CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL 2040
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, MAY 23, 2018
TIME: 4:00 P.M.

Reported By: Mary C. Clark
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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

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:

TOM PATTON, Assistant Chief Counsel
CHAIRPERSON WONG-HERNANDEZ: I'd like to call the State Allocation Board to order, please. Secretary, will you call the roll? Oh, we only have five members. I would love to start as a subcommittee. Thank you.

Okay. What's the first thing we can do as a subcommittee today? Executive Officer's Report? Great. Let's do that.

MS. SILVERMAN: Would just like to highlight today, we have a few items to report out -- very few. I just want to give the Board an opportunity to -- we have a current filing round for certifications currently. That was opened up on May 9th. It closes June 7th. So those projects that submit a certification during the time period from July 1st through December 31st, those certifications will be valid and you have to have an unfunded approval as a criteria for applying for the certification.

So we just want to highlight that and we also want to give the Board an update on the priority funding apportionments.

The Board took action on March 21st to allocate over $191 million in project approvals and we're making some progress there. And so we have about $121 million in approvals that we have allocated so far.
So there is a deadline of June 19th and we want to remind districts out there to provide the right certifications and documentation in order to access the cash.

And then the last thing we wanted to share is we have --

CHAIRPERSON WONG-HERNANDEZ: Lisa, I'm sorry. Can I interrupt you for just a minute --

MS. SILVERMAN: Yes.

CHAIRPERSON WONG-HERNANDEZ: -- because we do have a quorum. Let's just establish a quorum and then we can kind of -- we can continue.

MS. SILVERMAN: Yeah.

CHAIRPERSON WONG-HERNANDEZ: Okay. Very good.

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: Jacqueline Wong-Hernandez.

CHAIRPERSON WONG-HERNANDEZ: Here.

MS. JONES: We have a quorum.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Thank you.

MS. SILVERMAN: No, no. Absolutely. The last item to report is a joint agency workshop. So we have three workshops coming up. We have one on May 30th in Whittier, California, and that will be focused on small school district outreach.

We have two other workshops, May 30th and May 31st in Van Nuys and Riverside, respectively, and those will be focused on career tech education. And with that, open it up to the Board.

CHAIRPERSON WONG-HERNANDEZ: Great. Questions or comments from Board members on the Executive Officer's report.

ASSEMBLYMEMBER O'DONNELL: I have --

CHAIRPERSON WONG-HERNANDEZ: Yes.

ASSEMBLYMEMBER O'DONNELL: I'd like to have us agendize at a future meeting a discussion about what the CCI adjustments are and what are -- the CCI adjustments are
appropriate at the time of the reapportionment.

Last September, I believe it was, we -- I asked a question regarding the grant level during approval for apportionment of projects on the unfunded list and I appreciated the response from staff, but there was still no background information on the agenda.

So I just want to make sure that, one, we comply with the law and, two, the Board members had sufficient and accurate information regarding that matter.

So specifically what I'm asking is that staff provide the following at a future meeting -- again a future meeting so that it is agendized and a legal discussion. What are the applicable laws, one. Two, what are past Board practices and, three, are there any legal opinions regarding that. Thank you.

CHAIRPERSON WONG-HERNANDEZ: Great. Does anyone else have -- go ahead. Were you going to say something?

MR. MIRELES: -- support the request, Madam Chair.

CHAIRPERSON WONG-HERNANDEZ: Okay. I think that will make sense. I've been talking to staff and specifically to our legal counsel about this issue over the past couple of weeks and I think we probably all do need to get grounded and have a discussion together and make sure that we understand all of the questions that Assemblymember O'Donnell laid out.
So I'm going to continue that conversation with counsel about what's the most appropriate way to do that and we'll get that taken care of at a future Board meeting.

ASSEMBLYMEMBER O'DONNELL: Great. So again, at a future Board meeting. Thank you. So it will be agendized at a future Board meeting. Thank you.

CHAIRPERSON WONG-HERNANDEZ: Okay. Any public comment on the Executive Officer's report? Okay. Seeing none, we'll go back on the agenda to the Minutes. Sorry. So hopefully everyone's had an opportunity to review the Minutes. Any questions or comments from Board members?

ASSEMBLYMEMBER CHAVEZ: Move approval.

MR. DIAZ: Second.

CHAIRPERSON WONG-HERNANDEZ: Have a motion and a second. Any public comment on the Minutes? Seeing none --

MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Yes.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: I'll abstain. I was not present.


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 we'll leave the roll open for members to add on. Okay. So moving on.

MS. SILVERMAN: Consent. That's ready for your approval.

CHAIRPERSON WONG-HERNANDEZ: So any questions or comments on the Consent Agenda from Board? Any public comment on the Consent Agenda? Okay. Then --

MR. DIAZ: Move.

