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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

1 APPEARANCES:

2 MEMBERS OF THE BOARD PRESENT:

3 JACQUELINE WONG-HERNANDEZ, Chief Deputy Director, Policy,  
4 Department of Finance, designated representative for Michael  
Cohen, Director, Department of Finance

5 JEFFREY McGUIRE, Chief Deputy Director, Department of General  
6 Services, designated representative for Daniel Kim,  
Director, Department of General Services

7 CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of  
8 the State of California

9 JUAN MIRELES, Director, School Facilities and Transportation  
10 Services Division, California Department of Education,  
designated representative for Tom Torlakson, Superintendent  
of Public Instruction

11 SENATOR BENJAMIN ALLEN

12 SENATOR JANET NGUYEN

13 SENATOR RICHARD PAN

14 ASSEMBLYMEMBER ADRIN NAZARIAN

15 ASSEMBLYMEMBER ROCKY CHAVEZ

16 ASSEMBLYMEMBER PATRICK O'DONNELL

17 REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

18 LISA SILVERMAN, Executive Officer

19 REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE  
20 OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer

21 BARBARA KAMPMEINERT, Deputy Executive Officer

22 REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES,  
23 OFFICE OF LEGAL SERVICES PRESENT:

24 TOM PATTON, Assistant Chief Counsel

25

P R O C E E D I N G S

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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.

7

MS. JONES: Certainly. Senator Allen.

8

SENATOR ALLEN: Yes.

9

MS. JONES: Senator Nguyen.

10

Senator Pan.

11

Assemblymember Nazarian.

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MS. JONES: Assemblymember Chavez.

13

ASSEMBLYMEMBER CHAVEZ: Here.

14

MS. JONES: Assemblymember O'Donnell.

15

Juan Mireles.

16

MR. MIRELES: Here.

17

MS. JONES: Cesar Diaz.

18

MR. DIAZ: Here.

19

MS. JONES: Jeffrey McGuire.

20

MR. MCGUIRE: Here.

21

MS. JONES: Jacqueline Wong-Hernandez.

22

CHAIRPERSON WONG-HERNANDEZ: Here.

23

MS. JONES: We have a quorum.

24

SENATOR NGUYEN: Here.

25

MS. JONES: And Senator Nguyen. Thank you.

1                   CHAIRPERSON WONG-HERNANDEZ: Senator Nguyen.

2                   SENATOR NGUYEN: Thank you.

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

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

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

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

15                   ASSEMBLYMEMBER CHAVEZ: Move approval.

16                   MR. DIAZ: Second.

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

20                   MS. JONES: Senator Allen.

21                   SENATOR ALLEN: Aye.

22                   MS. JONES: Senator Nguyen.

23                   SENATOR NGUYEN: Aye.

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

25                   Assemblymember Chavez.

1 ASSEMBLYMEMBER CHAVEZ: Aye.

2 MS. JONES: Juan Mireles.

3 MR. MIRELES: Aye.

4 MS. JONES: Cesar Diaz.

5 MR. DIAZ: Aye.

6 MS. JONES: Jeffrey McGuire.

7 MR. MCGUIRE: Aye.

8 MS. JONES: Jacqueline Wong-Hernandez.

9 CHAIRPERSON WONG-HERNANDEZ: Aye.

10 MS. JONES: And the motion does carry.

11 CHAIRPERSON WONG-HERNANDEZ: Great. Thank you.

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

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

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

1 lively conversation.

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

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

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

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

21           And without that list, we wouldn't have any gauge  
22 or opportunity to understand what the needs would be in the  
23 future. So with that, we wanted to share with the Board  
24 that at this point in time, we won't be bringing that item  
25 back.

1           So the regulations are still in effect. So once  
2 we do run out of bond authority in new construction, we will  
3 advise the Board that we'll be accepting projects and they  
4 will be placed on the acknowledged list.

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

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

11           Continue. Thank you.

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

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

22           And our next meeting is September 26th at  
23 2:00 o'clock.

24           CHAIRPERSON WONG-HERNANDEZ: Thank you. Any  
25 questions or comments from Board members on the Executive

1 Officer's Report? Mr. Chavez.

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

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

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

18 CHAIRPERSON WONG-HERNANDEZ: Thank you.

19 ASSEMBLYMEMBER CHAVEZ: -- Executive Director.

20 MS. SILVERMAN: Thank you.

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

25 MS. SILVERMAN: The Consent Agenda is ready for



1 your approval.

