 sometime in November, but some of the outreach opportunities
14 that we have moving forward rather quickly, we'll be
15 partnering up with Department of Education and -- with our
16 focus primarily on small school district outreach. So more
17 announcements in that area.

18 And again, our next meeting is September 6th.

19 CHAIRPERSON ORTEGA: Okay. Any questions for
20 Ms. Silverman? Any comments on any of those items? Seeing
21 none, we'll move to the **Consent Agenda**. Any comments or
22 questions for Ms. Silverman? Anything to report?

23 ASSEMBLYMEMBER O'DONNELL: I'll move it.

24 CHAIRPERSON ORTEGA: Okay. Moved by
25 Mr. O'Donnell.

1 MR. MIRELES: Second.

2 CHAIRPERSON ORTEGA: Second by Mr. Mireles. I'll
3 spread out the seconds. Any public comment on the Consent
4 items? All right. Seeing none, all in favor say aye.

5 (Ayes)

6 CHAIRPERSON ORTEGA: And we'll leave that item
7 open for the Senators. **Financial reports.**

8 MS. SILVERMAN: Financial reports, we have no fund
9 releases to report for the month of July. Most of the
10 activity occurred in the earlier months.

11 But we do want to highlight in the **Status of Funds**
12 that's on page 91, we have a number of closeout adjustments
13 and activities, four to be exact, for over \$10.1 million and
14 that actually will result in districts having an increase on
15 their adjustments to the original grant.

16 Also we have several closeout activity of
17 \$2.2 million coming back to the program. We have 60
18 additional apportionments going out in the Emergency Repair
19 Program. That represents \$5 million and that's the result
20 of some collection activity on the Emergency Repair Program.
21 So we have \$2.2 million coming back to the program and
22 that's what we want to announce for the Status of Funds.

23 CHAIRPERSON ORTEGA: Okay. Any questions or
24 comments on that report? All right. Seeing none -- please
25 note for the record that Dr. Pan has joined us. Thank you.

1 We'll move to the appeal items under Tab 6. I'm
2 going to recommend that we take them out of order. I know
3 Mr. McGuire is here on a couple of them, so let's start with
4 **Burnt Ranch.** Go ahead and we'll ask staff to just do a
5 little summary of the appeal before us and then we'll take
6 your comment.

7 MR. LaPASK: Thank you. Brian LaPask with OPSC.
8 Burnt Ranch Elementary School District is a one-school
9 district located in remote Trinity County.

10 In March of this year, they discovered water
11 intrusion in every building on their campus. It's a
12 one-school district, so it's the entire school. They have
13 evacuated those buildings and they have temporary housing in
14 place.

15 They do meet financial hardship approval and they
16 have a two-piece appeal. They're asking for replacement
17 funding to do rehabilitation work. They qualify for
18 replacement funding, but the district feels it might be more
19 cost effective to actually rehab the buildings because of
20 their location.

21 And while we have augmentations for geographic
22 location and for remote areas and difficulty of
23 construction, it might make a little more sense for them to
24 be able to get the replacement funds in order to do the
25 rehab work because the costs are escalated.

1 We have provided funds similarly to the Klamath
2 Trinity District which actually shares a boundary with this
3 district, so they're in the same general area of Trinity
4 County.

5 So we do recommend that we provide replacement
6 funding for rehab work. They are also asking for an
7 immediate apportionment of design funds so they can get
8 their project underway and we support that as well.

9 CHAIRPERSON ORTEGA: Okay.

10 MR. LaPASK: I can answer any questions.

11 CHAIRPERSON ORTEGA: Any questions before we turn
12 to Mr. McGuire?

13 SENATOR MCGUIRE: Madam Chair, thank you so much
14 for allowing me to be here today and, members, thank you
15 very much for all of your work on this request.

16 Madam Chair, before I get into the words in
17 regards to Burnt Ranch, I just want to take a moment, if
18 it's okay with you, to thank your Executive Officer directly
19 to my right.

