CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

DATE: TUESDAY, DECEMBER 11, 2018
TIME: 2:03 P.M.

Reported By: Peter Petty
eScribers
APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

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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 RICHARD PAN

ASSEMBLYMEMBER ADRIN NAZARIAN

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 is now just after 2:00 and the State Allocation Board meeting is called to order. Will you please call the roll?

Senator Pan.
SENATOR PAN: Here.
MS. JONES: Assemblymember Nazarian.
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. All right. First order of business.
MS. SILVERMAN: Yes. Hi. Just the Minutes.
Catch my breath. The Minutes are ready for your approval.
CHAIRPERSON WONG-HERNANDEZ: Hopefully, everyone's had a chance to look at them. Any questions or edits, comments from the Board.

SENATOR PAN: Move the Minutes.

CHAIRPERSON WONG-HERNANDEZ: Excuse me.

SENATOR PAN: I said move the Minutes.

CHAIRPERSON WONG-HERNANDEZ: Oh, great.

ASSEMBLYMEMBER O'DONNELL: Second.

CHAIRPERSON WONG-HERNANDEZ: We have a motion from Senator Pan, second by Mr. O'Donnell, and is there any public comment on the Minutes? Okay. Seeing none, we're ready for roll call.


SENATOR PAN: 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 motion carries.
CHAIRPERSON WONG-HERNANDEZ: Okay.

MS. SILVERMAN: Okay.

CHAIRPERSON WONG-HERNANDEZ: Next item up.

MS. SILVERMAN: We want to share the Executive Officer's Statement. So go to page 8, a few updates to share. So we wanted to highlight to the Board Paradise Unified School District, we do acknowledge there was a catastrophe that happened in Butte County a few weeks ago and a major loss in that community, but we also wanted to share with the Board that OPSC is recommending immediate apportionment as far as the action item today.

But we also have further conversations with the district sometime this week and we want to be able to address some of their future needs in the upcoming weeks ahead. So more to come in that area and we've been actively involved with other conversations with the Department of Education as well, and we'd like to probably address the Board in the future about what our role is when it comes to disaster-related -- and how we see our role in to helping this district reshape and its future as well.

So we'd like to highlight that and take some future actions for Paradise.

Priority funding apportionments, the Board took action. Nearly $442 million in October and we wanted to highlight that we actually had a great month in November and
over $132 million did go out the door. And so there's some outstanding awards out there and we wanted to highlight that those awards have until January 22nd of 2019 to come in to access their cash.

And the projects that are under -- that received unfunded approvals and those unfunded approvals from July 1st through December 13th, they have the ability to submit certification and so those who submit a certification during this time frame will actually have the ability to come in for a spring bond sale. So we're encouraging those folks who have an unfunded approval to come in with the certification by December 13th.

We also wanted to highlight we've been active in our joint agency workshops for the K-12 audit guide. We've been partnering up with the education audit appeals and going out and doing some roadshows. In October, we did two of them, one in Fresno County Office of Education and one in Santa Clara. And so we're looking forward for three more roadshows, one in Downey and that's the first week of January, and then we also have one in mid-January, January 16th to be exact, in our office in West Sacramento and one at the tail end of January and that's in El Cajon.

And so the first two, Downey and El Cajon actually we have no more seats available unfortunately, but we do have the webcast and we have been posting our materials
online as well. We've received a lot of great feedback, so we're looking forward to providing more education to our folks regarding the audit requirements of the future.

And then our -- we also posted in the information item our 2019 calendar for the State Allocation Board and our next meeting is January 23rd.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Any Board member questions or comments? Senator Pan, please.

SENATOR PAN: Thank you. I appreciate that presentation and also I know we've had some discussion. I appreciate your remarks about the Camp Fire and the challenges. I understand there's five schools that burned down.

MS. SILVERMAN: We understand there's five schools that have been impacted.

