APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

JACQUELINE WONG-HERNANDEZ, 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

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:

TOM PATTON, Assistant Chief Counsel
PROCEEDINGS

CHAIRPERSON WONG-HERNANDEZ: Good afternoon. It's a little past 4:00 and we don't have a quorum yet, but we're going to go ahead and start as a subcommittee so we can move this process along and take up some of the informational items and be respectful of everyone's time.

So if you are following along, we're going to start with the Executive Officer's report.

MS. SILVERMAN: Hi. So I wanted to share with the Board a few items tonight. Just want to give the Board an update on the priority funding apportionment.

So the Board took action on 90 projects for 191 million, and we have about 75 million that have come in for the funds. So that's great progress we wanted to share with the Board, but those folks that have outstanding apportionments, we need your documentation by June 19th. So we've been reaching out to those folks to make sure they hit the timeline.

And the second item is we wanted to announce that the priority funding certification round is coming up and that is May 9th through June 7th, so if you have an unfunded approval granting you your project taken action by the Board, then you have the ability to submit your certification during that time frame.
And those certifications, if we received by June 7th, those are valid from July 1st through December 31st. And those projects will be eligible for a fall bond sale.

We also wanted to announce that we have been active with workshops and we have two career tech education workshops. One is in Van Nuys and that's on May 30th and that will be at the Van Nuys State Office Building there in Van Nuys, and we also have May 31st, Riverside County Office of Education will be hosting a career tech education workshop.

In addition -- I know it's not on here, but we've also been featuring workshops with small school districts. We actually had one executed with Department of Education and Division of State Architect and that was in Auburn last Friday.

And we're also hosting two more, one in Whittier on May 30th and actually -- in a few weeks, we'll actually have one in Shasta County in Redding. So if you haven't already done so, we encourage districts to come to our workshops. They're actually free of charge.

One other note on the career tech education item, we did want to highlight that applications are due to Department of Education on October 19th and the Executive Officer's Statement has it October 30th. So that timeline
Another note is the regulations are in effect for the Seismic Mitigation Program, meaning that we -- the Board took action in January to approve regulations to extend the program for seismic mitigation projects and additionally, the regulations have been approved to have eligibility updates for new construction and those regulations are in effect as of April 16th.

And with that, the last item is May 23rd, we have our next Board meeting.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Welcome. I think we've got a quorum, so thank you for that.

Actually, before we do the roll, is there any public comment on the information item that was just presented? Okay. Seeing none, Ms. Jones, if you'd like to --

MS. JONES: Senator Allen.

Senator Nguyen.

Senator Pan.

Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Present.

MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Present.

MS. JONES: Assemblymember O'Donnell.

Juan Mireles.
MR. MIRELES: Here.

MS. JONES: Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Jeffrey McGuire.

MR. McGUIRE: Present.

MS. JONES: Jacqueline Wong-Hernandez.

CHAIRPERSON WONG-HERNANDEZ: Here.

MS. JONES: We have a quorum.

CHAIRPERSON WONG-HERNANDEZ: Thank you. So the State Allocation Board is officially convening and we're going to move on to some action items. The first of those is approving the Minutes for the March 21st meeting.

Hopefully, everyone has had a chance to review those. Any comments from Board members? No? Any comments from the public on the Minutes? Okay. Is there a motion.

MR. DIAZ: Motion to approve.

ASSEMBLYMEMBER CHAVEZ: Second.

CHAIRPERSON WONG-HERNANDEZ: We have a motion and a second.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Aye.

MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: Aye.
MS. JONES: Cesar Diaz.
MR. DIAZ: Aye.
MS. JONES: Jeffrey McGuire.
MR. McGUIRE: Aye.
MS. JONES: Jacqueline Wong-Hernandez.
CHAIRPERSON WONG-HERNANDEZ: Aye.
MS. JONES: And the motion carries.
CHAIRPERSON WONG-HERNANDEZ: Thank you.
MS. JONES: Do you want to mention that we'll leave it open?
CHAIRPERSON WONG-HERNANDEZ: Oh, yes. I'm sorry. We'll be leaving this open for other members to add on.
Okay. So we'll move onto the Consent Agenda next.
MS. SILVERMAN: The Consent Agenda is ready for your approval.
CHAIRPERSON WONG-HERNANDEZ: Okay. Unless there's --
ASSEMBLYMEMBER CHAVEZ: Move approval.
MR. DIAZ: Second.
CHAIRPERSON WONG-HERNANDEZ: Great. Actually, before we take the roll, was there any public comment on the Consent Agenda? Okay. Seeing none, okay. Thank you.
MS. JONES: Assemblymember Nazarian.
ASSEMBLYMEMBER NAZARIAN: Aye.
MS. JONES: Assemblymember Chavez.
ASSEMBLYMEMBER CHAVEZ: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: Aye.