20 Ms. Silverman I got to say is one of the most
21 responsive, hardworking, and dedicated public servants that
22 we have working at the state. She has been tremendous, so I
23 just want to take a moment to say thank you so much.
24 Truly -- along with Brian. Brian, you have been a wonderful
25 individual to work with all throughout, incredibly

1 responsive in some of these really difficult challenges.

2 So I just want to take a moment to say how amazed
3 we are to be able to work with your staff and it's the
4 vision of your Board who brought these two wonderful
5 individuals here to the state. So thank you very much as
6 well.

7 And I'm really grateful to be with you, Madam
8 Chair and the Board, in requesting the support of the two
9 applications. The first that will be advanced is Burnt
10 Ranch Elementary School.

11 Both of these school districts are located in
12 Trinity County, and as you all know, Trinity is one of the
13 poorest and most rural counties in our state. 13,000
14 residents live over 3,208 square miles. If you were to
15 flatten it out, it would be the size of Texas up in Trinity.

16 And these two districts serve the communities'
17 children in significant ways and their campuses are the
18 gathering grounds for neighbors.

19 Trinity County has the second highest rate of
20 homeless students in the state and for many children, these
21 schools are the most stable part of their lives. And that's
22 also many times where they're able to access those meals as
23 well.

24 And Burnt Ranch School serves approximately a
25 hundred total kids, kindergarten to eighth grade, and

1 they've been devastated by mold. I was able to meet with
2 the superintendent and principal here earlier this year.

3 Last year, they learned that every classroom in
4 every building was unusable. The school which serves as a
5 hub for the community is now completely operating out of
6 portables. They used the majority of their building reserve
7 funds which they had set aside for permanent to go to move
8 students into a safer, mold-free environment to be able to
9 open up school and keep school operations moving.

10 Burnt Ranch School's population is 35 percent
11 Native American and over 80 percent of students are on the
12 free and reduced lunch program, and the school facilities
13 project will not only rebuild the campus, but will also
14 rebuild the heart of the community, and, Madam Chair, the
15 principal and superintendent are also here today to be able
16 to answer any questions as well.

17 CHAIRPERSON ORTEGA: Thank you. So I'll ask --
18 Ms. Graham, did you want to come on up and -- if you had any
19 additional -- members, I'm not aware of any objection to
20 approving this appeal, so we'll ask Ms. Graham if she has
21 any comments.

22 MS. GRAHAM: Again I want to thank you all for
23 letting us be here and taking your time out to listen to our
24 appeal today.

25 I just -- Senator McGuire really summed up our

1 situation. We are an excellent school that's working under
2 really harrowing conditions right now. Our students are
3 coming to school every day and they're trying their best,
4 but we are not able to provide many of the services that we
5 need to give them. Some of those happen outside. If the
6 speech teacher shows up, she has to meet with a child at a
7 picnic table outside.

8 All of our services have been compromised. We are
9 the hub of the community. We perform every service
10 available. We have our kids show up early in the morning
11 and we bus them to and from school. We have an extra bus in
12 the afternoon because kids need to stay at our place -- our
13 school in the after-school program.

14 We've just recently gotten high speed Internet and
15 we're not even sure how that's going to work. We've had
16 lots of challenges with that.

17 So our facility is paramount to anything that goes
18 on in our community and I just have to hope that that's
19 clear between what I've said and what Senator McGuire has
20 said. I want to thank you for your time.

21 CHAIRPERSON ORTEGA: Thank you. Any questions or
22 comments on --

23 ASSEMBLYMEMBER CHAVEZ: Move approval.

24 ASSEMBLYMEMBER O'DONNELL: Second.

25 CHAIRPERSON ORTEGA: It's been moved and seconded.

1 Dr. Pan.

2 SENATOR PAN: Certainly we're very supportive and
3 appreciate your testimony. So the central issue about the
4 mold -- and I understand there are some challenges given the
5 remoteness and accessibility of construction and so forth.