SENATOR PAN: Impacted, okay. And as the Governor said, it's the new abnormal and obviously not only did we have the Camp Fire, we had the Woolsey Fire. Before we had Santa Rosa. We've had others. So clearly it's something that we're going to have to deal with as a state but also as the body that oversees -- or provides matching funds for school construction and we're -- as we look at what happened in Paradise, the schools -- well, we have communities that need to bring back their schools so that children can be educated again in these communities.
They may be turning to us eventually for help in doing that, and so I appreciate the fact that -- I think it is something we need to talk about, maybe perhaps at a future meeting, more in depth, certainly understand that, for example, a school district where schools impacted by a natural disaster like a wild fire. You know, the first -- hopefully, they're insured and I'm not sure what standards of insurance there may be in terms of being sure they can rebuild. And, you know, emergency funds like -- group like FEMA and so forth, right. So obviously, those should come first, but that also means as they're going through that process, it may be a while before they come to us, if they do, and, you know, one could argue that the Camp Fire's happened. We all know about it. What happens when Paradise comes -- or the -- exact name of the school district comes to us let's say a year and half later and says we need to rebuild our schools, we're a little short on money, and we've allocated all our bond authority.

Now, as it speaks probably more to the way we finance school construction than any else, but, you know, there are the things we should be doing to prepare our -- think about what kind of safeguards we put in place so that when we have schools affected by natural disasters that they are able to rebuild and, in fact, many of those schools perhaps might have even had funds from the state to
construct them in the first place. So how does that play out as well. So I think those are -- there are several different issues that are out there and I think it's good that we as the State Allocation Board, at least in our niche of the world which is about school construction, got out in front of that.

I appreciate that you're already thinking about that, but hopefully, that's something we might explore a little more in depth in a future meeting.

MS. SILVERMAN: No, absolutely. I think you raise a good point because we actually had an experience of this nature -- many natural disasters and we ended up rolling up our sleeves during the Calexico earthquake. It was eyes wide open, knowing what our role is, and actually having a lot of feedback from the ground and partnering up with key agencies like the Department of Education, Office of Emergency Services, and districts themselves and laying out some plans and an effective outreach and also having some really useful tools which I know the Department of Education can talk about those useful tools and plans that they put in place.

So -- and we actually laid out a relative -- a great outline for our Board to share with them how we are involved and how we can be involved to help rebuild a school district. So we'll be happy to do that in the future.
MR. MIRELES: And I just want to follow up and thank again, staff, for bringing this up. We agree. This is a very important issue. We, the Department of Ed, have been actively involved, not just during the Camp Fire, the Hill Fire, Woolsey, all of the recent natural disasters, and they are devastating.

Unfortunately, this last one, schools were not spared. There are actually six schools that were damaged -- I'm sorry -- destroyed. An additional eight were damaged and it displaced over 3,000 students. So there are tremendous efforts at the local level to try and help to find placement for the students.

There's always been an urgent priority in trying to get the students back to school, whether it's their school of origin or a different school, get them back with the parents, with their teachers, with their peers, and that was a priority here in Paradise as well. And Paradise Unified, Butte County Office of Ed, Chico, Durham, Oroville, all of these districts went through a lot of effort, there's a lot of collaboration, and they were able to reopen schools on December 3rd.

So on December 3rd, all of the students had a place to go to school, but that's just the beginning. That's just the beginning to try and find urgent and temporary locations. There are other efforts in planning
for mid and long-term housing solutions. And just to put it into perspective too, this is just one aspect. Facilities are just one aspect.

Students, families, staff are displaced. There's a lot of trauma that goes on with that. So there's a lot of impacts, but I think it would be helpful for this Board to at least understand the roles that, you know, we have as a body, what the districts have in terms of access to insurance funding, federal funding, state funding, but I think it's an important discussion that we should have and we support that moving forward.

CHAIRPERSON WONG-HERNANDEZ: Thank you both for your comments. It's something obviously the administration, you know, has been involved in daily calls on and we, you know, really applaud leadership from the Department of Ed and from the County Office of Education and everybody who's been on the ground making sure that students have gotten back to school.

But even as we kind of as an administration look even beyond, you know, one, beyond school facilities and, two, beyond schools at all, at housing, at emergency services, at medical care, and all of those pieces, I don't want to lose sight of the facilities piece, and I think that Senator Pan makes a really good point, that this is a good venue to at least talk about what is our role and if this is
in fact the new abnormal, as you pointed out, then we're going to keep seeing this.

