CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 2040
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, AUGUST 15, 2018
TIME: 2:01 P.M.

Reported By: Peter Petty
eScribers
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: Good afternoon, everyone. It being 2:00 o'clock, we will call this meeting of the State Allocation Board to order. Secretary, will you please call the roll.


SENATOR ALLEN: Yes.

MS. JONES: Senator Nguyen.

Senator Pan.

Assemblymember Nazarian.

MS. JONES: Assemblymember Chavez.

ASSEMBLYMEMBER CHAVEZ: Here.

MS. JONES: Assemblymember O'Donnell.

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.

SENATOR NGUYEN: Here.

MS. JONES: And Senator Nguyen. Thank you.
CHAIRPERSON WONG-HERNANDEZ: Senator Nguyen.

SENATOR NGUYEN: Thank you.

CHAIRPERSON WONG-HERNANDEZ: Thank you. We'd first like to start out by noting that the report under Tab 7 on the **application of construction cost index adjustments** has been withdrawn from this agenda to provide staff more time to research the information, and we will agendize and revisit the item in the future. We're hoping for next month, right? Okay.

All right. We'll move on to Tab 2.

MS. SILVERMAN: Yeah. Your **Minutes** are ready for your approval.

CHAIRPERSON WONG-HERNANDEZ: So everyone's gotten the Minutes. Any questions or comments on the Minutes?

ASSEMBLYMEMBER CHAVEZ: Move approval.

MR. DIAZ: Second.

CHAIRPERSON WONG-HERNANDEZ: Motion and a second. Any public comment on the Minutes of the last Board meeting? Okay. Seeing none, go ahead and do a roll call.

MS. JONES: Senator Allen.

SENATOR ALLEN: Aye.

MS. JONES: Senator Nguyen.

SENATOR NGUYEN: Aye.

MS. JONES: Senator Pan. I'm sorry.

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 does carry.

CHAIRPERSON WONG-HERNANDEZ: Great. Thank you.

All right. Well, we can go on to Tab 3 then, the Executive Officer's Statement.

MS. SILVERMAN: On page 6, we have a few things to announce tonight. So at the last meeting in June, we shared with the Board some excitement that we had some knowledge that the kindergarten -- full-day kindergarten care program would be coming to our shop. And so $100 million is going to be -- has been appropriated to our program and so we're excited about having our first stakeholder meeting.

The first stakeholder meeting will be at the end of the August, August 28th, on Tuesday. But that program will provide full-day kindergarten classrooms for districts who don't offer full-day kindergarten currently. So we're excited about that opportunity and look forward to a very
lively conversation.

And we have some goals for that. We have a few more meetings outlined in the next -- in September as well and so with a lot of stakeholder input, we're hoping that we can bring this item forward to the October Board.

And then the next item I wanted to share an update is we had some comments about -- at the last Board meeting, we got direction about the acknowledged list and to that degree, we wanted to share with the Board that, although staff did present that item at the Board meeting, we did have a public meeting as well related to getting input.

And so with that, we did receive a significant amount of input and a lot of folks that did watch the webcast as well and so the feedback we received was about accepting the applications and continue to accept applications was it's better than not having any list.

So it provides some of the locals the ability to forecast and kind of lay out potentially the needs of the program and the needs of the local district, which is really a very important factor within planning.

And without that list, we wouldn't have any gauge or opportunity to understand what the needs would be in the future. So with that, we wanted to share with the Board that at this point in time, we won't be bringing that item back.
So the regulations are still in effect. So once we do run out of bond authority in new construction, we will advise the Board that we'll be accepting projects and they will be placed on the acknowledged list.

And two more items. We have a joint agency workshop --

CHAIRPERSON WONG-HERNANDEZ: I'm sorry. Can I stop you just a second, Ms. Silverman. Thank you for doing that, for taking the Board direction and taking that on. Does anyone have any questions or comments on that item? Continue. Thank you.