6 We do believe just by rehabbing the buildings
7 we're going to be able to address -- I mean there's
8 rehabbing versus constructing new buildings that are --

9 MS. GRAHAM: Right.

10 SENATOR PAN: -- and so forth, but I mean I think
11 the central issue is that we're going to be able to take
12 care of this mold problem and, to the best if we were able,
13 our construction techniques are available, but we're not
14 going to have the mold problem come back. So it makes more
15 sense to rehab than it is to -- so whatever infrastructure's
16 going to be left is not going to cause the mold to return
17 and people aren't going to be concerned that, oh, well, you
18 know, whatever --

19 MS. GRAHAM: Yeah. It should be taken care of.

20 SENATOR PAN: Okay.

21 MS. GRAHAM: I think we have the technology and
22 the -- and what we need to do to make it --

23 SENATOR PAN: Okay.

24 MS. GRAHAM: -- safe and clean from now on.

25 SENATOR PAN: All right. Well, I just want to be

1 sure we have the public confidence in that and that -- you
2 know, it's such a critical piece of your community that we
3 just want to be sure that we're taking care of the problem.

4 CHAIRPERSON ORTEGA: Mr. LaPask, do you want to
5 speak to any part of the process of the design or the
6 project as it goes forward that would address Dr. Pan's
7 questions, just in terms of accountability for the funds,
8 oversight of the project plans.

9 MR. LaPASK: Sure. Yes. You know, when we
10 approve these projects, they have to have an engineer's
11 report. In this case, it'll be probably an industrial
12 hygienist -- or an environmental hygienist and they're going
13 to actually outline the minimum work to mitigate that, and
14 so we have a professional that will outline the minimum
15 scope of work needed to be done and we'll have concurrence
16 of that from the appropriate governmental agency in the
17 area, I think probably Trinity County health or something --
18 so we typically trust that they know what they're doing.
19 They're the experts in that field and we'll be funding their
20 project accordingly.

21 SENATOR PAN: Okay.

22 CHAIRPERSON ORTEGA: Great. I think that answers
23 the question. Thank you. All right. Any other comments?
24 Any questions? We have a motion and a second on this item.
25 I don't think we need to call the roll. We'll ask -- give

1 Senator Nguyen just a second to come up. Senator Nguyen,
2 we're on the appeal for the Burnt Ranch School item.

3 So all in favor of the motion to approve the
4 appeal please say aye.

5 (Ayes)

6 CHAIRPERSON ORTEGA: And that's approved
7 unanimously. We'll leave it open for Senator Allen. Thank
8 you, Ms. Graham.

9 MS. GRAHAM: Thank you.

10 CHAIRPERSON ORTEGA: And we'll move to the
11 **Mountain Valley appeal.**

12 MS. KAMPMEINERT: The Mountain Valley School
13 District is facing similar circumstances to Burnt Ranch in
14 that they have discovered water intrusion and mold. It is
15 also a small school district and they have had to close many
16 facilities in order to address the mold situation.

17 So they have applied under the Facility Hardship
18 Program and they do meet the qualifications of that program
19 for replacement funding.

20 They're early in the design stages of their
21 projects and the appeal request is a little bit different
22 than what Burnt Ranch is asking for today.

23 Mountain Valley does not meet the criteria that we
24 have in regulations for financial hardship that would allow
25 staff to process this application administratively. But in

1 the regulations, there is an option for school districts to
2 come to the Board with other evidence to see if the Board
3 will grant them financial hardship status.

4 The financial hardship status would allow them to
5 receive a design apportionment for a portion of the project
6 cost so that they can continue to figure out the methods to
7 address this project.

8 The district has provided information in the
9 appeal that indicates that they have faced some severe
10 challenges financially with dealing with the mold. They
11 have exhausted local efforts and they do plan to put a bond
12 on the ballot in November to seek a match from their local
13 community, but they don't know the outcome of the election
14 yet, but they're feeling that they're getting some good --
15 positive feedback from the community.

16 The issue still is that they have closed
17 classrooms, so they do not have any other funding available
18 to them that would allow them to continue to mitigate the
19 situation.