And I think if nothing -- nothing comes of this Board having some good grounding in what that is and Senator Pan I thought raised a really particularly interesting question about insurance requirements and, you know, what do we know about that as a Board and how does that interact with some of the funding that we've provided to schools too -- so maybe all of those aspects.

So we can kind of circle. I'm not sure what would be -- what's a realistic time frame for staff, but I -- we would like to see that. I think that's -- do I need a motion or something? Can we just say -- can we generally direct --

MS. SILVERMAN: Yeah.

CHAIRPERSON WONG-HERNANDEZ: Okay.

MS. SILVERMAN: We accept that.

CHAIRPERSON WONG-HERNANDEZ: Perfect. So let's circle on that and then, staff, we'll get back with you and we'll figure out when we can get that on an agenda.

MS. SILVERMAN: Absolutely. Thank you.

CHAIRPERSON WONG-HERNANDEZ: Thank you.

SENATOR PAN: Yeah. I would just again thank you and I think in many ways, again, I want to thank the Department of Education for your hard work in helping these
students. I think more of our conversations about the rebuilding part, right, because obviously in the crisis, you're trying to figure out how to move -- eventually to how we rebuild communities and, yes, people have to rebuild their houses and their businesses, but schools are not only places where kids get educated, they're also community centers and when people look at where they're going to move and maybe they'll move back and rebuild, they want to have confidence that they're going to have a school for their kids there and if there's uncertainty about whether we're going to rebuild that school, that will have an impact on rebuilding too.

UNIDENTIFIED SPEAKER: Excellent point.

CHAIRPERSON WONG-HERNANDEZ: Definitely. Thank you all. Okay. So we'll make sure that we get that teed up. Is there any public comment on the Executive Officer's report or any of the discussion here? Okay. Seeing none, we can move to the next item, which I believe is the Consent Agenda.

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

ASSEMBLYMEMBER O'DONNELL: Move.

CHAIRPERSON WONG-HERNANDEZ: All right.

MR. DIAZ: Second.

CHAIRPERSON WONG-HERNANDEZ: Okay. We have a
motion and a second. It was Assemblymember O'Donnell and Mr. Diaz. Go ahead.


SENATOR PAN: 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 motion carries.

CHAIRPERSON WONG-HERNANDEZ: All right and thank you.

MS. SILVERMAN: For the financial reports, on Tab 5. So I wanted to highlight what I've shared with you briefly on page 130 is we had a very robust month of releasing funds. Out of the 440 plus million dollars in apportionments, we had over $100 million released in November. That's on page 130.

And in part of your Consent Agenda, the approvals today, we had over $45.4 million in approvals today. That
represents 29 projects and we also -- and that's on page 132. We also had a number of consent items -- excuse me -- rescissions and closeouts and that represents almost a half million dollars. So that represents two projects. That represents what's in the Consent Agenda and the financials today. Any questions?

CHAIRPERSON WONG-HERNANDEZ: Questions or comments from Board members? Okay. I think we're ready to move on.

MS. KAMPMEINERT: The next section is Tab 6 and that's our appeals. We have several appeals for this Board meeting and the first two for Ross Valley and Island Union Elementary have a lot of similarities. I will go through Ross Valley first, and that begins on page 149 of the agenda.

And this is the first appeal that we have before the Board related to the new construction eligibility updates that districts were to provide as a result of the Board's decision in June 2017 as for how we process applications that were on the applications received beyond bond authority list.

So for Ross Valley, the district had established new construction eligibility using enrollment projections based on the 2008-2009 enrollment year, and because they are a small school district, this eligibility can be locked for three years pursuant to statute and School Facility Program
regulations.

The end of the three-year lock was November 1st, 2013. On October 28, 2013, the district submitted a funding application for the addition of nine classrooms at White Hill Middle School. However, during this time period, new construction bond authority was exhausted and so the application as placed on the applications received beyond bond authority list.

June 5th, 2017, the Board considered an action item that sought direction on how to address these applications that were on the applications received beyond bond authority list now that Proposition 51 had passed and additional bond funds had become available.