MS. SILVERMAN: Yeah. So a joint agency workshop -- we're offering a career tech joint agency workshop next week, August 21st, and Stanislaus County Office of Education is hosting it and that will be down in Modesto.

So we currently have a career tech education filing round that's currently open and those applications are to be submitted with the Department of Education. There's a deadline of October 19th. So we're looking forward to a robust participation in that program.

And our next meeting is September 26th at 2:00 o'clock.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Any questions or comments from Board members on the Executive
Officer's Report? Mr. Chavez.

ASSEMBLYMEMBER CHAVEZ: This refers to the Executive Officer. I have another hat where I'm the Chair of the Governor's Military Council where we have the Army, Navy, Air Force, and Marines coming together with the Department of Defense on how to keep the Department of Defense staying here.

One of the largest issues of the military is education in the military families and impact upon it, and I'd just publicly like to thank Lisa Silverman, our Executive Officer, who was there and provided a lot of good insights to Washington, D.C., and to all the service chiefs on what we're doing in California for our military families, in particular facilities because it's a big issue on the schools on bases.

So I just want to recognize her effort in that committee and thank you very much --

CHAIRPERSON WONG-HERNANDEZ: Thank you.

ASSEMBLYMEMBER CHAVEZ: -- Executive Director.

MS. SILVERMAN: Thank you.

CHAIRPERSON WONG-HERNANDEZ: All right. Is there any public comment on the Executive Officer's Report? All right. Seeing none, we'll move on to Tab 4, which is the Consent Agenda.

MS. SILVERMAN: The Consent Agenda is ready for
your approval.

CHAIRPERSON WONG-HERNANDEZ: Okay. Hopefully everyone has reviewed it. Questions or comments on the Consent Agenda? All right.

MR. DIAZ: Motion to approve.

CHAIRPERSON WONG-HERNANDEZ: Motion to approve.

ASSEMBLYMEMBER O'DONNELL: Second.

CHAIRPERSON WONG-HERNANDEZ: Second by Mr. O'Donnell. Do we take a roll call on this one?

MS. JONES: Yes, we do.

CHAIRPERSON WONG-HERNANDEZ: Okay.

MS. JONES: Senator Allen.

SENATOR ALLEN: Aye.

MS. JONES: Senator Nguyen.

SENATOR NGUYEN: 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: Jeff McGuire.

MR. McGUIRE: Aye.
MS. JONES: Jacqueline Wong-Hernandez.

CHAIRPERSON WONG-HERNANDEZ: Aye.

MS. JONES: And that motion carries.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Moving on to Tab 5, is just the **Status of Fund Releases** which everyone has. Is there anything you wanted to add, Ms. Silverman?

MS. SILVERMAN: Well, there's no activity in July, but I did want to share with the Board on page 316, as part of the Consent Agenda, we did provide 17 grant awards for over $20 million. So we wanted to highlight that activity in the Consent Agenda.

And also there was $6.5 million that were recovered as a result of rescissions and closeouts. So that also did reflect in the financial reports.

And with that, you probably noticed that the financial report got a little shorter, since we are without the Emergency Repair Program. With that, I'll open up to any questions.

CHAIRPERSON WONG-HERNANDEZ: Senator Nguyen, was that a question?

SENATOR NGUYEN: No.

CHAIRPERSON WONG-HERNANDEZ: Okay. Sorry. Any questions, comments from the Board? And anything from the public? All right. Then seeing none, we can move on to Tab 6, the regs.
MS. KAMPMEINERT: The regs. So Tab 6 is an action item before the Board for proposed regulatory amendments in the Career Technical Education Facilities Program. And we had mentioned at the June meeting that we were going to go out and hold a couple stakeholder meetings to talk about some criteria that could be added to the regulations to determine the funding order in the event of ties.

In the program right now, the applications first go through the Department of Education and receive a score on their career technical education plan, and then they come to OPSC if they meet the minimum scoring criteria.

And what we found in the most recent round is that we were encountering a number of tied scores for applications. Now, fortunately to date, none of that has resulted in a tie between applicants where one applicant would receive funding and the other one would not, but we foresee that this could be an issue in future rounds.