20 They have looked into obtaining a certificate of
21 participation, and Trinity County Office of Education has
22 weighed in that that would -- that the county office would
23 actually have to issue that because there is no identified
24 way of paying it back at this moment. So they would be
25 dependent on the bond or state funding. So that doesn't

1 seem to be a great option for the district at this point as
2 well.

3 But they have done everything they can at this
4 point to get further along in the project and they are
5 seeking the Board's approval of financial hardship status.

6 If the Board does approve that, they are also
7 asking that the Board consider providing an immediate
8 apportionment outside the priority funding certification
9 period so that they can get the cash immediately to continue
10 planning the project and addressing the situation.

11 Staff is seeking Board direction on the financial
12 hardship component, but if the Board does approve that
13 piece, then we do recommend that the Board also approve an
14 immediate apportionment which is Option A on this item.

15 CHAIRPERSON ORTEGA: Senator McGuire.

16 SENATOR MCGUIRE: Thank you so much, Madam Chair.
17 And I apologize having my back to you. I'm so sorry.

18 Madam Chair, thank you so much for allowing the
19 two presentations.

20 Mountain Valley Unified School District is also
21 facing an emergent situation with mold. They have been
22 closing facilities across its high school and elementary
23 school campuses. I'd like to detail some of the challenges
24 they have.

25 No longer available on the campuses are kitchens.

1 The library at the high school is now closed. The high
2 school locker rooms are closed. Cafeterias at both the
3 elementary and the high schools are closed. The high school
4 agricultural building is closed and Superintendent Miller
5 who is here today, her office is also closed because of mold
6 conditions.

7 Much like Burnt Ranch, Mountain Valley Schools
8 serve students who are in need. Over 80 percent of students
9 qualify for free and reduced price lunch, which are now
10 prepared at multiple kitchens because kitchen facilities are
11 no longer accessible to any of the employees.

12 Mountain Valley Unified School District comes
13 before you today with a unique request, as you just heard,
14 because of the district's characteristics prohibit it for
15 providing the typical matching funds necessary.

16 They have made a true effort, I got to say -- they
17 are very innovative -- to identify funding, and although the
18 district serves a significant catchment area, its bonding
19 capacity is less than that 5 million to provide a match that
20 would meet approval for financial hardship from your Board.

21 And we are grateful that Debbie Miller,
22 Superintendent of Mountain View Unified School District, is
23 here today to be able to answer any technical questions and,
24 again, thank you so much for allowing the presentation
25 today.

1 CHAIRPERSON ORTEGA: Thank you. Ms. Miller, did
2 you want to join us? And anyone else who wanted to speak on
3 this item feel free to come on up.

4 MS. MILLER: Senator McGuire does such a nice job,
5 I'm not sure I should be up here. Thank you all for
6 listening.

7 Mountain Valley Unified is just like Burnt Ranch.
8 It is very small, very remote. We're 45 minutes winding
9 mountain roads from the next nearest school. So it's not
10 like our kids, if we can't take care of them, can just go
11 somewhere to a neighbor's. They can't do that.

12 So we barely miss all of the criteria. We thought
13 until last winter that we were really good stewards of our
14 resources and our money. We have never gone out for a bond.
15 We haven't needed to.

16 We have kept up our buildings and then we
17 needed -- we had a broken heater and we wanted to use our
18 Prop. 39 funds and we went up into the rafters and came back
19 down and said, hmm, there's a problem.

20 So we tested everywhere and indeed there is
21 problems. So as Senator McGuire said, we have a lot of
22 areas closed down, but we need to, you know, get rid of the
23 health and safety concerns and rebuild.

24 We had probably around a million dollars in our
25 reserve funds. We've been salting money away and, you know,

1 we thought we were really doing a good job there, and now
2 those are completely -- by the end of September, we will pay
3 the last abatement bill to get rid of the mold and we will
4 be broke.

5 So it's kind of like this is unexpected and
6 unfortunate, and so we're here hat in hand because I'm not
7 sure what else to do. We need money to rebuild and get our
8 kids back in the schools and be able to feed them properly
9 because often we were all three meals of their day and now
10 we're having trouble doing that.