And the Board opted to move all of the applications to our workload list and directed OPSC to process the applications. However, the Board had expressed concern that new construction funds from Proposition 51 may go to projects that could not demonstrate current new construction eligibility.

So as a result, the Board opted to require that school districts update their new construction eligibility for the year in which OPSC was processing the application. As part of that meeting, the Board also stated that the school districts could address the SAB on a case-by-case basis in the event that OPSC's determination that a project
was ineligible or eligible for less funding than originally
requested due to the updated eligibility information and
that they would be able to appeal and have the Board
consider their circumstances.

And for Ross Valley, the funding application was
processed at the time an eligibility update was required
based on the 2017-2018 enrollment information. And as a
brief reminder, the eligibility is calculated using the
current and then several years past enrollment information
and what happens is that there's a projection of what the
district is anticipated to need several years out -- five or
ten years out.

Now using the 2017-'18, Ross Valley had no
eligibility for its new construction project and due to the
lack of eligibility, staff administratively returned the
application.

The district exercised its option to appeal to the
Board that due to this requirement that they provide the
updated new construction eligibility information, that it no
longer qualified for funding, and the district is requesting
to use its eligibility at the time the application was
submitted back in 2013.

The district indicates that there was an anomalous
drop in enrollment during the '16-'17 enrollment year and
that is the unique circumstance that led to the decline in
eligibility. Staff does acknowledge that there was a drop of about 100 students during this year, but we can't confirm if this was in fact an anomaly because it appears the enrollment's remained fairly stable since that point, but we also note that small fluctuations in enrollment do tend to have a big impact sometimes on small school district eligibility projections.

However, during the processing of the appeal, information related to the 2018-'19 enrollment year did become available, and so we worked with the district to determine if a new construction eligibility update using the '18-'19 enrollment information would justify the grants needed for the project. And if I could direct your attention to page 152 of the agenda.

We have a chart there that shows with the blue line that the K-6 eligibility using the 2018-'19 information does actually result in positive eligibility for the school district and if you go back one page to page 151, we have got two charts in the middle of that page, though, that show kind of what the funding impact would be using the various eligibility available and the funding levels.

So if you look at the first chart, using the original enrollment year eligibility of 2008-2009, the district qualified for 189 K-6 pupil grants and 19 non-severe pupil grants and they submitted in 2013. Had we
been able to process the application during that time period, they would have qualified for $2.2 million state share.

Using the 2018-'19 enrollment year, the K-6 pupil grants, the district qualified for 155 and for 15 non-severe pupil grants and if you use those pupil grant amounts at the 2018 levels, the project qualifies for about 2.1 million in funding.

The district is requesting the first option, the amount listed in the second chart on that page, so that uses the 2008-'09, enrollment year with those grant amounts, the 189 K-6 and 19 non-severe at the 2018 grant amount and so that results in about $2.6 million in funding.

Staff believes that the 2018-'19 eligibility is even more accurate than what we looked at in 2017-'18 when we were processing the application because it's current as of now, and using the current information would be keeping with the Board's decision in June of 2017 to ensure that the Proposition 51 projects were funded based on their current eligibility.

So we've prepared options for the Board on page 154 of this item. There's two options. The first option would use the eligibility based on the current year enrollment which is the 2018-'19 enrollment and allow the district to receive funding at that $2.1 million amount
based on the '18-'19 enrollment.

Staff does recommend Option 1 because we do believe it's consistent with the Board's past decision to require the new construction eligibility.

The second option for the Board's consideration would be to allow the district to use the public grant eligibility at the time that the district submitted, so that would be based on 2013 which is the 2008-'09 enrollment eligibility -- enrollment information resulting in $2.6 million in base grant funding for the project.

So we do recommend Option 1 and I believe the district is also here to address the item.

CHAIRPERSON WONG-HERNANDEZ: Thank you, Barbara. I really appreciate it. I'd like to ask before we kind of engage in the Board discussion and ask questions of Barbara, I think it makes sense to have the district come up and then everybody can be together, if that works for folks. Great.

So I've got Midge Hoffman, also with Derek Lennox and Chris DeLong representing Ross Valley.