ASSEMBLYMEMBER CHAVEZ: Second.

CHAIRPERSON WONG-HERNANDEZ: Motion to approve and a second. And then can I just say without objection then? That one or take a roll. I think we should take -- let's take the roll.

MS. JONES: Okay. Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: 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: That one passes. We want to --

CHAIRPERSON WONG-HERNANDEZ: Yeah. We'll leave it

open for now. Okay. So next item.

MS. SILVERMAN: Yeah. The Financial Reports.

draw your attention to page 99. We wanted to give the Board

an update. As I shared with you in the Executive Officer's

Statement, we have been aggressively processing fund

releases, but just in the few weeks of April, we have

processed $68.3 million and that's on page 99.

And if we move forward to page 101, just want to

highlight to the Board in the Consent Agenda there was

$89.4 million in consent items, so -- for your approval and

so that represents 39 projects. So wanted to highlight that

as far as what's in the financials.

And we also wanted to share that there was also a

few disbursements this month related to the Emergency Repair

Program. So we have $1.1 million and 11 additional projects

we're funding, and then -- under the Emergency Repair

Program and we also had a recovery of nearly $1 million in

savings and that represents seven projects. So additional

funds have been disbursed in the Emergency Repair Program.

And with that, I'll open up to any questions.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Any
questions from the Board? Any public comment on this item?

Okay. So the next item we have are appeals. Welcome.

MR. WATANABE: Good afternoon. Michael Watanabe. I'm Chief of Program Services for the OPSC. I'm here to present the appeal for the **Muroc Joint Unified School District**. They have two appeals as part of this request.

The first request is to request an expedited processing of their unfunded approval for the Bailey modernization project and approval to allow them to use funding generated on their Bailey seismic mitigation project funding for the TK-12 centralized library project.

A little background on this project: This project is one of those Department of Defense base schools that the Board revisited back in 2010. The Department of Defense has a federal program. They went around and evaluated all 160 schools on military installations throughout the United States.

What they found is the Branch Elementary campus which is on Edwards Air Force Base down in Kern County was the eighth worst school on the list. The Desert Junior/Senior High was found to be the 31st school.

So the DOD set aside funding for these base school projects and as part of the federal program, they require a 20 percent local match.

On the bottom of page 120, we map out what the
needs of the district are for this particular project. The federal program for this project is worth about 150 million of which the feds would stick 120 million towards the project contingent on the district coming up with 30 million of their share.

The district has 18 million available through the reopening of their Bailey modernization project and through these approvals as well as three items in Consent that you've already approved will provide them bond authority towards their $12 million shortfall.

So there's two topics for the Board's consideration. The first is the expedited approval of the Bailey modernization project.

The application came in in 2017, but as of today, we have about 646 applications that need to be processed ahead of them. So they are asking to be processed ahead of those other projects.

I just wanted to point out that we have sufficient bond authority in the Modernization Program, that nobody loses bond authority by processing this one out of line. We have processed the app as a result of the appeal as a need to provide the information.

Regulations do specify that we process in date order received. The Board prioritizes facility hardship projects first and then modernization in date order.
received.

Given the unique circumstances of this district -- the Board does have authority through statute -- broad authority through 17075.35 to determine the eligibility of school districts. The Board can change the regs for this project.

However, given the unique circumstance of just the project needing the advanced processing, the availability of federal funding, we think it's appropriate in this case. If the Board were to change regulations on a nonemergency process, we feel there won't be enough time for those regs to be approved before they have a risk of losing their DOD funding.

The second topic for the Board's consideration is the use of the funding on this Bailey library. They qualify for the program to replace this library on the existing campus, but as part of their military installation project, they're required to resolve a number of design and curriculum. And the centralized TK-12 concept they're building on campus helps them meet that design need.

Regulations don't specifically require them to replace the building on site, but that's how we've specifically always treated the Modernization Program. It's very site specific. The Facility Hardship Program is resolving health and safety to those students, so we expect
them to resolve it on that campus.

Had they moved the campus -- the building somewhere else in the district, we might have an issue with that.

So we have on page 140 the map where those two libraries are, where the existing Bailey library is and where the planned centralized library is. The library funding -- they will combine with the Branch Elementary School library that's also being replaced to build a larger building on campus. That library will serve the entire K-12 campus.

Given the proximity of the locations, they have built-in plans so that those kids on the Bailey campus can access it. On the map, there is a dotted line between the two campuses. Had those been the exact same campus, we wouldn't have an issue with it, but because they are named two different campuses and they are two different school sites, we feel it's appropriate if the Board administratively approve it versus staff approve it.