11 CHAIRPERSON ORTEGA: Thank you. Any questions?
12 Dr. Pan.

13 SENATOR PAN: Thank you. And I appreciate my
14 seatmate's presentation. And I just want to clarify to
15 the -- and with the staff that part of the reason they just
16 miss is because actually the land value for doing the
17 bonding has been somewhat artificially elevated for --

18 MS. MILLER: Yeah. We're a pot farming community
19 now. It's a little weird.

20 SENATOR PAN: So anyway -- well, let's put it this
21 way. They have a lot of communities that are potentially
22 asset rich but actually revenue poor.

23 MS. MILLER: Yes.

24 SENATOR PAN: And so I mean I think this is
25 something we need to do since the kids in the community --

1 you know, we need -- and I think this particular
2 circumstance is not one of the school district's making and
3 so I would be pleased to move the appeal --

4 CHAIRPERSON ORTEGA: Okay.

5 ASSEMBLYMEMBER NAZARIAN: Second.

6 CHAIRPERSON ORTEGA: Okay. Moved and seconded and
7 you're moving Option A, right?

8 SENATOR PAN: Option A, yes.

9 CHAIRPERSON ORTEGA: Right, to expedite the funds.
10 Okay. Any other comments on this? All right. Seeing none,
11 we have a motion and a second. All in favor of approval of
12 the appeal please say aye.

13 (Ayes)

14 CHAIRPERSON ORTEGA: That passes unanimously.

15 Thank you. Thank you, Senator. And we can move back to the
16 Norwalk-La Mirada item.

17 MR. NANJO: Madam Chair, before we go there, if I
18 can ask for a clarification --

19 CHAIRPERSON ORTEGA: Yes.

20 MR. NANJO: -- on the Burnt Ranch item. There was
21 two requests. One was for the replacement funding and the
22 second was for expedited apportionment. I just wanted -- I
23 wasn't sure the record was entirely clear that the Board was
24 approving both, so if I can have confirmation of that, that
25 would be great.

1 CHAIRPERSON ORTEGA: I believe so. So for the
2 members who voted on that item.

3 MR. SPEAKER: Well, Should we take another vote to
4 make it clear?

5 MR. NANJO: As long as there's no objection,
6 that's fine. I just want to make sure we have that
7 confirmation on the record.

8 CHAIRPERSON ORTEGA: Yes. Yes, on both items in
9 the staff report.

10 MR. NANJO: Thank you.

11 CHAIRPERSON ORTEGA: Thank you. Okay. Brian.

12 MR. LaPASK: Thank you. Yes. Norwalk-La Mirada,
13 this was an Emergency Repair Program project that was funded
14 in August 2015 to replace a structurally unsafe portable
15 classroom building.

16 Because this project required DSA approval, they
17 had 21 months to complete the project and submit their
18 expenditures to us -- to OPSC.

19 During the planning of the project, they were also
20 planning many other projects and master planning that
21 particular site. When they were about to have their plans
22 approved, they discovered that -- DSA notified them that
23 three of their fire hydrants were out of code and they would
24 need to be fixed.

25 Subsequently, they figured out that they didn't

1 have enough water pressure to do that. So they came to us,
2 requested an extension to their deadline, knowing that they
3 wouldn't be able to meet the 21-month deadline.

4 It appears to us that these were circumstances out
5 of their control and unpredictable.

6 The SAB has approved two other appeals for
7 Emergency Repair Program project extensions in the recent
8 past. The only difference with this one is Norwalk is
9 requesting 18 months versus 2 months or 8 months in the
10 other ones.

11 So we can't administratively approve an extension,
12 so we're seeking Board direction on that.

13 CHAIRPERSON ORTEGA: Okay. Thank you. This is
14 another one without any objection. I do have a speaker card
15 from Jesse Urquidi. Sorry if I didn't say that correctly.