MS. JONES: Cesar Diaz.

MR. DIAZ: Aye.

MS. JONES: Jeffrey McGuire.

MR. McGUIRE: Aye.

MS. JONES: Jacqueline Wong-Hernandez.

CHAIRPERSON WONG-HERNANDEZ: Aye. And again, holding that open. Okay.

Okay. The next item I have is another information item, the **Status of the Fund Releases**.

MS. SILVERMAN: Yeah. So we wanted to draw your attention to Tab 5 which is page 70 and actually we have been disbursing funds as a result of the apportionments that actually occurred in December.

So we have $4.9 million that was disbursed in March and we didn't report that outward basically because I know we had a short agenda in March and also wanted to highlight on page 72, we've been active with the program and in summation, we actually have -- in the Consent Agenda, there's 27 items that were granted for your approval today, and so that equated to nearly $77.6 million which is great news for the program. And that also includes 18 projects for 18.7 million and that is rescissions and recoveries.
And on page 73, we also wanted to highlight there was nine Emergency Repair Program grants that were also approved as part of the Consent Agenda and that was for $1.1 million. And that's all we have.

CHAIRPERSON WONG-HERNANDEZ: Okay. Thank you. Is there any public comment on this item? Okay. Seeing none, we'll move onto the next item of Status of Funds or is that fully covered within the Status of Fund Releases. Okay.

All right. Well, then we're moving onto Tab 6, right? We're up for appeals.

MS. KAMPMEINERT: So our first appeal on the agenda today is for Burnt Ranch in Trinity County. This is a small, one-school school district that was before this Board in August of 2017 for a project to address mold issues throughout their entire campus that resulted in the closure of the school and the need to bring in interim housing for the students.

At the time, the Board approved the district for an immediate apportionment for design funding. They did receive that funding. They went ahead and got the necessary approvals from the State Architect, Department of Education, and the project is ready to go to contract right now.

The district is a financial hardship district meaning that they are relying on the state funding at this point to complete the construction project and get the kids
back in to the classrooms.

So the appeal today, they are requesting that the project be approved on an immediate apportionment basis rather than waiting for the next bond sale, so that way they can get the contracts awarded and get started on construction.

In addition to the health and safety nature of the project, they also have extreme weather circumstances where they have a very small window to construct before they get heavy rains.

There are two options for the Board. Under Option 1, it would approve the project on an immediate apportionment basis, allowing the district to access cash very soon, and Option 2 approves the project.

It is ready for Board approval even as an unfunded approval, but staff does recommend that the Board approve Option 1 so that the district can access the cash and get started and get the kids back into their classrooms. And I'm available for any questions and the district is also here to address any questions.

CHAIRPERSON WONG-HERNANDEZ: Thank you. And thank you to your whole staff for their work on this. I know that this was a lift and there was a lot of staff involvement and we appreciate your efforts to bring this forward.

Are there any questions or comments from Board
members? Okay. Any public comment on this item?

So I think this is a really compelling case and I would be very comfortable entertaining a motion for the staff recommendation to approve the expedited apportionment.

ASSEMBLYMEMBER CHAVEZ: Move approval of the Option 1 to expedited apportionment outside the priority funding process for the project as shown on Attachment 4.

MR. DIAZ: Second.

CHAIRPERSON WONG-HERNANDEZ: Motion and a second.


SENATOR ALLEN: Aye.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Aye.

MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: Aye.

MS. JONES: Cesar Diaz.

MR. DIAZ: Aye.

MS. JONES: Jeffrey McGuire.

MR. McGUIRE: Aye.

MS. JONES: Jacqueline Wong-Hernandez.

CHAIRPERSON WONG-HERNANDEZ: Aye. And again, we’ll keep that roll open for others to add on.

MS. JONES: Yes.
CHAIRPERSON WONG-HERNANDEZ: Thank you. Okay. So the next item is the San Marcos Unified Appeal.

MS. SILVERMAN: Yes. Tab 6, may I draw your attention to page 115. So the issue at matter is the district is requesting to retain unspent site acquisition grants.

Back in December of 2010, the district received over $14.5 million in new construction funds to build an elementary school and with that they also received $526,850 for site acquisition.