So we present both options separately for the Board. On page 124, first, is for the accelerated processing of the Bailey mod project and second is for -- Option 1 is for the approval of the centralized library concept for the district. I'd be happy to answer any questions and the district is here as well.
CHAIRPERSON WONG-HERNANDEZ: So thank you for your work on this. I really appreciate you outlining why this is a unique set of circumstances and on both topics for this district.

Are there any questions from Board members or comment? Okay. Well, I'm comfortable as a Board entertaining a motion if the Board is interested in --

ASSEMBLYMEMBER O'DONNELL: Move.

CHAIRPERSON WONG-HERNANDEZ: Thank you, Mr. Donnell -- in approving this appeal.

MR. DIAZ: Second.

CHAIRPERSON WONG-HERNANDEZ: We have a motion and a second. Is there any public comment on this appeal or is the district here? Okay.

MR. WATANABE: The district is here if you have questions.

CHAIRPERSON WONG-HERNANDEZ: Okay. The district's here for questions. Otherwise, we can just move forward. All right. Okay.

MS. JONES: Senator Allen.

SENATOR ALLEN: Aye.

MS. JONES: Senator Nguyen.

SENATOR NGUYEN: Aye.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Aye.
MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: 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: Motion carries.

CHAIRPERSON WONG-HERNANDEZ: Okay. We'll leave that roll open for Senator Pan.

MS. JONES: Very good.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Thanks.

We'll move onto our next appeal.

MS. KAMPMEINERT: The next appeal is for two projects in Mountain Valley Unified School District in Trinity County, one at Hayfork Elementary School and one at Hayfork High School, and as a brief refresher, in August 2017, the Board did approve financial hardship assistance under other evidence as well as design funding so that the district could begin to address health and safety issues at
both campuses as a result of the discovery of mold in many of the buildings.

And since that time, the district has gone before its local voters in November of 2017 and they did pass a local bond with a 65 percent approval rating and the bond funds are intended to be used towards the district's local matching share for the two projects.

They have also moved forward with the design funds previously granted and have developed the construction drawings for the mitigation and reconstruction work necessary to fix the mold issue and the next step is for the district to go out to bid and continue to work on the project so that the students can return to impacted facilities.

And that brings us to our current appeal request. There are two, both at each campus. The first request from the district is to be allowed to use the replacement funding for which the projects qualify to do rehabilitation work and they've determined that the replacement allowances provided by the program will not be sufficient to actually replace the buildings because of the extremely high cost of construction due to the district's isolated location.

The district has no additional resources outside the state funding and the required local match to make up for any gaps in the actual costs to replace the facilities
and they do believe that the replacement funding amounts will be sufficient to mitigate the issues if they were to do rehabilitation work.

If the Board approves this piece of the district's request, the buildings will be considered replaced and the age of the buildings will be reset for purposes of modernization eligibility.

The second issue is for an immediate apportionment outside the priority funding process. The district has used the previously approved design funds and all other available local funds to move the projects along to the point that they are at today.

They had originally anticipated being able to use the funds from their local bonds to continue the projects and keep them going while they participated in the priority funding process and they have taken steps to issue the bonds.

However, the bond issuance cannot take place at this time due to a lawsuit against the Trinity County elections office, and while the district believes the lawsuit has no merit, it will take several months for the issue to be fully resolved at which point the district will be able to issue the bonds.

That time delay, however, is a large problem for the district as not being able to move forward with
construction during the next few months will mean that they will likely have a delay of construction for the entire next school year as they won't be able to commence until summer of 2019 because they're in an area with severe weather conditions that only allows for a short window in which to do the construction.

Staff does support both requests from the district and I would note that if the Board does approve the options on stamped page 154, the funding approval in Option 2 would result in an immediate apportionment at today's meeting for the elementary project with direction to staff to bring the immediate apportionment for the high school project back to a future meeting as part of a Consent Agenda. The high school apportionment cannot be made today as the project still needs final approval from the State Architect which is anticipated in the near future.

With that, I'd be happy to answer any questions and the district is also available for any questions.

CHAIRPERSON WONG-HERNANDEZ: Okay. Any questions from Board members.

ASSEMBLYMEMBER CHAVEZ: Move approval.

MR. DIAZ: Second.

CHAIRPERSON WONG-HERNANDEZ: A motion and a second. Any public comment on this item? Okay. Then let's take a vote on approving both options.

SENATOR ALLEN: Aye.

MS. JONES: Senator Nguyen.

SENATOR NGUYEN: Aye.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Aye.

MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: 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 Senator Pan, how do you vote on --

SENATOR PAN: Can you remind me what are we voting on right now?

MS. JONES: We're voting on Mountain Valley's appeal.

SENATOR PAN: Aye.