16 MR. URQUIDI: Good afternoon, Madam Chair and
17 members of the Board. My name is Jesse Urquidi, Board
18 member with Norwalk-La Mirada Unified, and first of all, I
19 greatly appreciate the staff's -- OPSC staff in assisting
20 the district with this, and I felt it was important to come
21 up here.

22 I'm also an engineer in my professional life, so I
23 understand a little bit of this, and I really, really
24 appreciate the support of the extension based upon the
25 background that was put in the report for next summer as

1 being a better time to construct and bring the ERP program
2 back to -- bring the water pressure and the size four to six
3 inches for the hydrants.

4 So that was one of the mitigating factors that
5 happened during the construction.

6 CHAIRPERSON ORTEGA: Thank you.

7 MR. URQUIDI: Thank you very much.

8 CHAIRPERSON ORTEGA: Thank you. Any questions?

9 Yes.

10 ASSEMBLYMEMBER O'DONNELL: I'll move the item.

11 CHAIRPERSON ORTEGA: Okay. Moved by

12 Mr. O'Donnell.

13 ASSEMBLYMEMBER NAZARIAN: I'll second.

14 CHAIRPERSON ORTEGA: Second by Mr. Nazarian.

15 Okay. All in favor of approval of the appeal please say

16 aye.

17 (Ayes)

18 CHAIRPERSON ORTEGA: Okay. That passes
19 unanimously.

20 MR. URQUIDI: Thank you.

21 CHAIRPERSON ORTEGA: We'll move the **Career**

22 **Technical Education Facilities Program Regulatory**

23 **Amendments.**

24 MS. SILVERMAN: Direct your attention on Tab 7 at
25 page 173, and we wanted to share with the Board that

1 Proposition 51 had passed in November and this is the last
2 program that hasn't been opened up.

3 So the Career Tech Program -- there's \$500 million
4 that was authorized by the voters and we wanted to bring
5 forward some options for funding -- open it for funding
6 rounds.

7 We also wanted to address some performing
8 regulations -- regulatory amendments related to some recent
9 statutory changes. So as far as the recent statutory
10 changes, it was a repealed section that was enacted in 2015
11 and the appeal in itself.

12 We had three successful funding rounds in
13 Proposition 1D under the Career Tech Program. However, we
14 were at a point in time in the program where we didn't have
15 funds.

16 So at the time, there was statute enacted that
17 provided the Board the ability to move some of the funds
18 around, and at that opportunity, there was new
19 construction/modernization funds that were depleted and so
20 that provided the Board the opportunity to move those
21 program funds to those areas for that need.

22 As well as we wanted to -- part of that
23 conversation too is we also had residual funds that we were
24 collecting from the Career Tech Program under the prior
25 authorization and so there was also residual payments coming

1 back from loans.

2 And we had \$2.4 million in funds as of the middle
3 of June and, although we have residual funds that we had the
4 ability potentially to move those funds, we are recommending
5 that the program funds remain in Career Tech as opposed to
6 moving them to new construction/modernization so that the
7 program is pretty much flush.

8 With that, we've been working with the Department
9 of Education on establishing some funding cycles and some
10 timelines with that, and so we worked out the timelines
11 associated.

12 We're recommending that the Board open the first
13 funding round for \$125 million and the details of the
14 Department of Education establishing and accepting
15 applications would be beginning September 27th and that
16 would wrap up November 29th.

17 And we also have some timelines shared in the item
18 with Department of Education share of scores. Those funding
19 applications open up sometime in the middle of February and
20 also presenting those applications for Board approval in
21 June.

22 And we also are establishing another round no
23 later than September 2018 for the same amount of 125 million
24 as well.

25 So with the conforming regulations as we have

1 proposed, we also wanted to highlight that there's also a
2 slight change we're recommending to the Board related to the
3 match. So we wanted to make those amendments and I'll read
4 it on record that there has been a slight modification.

5 So it was an important conversation that we had
6 and it was elevated by Los Angeles Unified and we appreciate
7 the comments that we received.