So we -- right now the way that the ties are broken in regulations are, first, it goes to the application with the highest score in particular locales and next it goes towards applicants that have weighted scores, the highest weighted score within that one score.

When we took it to the stakeholders -- we met in July and August and went forward with a number of ways that we could break the ties. And what it came down to
stakeholders were supportive of a tiebreaker where if somebody had received funding in the immediately preceding career tech round or if they had multiple applications within the existing round and that application was tied with somebody who had not received funding previously or would not be receiving funding in that round, the funding would first go to the applicant that had not already received the funds.

If at that point, there's still a tie, then the next step would be a lottery and that was where stakeholders seemed most comfortable and we had no issue with those methodologies.

So that is what is proposed in the regulation package. We did also include some technical changes in there, some minor corrections and some numbering of paragraphs and replacing some outdated language.

And we are asking that the Board approve the regulations as shown on Attachment A and authorize the Executive Officer to file the regs with the Office of Administrative Law and make the regulations permanent.

We are putting these forth on a regular tract basis, nonemergency. We do believe that that will allow them to be in place prior to the funding application period for the Office of Public School Construction in February.

So with that, we are seeking your approval on the
regulations.

CHAIRPERSON WONG-HERNANDEZ: Great. Questions or
comments from the Board on the regulations or on
Ms. Kampmeinert's presentation.

SENATOR PAN: So move.

CHAIRPERSON WONG-HERNANDEZ: Okay. Move approval.

I missed who did it. Thank you, Senator Pan.

ASSEMBLYMEMBER CHAVEZ: Second.

CHAIRPERSON WONG-HERNANDEZ: Second from
Assemblymember Chavez. I think we're ready for roll. Oh,
I'm sorry. Do I need to take public comment first on that?
Any public comment on the regulations? Yeah, please.

Please, come on up. Can we make some mic space
for him. Thank you, Ms. Silverman. And please introduce
yourself for the record, if you would. Thank you.

MR. COGAN: Good afternoon. My name is Jeremy
Cogan. I'm the Director of Facilities Planning from Santa
Ana Unified School District and just a brief comment.

I'm very supportive of today's action regarding
the tiebreaker criteria for the CTE facilities program.
It's relevant to us in Santa Ana. We were one of those
districts with a tied score. As mentioned, it didn't openly
impact the funding decision, but we were one of those tied
score districts with at least three others.

Awarding a tied score to the first time recipients
in the current or immediate prior funding round will help ensure greater access to this important grant program for many districts.

So again, want to thank the Board for the consideration on this item and for OPSC staff including an active stakeholder process on this. We are very interested and look forward to welcoming future opportunities to participate in those stakeholder proceedings, particularly around efforts to prioritize the best projects in California moving forward. Thank you very much.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Any additional public comment? All right. Seeing none, I think we're ready for a vote.


SENATOR ALLEN: Aye.

MS. JONES: Senator Nguyen.

SENATOR NGUYEN: Aye.

MS. JONES: Senator Pan.

SENATOR PAN: 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: Jeff 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. We can move on to our educational informational item.

MR. ASBELL: Good afternoon, Madam Chair and Board members. Rick Asbell with the Office of Public School Construction.

If you would go to stamped page 340, this is an informational item to provide an overview of material inaccuracy and how it's been applied in the past. The last time we did this overview item was in 2009, so we've had a turnover since then of Board members, so we felt it's appropriate to kind of go over material inaccuracy again for reference.

The material inaccuracy statute has been in effect since 2001. There's a couple things when you're looking at a potential material inaccuracy. One of them is, was there a funding advantage that the district got based on a false certification of documents that were submitted to OPSC.
Per statute, if that does occur, we are supposed to notify the Board of that. So an example would be somebody comes in for funding for ten classrooms for a project. They get the funding for the ten classrooms and let's say during the audit process, we determine that they built nine classrooms. So the additional funding or the funding advantage is the classroom that they did not build. So we basically gave them money when we shouldn't have.