MS. HOFFMAN: Good afternoon, Chair and members. My name is Midge Hoffman. I'm the Chief Business Official for Ross Valley School District in Marin County.

Last year, the Board amended its policies to require school districts to update their new construction eligibility that you just discussed, but you also recognized
that enrollment projections, especially for small school
districts like Ross Valley, can fluctuate significantly,
meaning that some districts could lose eligibility. As
such, the Board specifically requested that any school
district harmed by this new policy file an appeal to address
the Board on a case-by-case basis.

In almost every respect, Ross Valley's loss of
eligibility is emblematic of the Board's concerns when it
established the appeal process. We are a small school
district. We applied in good faith and we built a
$23 million facility for our students that showed up.

We played by all the rules. We understood that
there was no guarantee of a future state bond, but, however,
here we are and funds are available.

We could not have predicted that the Board's
policy change would coincide with an anomalous decline which
has resulted in nearly $3 million of expected revenues
basically vanishing and I would like to take exception to
the question about whether or not it was anomalous or not.

Basically, based on our cohort survival, it was
anomalous. We lost a hundred students for reasons that we
do not know and it was not consistent with the cohort
survival.

We can demonstrate full eligibility to justify the
original eligibility amount. Referring to the chart we've
distributed, which is the blue bar chart, the state's own projections justify full funding when we look at the original eligibility from '08-'09 in 2013-'14 and prospectively.

The reason we can demonstrate full eligibility is because the anomalous enrollment decline in 2016-'17 is not factored in.

We appreciate greatly that OPSC is supportive of us using 2018-'19 eligibility as seen in Option 1 and we greatly appreciate that. So thank you very much.

If the Board members are willing to consider Option 2, however, we are very happy to discuss that. Ultimately, either option would make an enormous difference for our small district, given that we have fully exhausted all of our local funding. We're completely out of bond funds and we would be grateful for either but would prefer Option 2. So thank you.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Anything to add.

MR. LENNOX: Chris and I are available for any questions from members.

CHAIRPERSON WONG-HERNANDEZ: All right. I'd like to open it up to Board discussion, either questions for the district, questions for staff, or any comments anyone wants to make. Who wants to go first? Assemblymember O'Donnell,
please.

ASSEMBLYMEMBER O'DONNELL: Yes. Thank you. I just want to be clear the staff recommendation is for Option No. 1.

MS. KAMPMEINERT: Yes, that's correct using the '18-'19 eligibility.

ASSEMBLYMEMBER O'DONNELL: Okay. So I just want -- listen, I'm going to be supportive of that, but only because I wasn't in favor of this policy in the first place. We seem to be kind of going back on a previous policy, from my perspective. I don't know if there's even legal implications of that because if we just willy-nilly pick districts without following really sound policy, but maybe politics, where does lead us. That's just something I question.

But, you know, this is about the kids and I know that. It's not about politics, so I'm going to be supportive of this, but, you know, I just question what happens if LA Unified comes back with 85 projects. You know, do they get their appeal granted? Are you recommend that appeal be granted? So those are the kinds of questions I think we need to ponder in our minds as we move forward. Thank you.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Senator Pan.
SENATOR PAN: I thank the staff for looking at this issue and, you know, frankly when we passed the policy, we understood that what happened is, is that the old data's fairly old. I mean the original projection's ten years old now, right? And that we need to update that, but we also need the flexibility which is why we built in the appeals process to address -- you know, instead of putting everybody who's backed up on just one year if there -- look like that one year, there was some -- that that might have been, what do you call, anomalous or basically trend lines are changing a little bit, we had some flexibility.

And I think this is the process working and doing that. So, you know, we also have to be conscious that every time we're granting money it means we have more people who want the money than we have money. Right? So every time we -- for every sum we grant out, there's somebody else farther down the line who's hoping to get it and may not.

So I think what we're doing is, given the resources we have to work with, is the best option and I would actually move Option 1 as recommended by the staff.

CHAIRPERSON WONG-HERNANDEZ: Okay. I have a motion by Senator Pan for Option 1.