MS. JONES: Okay. Thank you. And that motion
does carry.

CHAIRPERSON WONG-HERNANDEZ: Great. Thank you. Okay. I don't know if I -- did I mention Morongo already? I think I may not have. Morongo was removed. I'm sorry. So the other appeal that we had agendized originally was Morongo Unified School District and they have asked to have that request withdrawn. So we will not be hearing that today.

And then any other business?

MS. SILVERMAN: Yeah. And the Morongo, they requested a future meeting.

CHAIRPERSON WONG-HERNANDEZ: Okay. So it will be heard at some point in the future.

MS. SILVERMAN: Absolutely.

CHAIRPERSON WONG-HERNANDEZ: Okay.

MS. SILVERMAN: Tab 7 is -- I want to direct your attention to page 166 and we're presenting to the Board the Career Tech Education Facilities Program Unfunded Approvals.

In August of 2017, last year, the Board had authorized a filing round for 125 million and with that -- that came with some timelines that we had worked with Department of Education and to that extent, there was $500 million made available in Proposition 51.

So as part of the Attachment A1, we are presenting 73 projects for $124.5 million and that is also listed on
page 168, 169.

So to give you some background, Career Tech Education Program funds are a separate program and it's not -- a district doesn't have to have eligibility in new construction or modernization. It's a standalone grant.

So if you're seeking a new construction grant add-on, the maximum grant is $3 million and for modernization is 1.5 million. It is a 50-50 participation, so there is also a condition that there is no hardship -- financial hardship for this program.

So if a district doesn't have a match, they have the ability to seek a loan. And in those cases, we'll do a quick review and provide them a status report, whether or not they're eligible for the loan component.

So in order to submit a funding application with our office, you had to had a minimum score of 105 and that score was determined by Department of Education. So we received 175 applicants for the projects that estimate about $408 million.

So again, the program was very oversubscribed for this filing round and so we ranked via the highest score, by the locale, urban, suburban, and rural, and the highest scores within those categories were actually structure for the funding.

And so today, again, we wanted to highlight that
there are 73 applications that we're presenting for your approval, but we still have residual funds left, about $467,000 to be exact, and then we will present those funds to the next project in line and if they do not want to take the funds as a result of that -- for instance, if their project is worth $1 million and we're only presenting them 467,000, then they'll be locked into that commitment of 467,000 and would not have the ability to come in for the remaining part of their grant.

So we will continue to present the residual funds and if there's no takers to those residual funds, then we'll roll over those residual funds to the next filing round.

So with that, we wanted to share with you that the item is ready for your approval to approve Attachment 1 for 73 projects for over $124.5 million.

MR. MIRELES: Move to approve.

ASSEMBLYMEMBER O'DONNELL: Second.

CHAIRPERSON WONG-HERNANDEZ: We have a motion and a second. Are there any questions from the Board or comments? I just had one quick question. When is the next filing round? Do we know that yet?

MS. SILVERMAN: There is a current filing round that's open and Department of Education will accept applications up until October 19th.

CHAIRPERSON WONG-HERNANDEZ: Okay. Thank you.
MS. SILVERMAN: Um-hmm.

CHAIRPERSON WONG-HERNANDEZ: All right. Any public comment on this item? Seeing none, we've got a motion and a second.


SENATOR ALLEN: Aye.

MS. JONES: Senator Nguyen.

SENATOR NGUYEN: Aye.

MS. JONES: Senator Pan.

SENATOR PAN: Aye.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Aye.

MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: 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 that motion carries.
CHAIRPERSON WONG-HERNANDEZ: Thank you. All right. The reports.

MS. SILVERMAN: Yeah. We have the workload reports. I'm not sure if the Senator had an opportunity to vote on the other items.

CHAIRPERSON WONG-HERNANDEZ: We'll do that.

MS. SILVERMAN: The workload reports are --

CHAIRPERSON WONG-HERNANDEZ: Perfect. Just workload reports. Does anybody have any comment or questions on those that were in your packet? Okay. Any public comment on any items under the purview of this Board that were not agendized. All right. Seeing none, we are -- we are not quite adjourned.

MS. JONES: Yes.

CHAIRPERSON WONG-HERNANDEZ: The rest of you can go.

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

(Ayes)

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

(Ayes)

MS. JONES: Great. Thank you. Muroc Joint Unified, the first appeal.
(Ayes)

MS. JONES: Great. Thank you. And I think everybody -- oh, Mountain Valley, Assemblymember Nazarian?

ASSEMBLYMEMBER NAZARIAN: Aye.

MS. JONES: Thank you. All right. We're caught up.

(Whereupon, at 4:22 p.m. the proceedings were adjourned.)
REPORTER'S CERTIFICATE

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