One thing that's important also for material inaccuracies is we can make a recommendation for a material inaccuracy as staff, but it has to be the Board that has to make the finding of a material inaccuracy.

So when we do take an item to the Board for a potential material inaccuracy, in that item, we'll put in there as far as our recommendations a recommendation for a material inaccuracy that the district repay the amount of the funding advantage. They also repay the amount of the interest associated with the funding advantage. Also make a recommendation for what we call loss of self-certification. So we would embed those in there.

If you would go to stamped page 345, we have a table that shows all the items that we've taken to the Board as a potential material inaccuracy. You will note for District M, N, and O, even though we were recommending a material inaccuracy, the Board did not find a material
inaccuracy for those.

And just as a reference for District M, that was in 2009; N, that was in 2010; and O, that was in 2011. So you could see that there are -- at the top of the chart, there are a few things that we have called out in the past as it relates to material inaccuracy.

The biggest issue that we've rectified is a premature fund release. That's a situation where someone comes in with their 5005. They certify that they have contracts in place to receive funding when in fact they did not at the time of the 5005 certification.

In the past, we had found those after the project had been completed. So that created a big problem.

What we've done now is we've instituted a procedure where once the 5005 comes in, we make sure the contracts are in place before we release the funding. So that's why you don't see any of the premature fund releases popping up anymore.

And that concludes my presentation. If you have any questions, I'll be more than happy to answer them.

CHAIRPERSON WONG-HERNANDEZ: Are there Board members with questions about material inaccuracy? Just as kind of a reminder, we're doing this because we -- most of us are new and have not been through this before. I think it's only Mr. Mireles as you've seen it in your previous
role.

And should we need to take up the issue of a recommended finding of material inaccuracy that's been brought to us by staff, I want everybody to sort of be on the same page in understanding and have the opportunity to ask questions of staff sort of outside of the context of any decision making as to what a material inaccuracy finding means and when we would take that action as a Board.

So that was sort of the idea. So if you have questions, feel free to ask them now. Obviously, you can reach out to staff should you think of additional questions later.

All right. Well, thank you all. I appreciate it and appreciate the briefing. I think you all probably got a lot of your questions answered in briefing.

Any public comment on this item? Okay. Then I think we're just down to workload.

MS. SILVERMAN: The workload report is available for your approval.

CHAIRPERSON WONG-HERNANDEZ: Are there any questions on this? So everyone's probably seen the projected workload. Are there any comments on that from Board members? And any public comments on this item?

Okay. Then finally, is there any public comment on any item not on the agenda that is under the purview of
this Board? Okay. Then seeing none, we are adjourned until
the September meeting.

Oh, I'm sorry. I apologize. We are not adjourned
until the September meeting. We're going to go back to the
roll call.

MS. JONES: Yes.

CHAIRPERSON WONG-HERNANDEZ: Thank you, Ms. Jones.

MS. JONES: You're welcome.

CHAIRPERSON WONG-HERNANDEZ: To allow members to
add on.

MS. JONES: Senator Pan and Assemblymember
Nazarian -- and O'Donnell's already gone. Okay. How do you
vote on the Minutes?

SENATOR PAN: Aye.

ASSEMBLYMEMBER NAZARIAN: Aye.

MS. JONES: Okay. And how do you vote on the
Consent?

SENATOR PAN: Aye.

ASSEMBLYMEMBER NAZARIAN: Aye.

CHAIRPERSON WONG-HERNANDEZ: Great.

ASSEMBLYMEMBER NAZARIAN: To both.

MS. JONES: Thank you so much.

CHAIRPERSON WONG-HERNANDEZ: Thank you. All
right. Then we are adjourned. Thank you all.

(Whereupon, at 2:19, the proceedings were adjourned.)
REPORTER'S CERTIFICATE

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:

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IN WITNESS WHEREOF, I have subscribed my name on
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Mary C. Clark
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