8 So the match requirement as noted will change and
9 we'll make that modification with the Board's approval.

10 So can I direct your attention -- and I think we
11 all have it in front of us -- page 177. So we're asking the
12 Board to make the slight modification to
13 Regulation 1859.194. Instead of what you see on stamped
14 page 177, we're asking that the modification to the language
15 as underlined instead of saying excluding funds, we want to
16 read on the record, it says:

17 Notwithstanding local fund sources previously
18 identified in this paragraph, a grant recipient's local
19 match shall not include funding from any state or
20 federal sources that provide funding for Career Tech
21 Education, including but not limited to Career Tech
22 Education Incentive Grant Program, the Career Tech
23 Education Pathways Trust Program, and the Career Tech
24 Education Initiative and the Perkins Federal Career and
25 Technical Education Grant Program.

1 So that's the change that we're proposing today
2 along with the other changes as listed in stamped page 177
3 and 178.

4 And we're recommending on page 176 that the Board
5 adopt those changes and also allow us to file on an
6 emergency basis and open up the two funding rounds for
7 125 million.

8 CHAIRPERSON ORTEGA: Okay. Any questions? Any
9 public comment on this item?

10 ASSEMBLYMEMBER CHAVEZ: Move approval.

11 SENATOR PAN: Second.

12 CHAIRPERSON ORTEGA: Moved by Mr. Chavez.
13 Seconded by Senator Pan. All in favor of approval of all
14 of the recommendations listed in the staff report as
15 modified by the language read by Ms. Silverman please say
16 aye.

17 (Ayes)

18 CHAIRPERSON ORTEGA: Okay. That's approved. And
19 we'll move to Tab 8.

20 MS. SILVERMAN: Which is the **Workload Reports** and
21 **Appeals**.

22 CHAIRPERSON ORTEGA: Workloads and appeals and
23 we'll have, as mentioned, a very quick consent only meeting
24 on September 6th to address the bond sale. Any other
25 member comments or public comments to come?

1 Seeing none -- yes, we did have -- we're going to
2 call the roll for the items that not everyone was here for.
3 If you were here, you're welcome to head out and thank you
4 everyone who attended. So, Ms. Jones, let's walk through
5 what we -- we'll start with the **Minutes** I suppose.

6 MS. JONES: The Minutes. And that would be,
7 Senator Allen, how do you vote on the Minutes.

8 SENATOR ALLEN: Aye.

9 MS. JONES: Senator Nguyen?

10 SENATOR NGUYEN: Aye.

11 MS. JONES: Senator Pan.

12 SENATOR PAN: Aye.

13 MS. JONES: Thank you. The **Consent Calendar**. How
14 does Senator Allen vote?

15 SENATOR ALLEN: Aye.

16 MS. JONES: Okay. Senator Nguyen.

17 SENATOR NGUYEN: Aye.

18 MS. JONES: Senator Pan.

19 SENATOR PAN: Aye.

20 MS. JONES: And I believe the last one -- and I
21 think you came in the middle of it, Senator Pan -- is **Burnt**
22 **Ranch**. So then I'll start with Senator Allen.

23 SENATOR ALLEN: Aye.

24 MS. JONES: Senator Nguyen.

25 SENATOR NGUYEN: Aye.

1 MS. JONES: And Senator Pan.

2 SENATOR PAN: I voted aye earlier --

3 MS. JONES: Great. Thank you so much.

4 CHAIRPERSON ORTEGA: Okay. All right. I'm not
5 going to adjourn for a minute until we see if Mr. Nazarian
6 returns, but you're welcome to --

7 (Off record)

8 MS. JONES: Okay. Assemblymember Nazarian is aye
9 on the **Minutes**, aye on **Consent**, aye on **Burnt Ranch**.

10 ASSEMBLYMEMBER NAZARIAN: Yes.

11 MS. JONES: Thank you.

12 (Whereupon, at 4:30 p.m. the proceedings were
13 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 August 24, 2017.

Mary C. Clark
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Certified Electronic Court
Reporter and Transcriber