The district self-reported their expenditures back to our office and it didn't have an audit component to it, meaning we accepted expenditures as reported and the district noted that they spent only $499,999 in site acquisition grants.

So we had sought that the district to return the grants. We notified them that we accepted the expenditures as reported; however, there was one condition that we highlighted that the site grant specifically was unspent.

So that meant 50 percent of the remaining grant of $13,426 must be returned back to the state. So site acquisition grants is a statutory adjustment and those adjustments occur up and down, meaning there's increases that we provide districts even if it is self-reported information and there's also decreases, and those decreases
are also -- districts are notified of those decreases and funds are returned back to the state.

So the district is relying on a two-year audit window as a basis of their appeal. The district would like to retain the site acquisition funds and categorize that as savings.

Unfortunately, statute and regulations doesn't permit the district to retain unspent acquisition funds. So again, the statute requires that the funds be returned back and the regulations state that the adjustment must be made whether or not it's an increase or a decrease related to site acquisition grant funds.

So on page 117, we wanted to highlight for the Board specifically giving the Board a history of how many times we've actually made site adjustments, increases and decreases, over the years, and you could see just by the blue indication of our charts that we've granted a number of increases over the years and that equate to over $51.7 million of increases that have been provided to districts and decreases are about 20.3 million. So the increases outweigh the decreases and that's something we wanted to share with the Board.

And on page 118, we also wanted to highlight specifically the adjustments that occurred from January 1st, 2015, through February 6th, 2018. There have been 95 site
adjustments as it relates to the program.

The site increases again have shown that the increases outweigh the negative decreases. So $1.5 million has been awarded to districts for those site increases over the last three-year period and again those increases outweigh the decreases.

And we believe that even though on page 119 -- the district has achieved savings. We don't disagree with that and the savings issue isn't what is in dispute. What's in dispute is really the unspent site acquisition funds.

So we are requesting that -- staff doesn't have the administrative ability to grant that request and we're asking that the Board not approve the district's request and seek the 13,426 be returned back to the state.

CHAIRPERSON WONG-HERNANDEZ: Thank you, Ms. Silverman. Are there questions or comments from Board members on this item? I had to have it explained to me a couple of times. I don't want to assume that everybody fully understood. Go ahead.

MR. MIRELES: Do we know why the district didn't report the 26,000 in their expenditure report?

MS. SILVERMAN: We contacted the district and they have not provided us any reason why they have not spent the funds nor have they given us an explanation or provided us additional documentation.
MR. MIRELES: Do we have anybody from the district here? No.

CHAIRPERSON WONG-HERNANDEZ: Sorry. Was there anybody from the district? Did you hear Mr. Mireles? He's asking if anyone's here from the district.

MS. SILVERMAN: No, not that we know of.

CHAIRPERSON WONG-HERNANDEZ: Okay. All right. Is there any public comment on this item?

Okay. So seeing none, from my perspective, it seems like the policy question is really -- they got a site acquisition grant to cover those costs. They spent less than that.

I mean it seems very clear to me that this is sort of the process. I'm not sure where other -- how other Board members -- feel like there needs to be, if I'm understanding, some sort of -- part of the discussion. I feel very comfortable entertaining a motion on the staff's recommendation.

ASSEMBLYMEMBER NAZARIAN: Is there even a need for action?

MS. SILVERMAN: Absent of having six votes for -- to overturn staff's position --

CHAIRPERSON WONG-HERNANDEZ: Okay.

MS. SILVERMAN: -- so basically if there's no -- yeah. No motion --
CHAIRPERSON WONG-HERNANDEZ: Okay.

ASSEMBLYMEMBER NAZARIAN: And, Ms. Chair, the only thing I would ask what was the time span in which you attempted to contact them.

MS. SILVERMAN: Well, the item was agendized originally in February. So the district, during our process of notifying of our position during their appeal and notifying the district their appeal is being heard in February, there is communication with them.

They've obviously had our recommendation to the Board. They saw the staff report. So that communication was occurring between January and February. And then -- so they requested a postponement before the February Board and so we actually since that time have been contacting them as well, repurposing the report and sharing with them that it's going to be going to the April Board.

And so those contacts have been with -- there hasn't been any contact back with us. So we submitted the appeal -- I mean our position again and again we haven't heard back from the district.

CHAIRPERSON WONG-HERNANDEZ: Prior to any of that process starting, you had a communication in which you essentially told them this is -- you know, you owe the 13,000 back.

MS. SILVERMAN: Right.
CHAIRPERSON WONG-HERNANDEZ: And that's what sort of started this process. When did that start?