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

5 MR. DIAZ: Motion to approve.

6 CHAIRPERSON WONG-HERNANDEZ: Motion to approve.

7 ASSEMBLYMEMBER O'DONNELL: Second.

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

10 MS. JONES: Yes, we do.

11 CHAIRPERSON WONG-HERNANDEZ: Okay.

12 MS. JONES: Senator Allen.

13 SENATOR ALLEN: Aye.

14 MS. JONES: Senator Nguyen.

15 SENATOR NGUYEN: Aye.

16 MS. JONES: Assemblymember Chavez.

17 ASSEMBLYMEMBER CHAVEZ: Aye.

18 MS. JONES: Assemblymember O'Donnell.

19 ASSEMBLYMEMBER O'DONNELL: Aye.

20 MS. JONES: Juan Mireles.

21 MR. MIRELES: Aye.

22 MS. JONES: Cesar Diaz.

23 MR. DIAZ: Aye.

24 MS. JONES: Jeff McGuire.

25 MR. MCGUIRE: Aye.

1 MS. JONES: Jacqueline Wong-Hernandez.

2 CHAIRPERSON WONG-HERNANDEZ: Aye.

3 MS. JONES: And that motion carries.

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

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

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

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

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

21 SENATOR NGUYEN: No.

22 CHAIRPERSON WONG-HERNANDEZ: Okay. Sorry. Any  
23 questions, comments from the Board? And anything from the  
24 public? All right. Then seeing none, we can move on to  
25 Tab 6, the regs.

1 MS. KAMPMEINERT: The regs. So Tab 6 is an action  
2 item before the Board for **proposed regulatory amendments in**  
3 **the Career Technical Education Facilities Program.** And we  
4 had mentioned at the June meeting that we were going to go  
5 out and hold a couple stakeholder meetings to talk about  
6 some criteria that could be added to the regulations to  
7 determine the funding order in the event of ties.

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

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

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

23 When we took it to the stakeholders -- we met in  
24 July and August and went forward with a number of ways that  
25 we could break the ties. And what it came down to

1 stakeholders were supportive of a tiebreaker where if  
2 somebody had received funding in the immediately preceding  
3 career tech round or if they had multiple applications  
4 within the existing round and that application was tied with  
5 somebody who had not received funding previously or would  
6 not be receiving funding in that round, the funding would  
7 first go to the applicant that had not already received the  
8 funds.

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

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

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

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

25           So with that, we are seeking your approval on the

1 regulations.

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

5 SENATOR PAN: So move.

6 CHAIRPERSON WONG-HERNANDEZ: Okay. Move approval.  
7 I missed who did it. Thank you, Senator Pan.

8 ASSEMBLYMEMBER CHAVEZ: Second.

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

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

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

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

25 Awarding a tied score to the first time recipients

1 in the current or immediate prior funding round will help  
2 ensure greater access to this important grant program for  
3 many districts.

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

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

14           MS. JONES: Okay. Senator Allen.

15           SENATOR ALLEN: Aye.

16           MS. JONES: Senator Nguyen.

17           SENATOR NGUYEN: Aye.

18           MS. JONES: Senator Pan.

19           SENATOR PAN: Aye.

20           MS. JONES: Assemblymember Chavez.

21           ASSEMBLYMEMBER CHAVEZ: Aye.

22           MS. JONES: Assemblymember O'Donnell.

23           ASSEMBLYMEMBER O'DONNELL: Aye.

24           MS. JONES: Juan Mireles.

25           MR. MIRELES: Aye.

1 MS. JONES: Cesar Diaz.

2 MR. DIAZ: Aye.

3 MS. JONES: Jeff McGuire.

4 MR. MCGUIRE: Aye.

5 MS. JONES: Jacqueline Wong-Hernandez.

6 CHAIRPERSON WONG-HERNANDEZ: Aye.

7 MS. JONES: And that motion carries.

8 CHAIRPERSON WONG-HERNANDEZ: Thank you. All  
9 right. We can move on to our **educational informational**  
10 **item.**

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

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

21 The material inaccuracy statute has been in effect  
22 since 2001. There's a couple things when you're looking at  
23 a potential material inaccuracy. One of them is, was there  
24 a funding advantage that the district got based on a false  
25 certification of documents that were submitted to OPSC.

1           Per statute, if that does occur, we are supposed  
2 to notify the Board of that. So an example would be  
3 somebody comes in for funding for ten classrooms for a  
4 project. They get the funding for the ten classrooms and  
5 let's say during the audit process, we determine that they  
6 built nine classrooms. So the additional funding or the  
7 funding advantage is the classroom that they did not build.  
8 So we basically gave them money when we shouldn't have.

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

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

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



1 inaccuracy for those.

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

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

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

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

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

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

1 role.

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

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

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

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

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

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

24           Okay. Then finally, is there any public comment  
25 on any item not on the agenda that is under the purview of

1 this Board? Okay. Then seeing none, we are adjourned until  
2 the September meeting.

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

6 MS. JONES: Yes.

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

8 MS. JONES: You're welcome.

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

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

14 SENATOR PAN: Aye.

15 ASSEMBLYMEMBER NAZARIAN: Aye.

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

18 SENATOR PAN: Aye.

19 ASSEMBLYMEMBER NAZARIAN: Aye.

20 CHAIRPERSON WONG-HERNANDEZ: Great.

21 ASSEMBLYMEMBER NAZARIAN: To both.

22 MS. JONES: Thank you so much.

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

25 (Whereupon, at 2:19, the proceedings were adjourned.)

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 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 16, 2018.

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Mary C. Clark  
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