MS. SILVERMAN: That occurred over the summer of 2017.

CHAIRPERSON WONG-HERNANDEZ: Summer of 2017?

MS. SILVERMAN: Yeah. We communicated to the district that they owe 13,000 back and gave them the ability to submit expenditures to reconcile any differences, and at that point in time, we hadn't -- they wanted to appeal.

So we've provided them the opportunity to provide additional expenditures.

CHAIRPERSON WONG-HERNANDEZ: Any additional questions? Okay. So I guess I did not need a motion, but I appreciate you, Senator Allen, for being there and unless anyone wants to move otherwise, we'll just continue along.

Thank you for the report. We appreciate it.

MR. MIRELES: I do have one other just clarification.

CHAIRPERSON WONG-HERNANDEZ: Yeah.

MR. MIRELES: Just to make sure, just to confirm, there have been a lot of other projects that have been adjusted after the two-year period and a lot of those -- I'd say the majority on page 118 have resulted in an increase to their grants; is that correct?

MS. SILVERMAN: That's correct.
MR. MIRELES: This particular case, it would have been a decrease, but overall the other adjustments have resulted in increases to their grants.

MS. SILVERMAN: Absolutely. This is the only item that has been appealed.

CHAIRPERSON WONG-HERNANDEZ: Okay. We have --

MS. SILVERMAN: The workload, right, Tab 7. Any questions on the workload?


Seeing none, the only other thing that I wanted to make sure that the Board was aware of is Ms. Silverman sent all of the State Allocation Board members notification yesterday to advise that the Office of Administrative Law has made a determination related to the February 23rd petition that was filed alleging that this Board was operating under an underground regulation as it related to the matter of not applying the 2017 grant amounts to the projects that the SAB approved on June 5th, 2017.

You all were here. I was not. But we have talked about this at length.

In addition, the petition contended that the SAB failed to follow procedures in accordance with our own sort of Board rules and procedures related to hearing two appeals on that particular topic.
The Office of Administrative Law has notified the petitioner that it declined to accept the petition. So prior to the filing of that petition, OPSC received two appeals on the topic and after conferring with legal counsel, it was determined that there was no legal basis for us to consider an appeal of our own action.

And so the appeals were sent back to the requesting school districts.

Since then, we've received 14 more appeals prior to the petition being denied. Now that the Office of Administrative Law has communicated that to us, I plan to notify those districts that their appeals will not be heard.

So I don't know if anyone have any comments on that or hopefully you've had a chance to spend some time with it and if you have any questions about the email Ms. Silverman sent, please contact her directly.

Okay. Any public comment about any other issues under the purview of this Board? Okay. Seeing none -- go ahead.

ASSEMBLYMEMBER NAZARIAN: Just to clarify for the action that we didn't take an action for, do we need to take an action to bring closure?

MS. SILVERMAN: No.

ASSEMBLYMEMBER NAZARIAN: No, right?

CHAIRPERSON WONG-HERNANDEZ: Yeah. Thank you.
ASSEMBLYMEMBER NAZARIAN: Thank you.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Okay. Well, I don't have any further business, but we're going to hold the roll open for additional members to add on and so this meeting is not adjourned, but I think you can roll through this. Everybody who's voted is free to go except me.

MS. JONES: Okay. Senator Allen and Senator Nguyen, how do you vote on the Minutes?

SENATOR ALLEN: Aye.

SENATOR NGUYEN: Aye.

MS. JONES: Thank you. And then how do you vote on the Consent Calendar.

SENATOR ALLEN: Aye.

SENATOR NGUYEN: Aye.

MS. JONES: Thank you. And then how do you vote on Burnt Ranch -- actually Senator Nguyen.

SENATOR NGUYEN: Aye.

MS. JONES: Thank you. And all the motions carry.

Senator Pan, how do you vote on the Minutes?

SENATOR PAN: I vote aye.

MS. JONES: Thank you. How do you vote on the Consent Calendar?

SENATOR PAN: Aye.

MS. JONES: And then how do you also vote on Burnt
Ranch?

SENATOR PAN: Aye.

MS. JONES: Great. Motions carry.

CHAIRPERSON WONG-HERNANDEZ: Thank you. We are adjourned.

(Whereupon, at 4:29 p.m. the proceedings were adjourned.)
REPORTER'S CERTIFICATE

STATE OF CALIFORNIA       )
COUNTY OF SACRAMENTO  ) ss.

I, Mary C. Clark, a Certified Electronic Court
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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
April 29, 2018.

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