ASSEMBLYMEMBER O'DONNELL: I'll second.

CHAIRPERSON WONG-HERNANDEZ: Did you want to second that, Mr. O'Donnell? Great. Assemblymember
O'Donnell seconds. Before we kind of get to that, were there other additional comments or discussion that people want to have? Okay. All right. Is there any -- I'll come back to the Board. Is there any public comment on this item? All right. Seeing none, we are ready for a vote whenever -- I do want to make one quick comment which is just that, you know, I wasn't here when we made the decision to do the recertification, but I am supportive of the policy of that. It does make sense.

What I like about the 2018-'19 is it -- to me, it meets that policy goal of what is the most current number, that at the time that we were saying that there was no eligibility, that was sort of a point in time at which the application is processed and if we have is a more current number, I am glad that we got to at least a place where we can see the most current number and say this makes sense.

So I think we're ready for a vote unless anyone else has any other comments. All right.


SENATOR PAN: Aye.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: Aye.

MS. JONES: Assemblymember O'Donnell?

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Juan Mireles.
CHAIRPERSON WONG-HERNANDEZ: Thank you.

MS. HOFFMAN: Thank you.

MR. LENNOX: Thank you.

CHAIRPERSON WONG-HERNANDEZ: All right. Moving onto Island Union.

MR. MIKRESLES: 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.

MS. HOFFMAN: Thank you.

MR. LENNOX: Thank you.

CHAIRPERSON WONG-HERNANDEZ: All right. Moving onto Island Union.

MS. KAMPMEINERT: Island Union begins on stamped page 165 of your agenda and this appeal is very similar to the appeal that we just heard for Ross Valley in that both districts had eligibility at the time of project submittal, but had no eligibility based on the 2017-'18 enrollment information, but do have eligibility for the majority of the project using the 2018-'19 enrollment project.

Some of the unique facts for Island Union, the dates are a little bit different. So they submitted their new construction eligibility using the enrollment projections based on the 2010-'11 enrollment year. They are also a small school district, so they locked in for three
years, and in 2014, submitted an application for the addition of classrooms and a gymnasium building at Island Union Elementary School.

Again, during this time period, new construction bond authority was not available, so they were on the applications received beyond bond authority list. And we processed them in 2017-'18. They had no eligibility for the project, so like Ross Valley we administratively returned the application and the district has appealed to the Board that due to the requirement of the new construction eligibility, they did not qualify the original amount of eligibility. And they are requesting to use the eligibility at the time the application was submitted back in 2014.

For this one, it appears that the fluctuating levels of kindergarten enrollment contributed to the change in the enrollment projections. However, like with Ross Valley, during the processing of the appeal, we did cross that threshold to be able to have the information for the 2018-'19 year. So we asked the district to look into that with us and the 2018-'19 enrollment information justifies the majority of the pupil grants that were requested for the project and the chart on page 168 will show you that they do have eligibility if 2018-'19 is used for the vast majority of the project.

And then if you go to page 167, we can look at the
funding impacts. Basically using the 2018-'19 numbers, they are about $97,000 off from using the old eligibility numbers at the 2018 grant amount. So it comes very close.

We have options for the Board to consider on page 170. The first option is to use '18-'19 enrollment information to fund the application using 2018 grant amounts and the second option would be to use the eligibility that was available at the time of application submittal in 2014 for the new construction funding application.

Staff recommends Option 1 for the same reasons we do believe that it is consistent with the Board's past direction to require using the most current eligibility.

SENATOR NGUYEN: Thank you, Barbara. Any questions or comments from the Board -- open it up. I'm sorry. Were -- oh, I'm sorry. Yeah. That's a good question. Do we have a representative from the school here? Please come up. My apologies.

MR. REYNOLDS: Good afternoon. My name is Ken Reynolds. I'm actually president of School Works. I'm a consultant for the district.

The district sent me here because they actually are having their own school board meeting this afternoon to do the work they need to because this project we're discussing here has not yet been built. And so they're needing to approve some change orders in order to bring this
project to fruition and the district fully supports Option 1
that OPSC is recommending.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Thank you
for being here. Does anyone have questions or comments?

SENATOR PAN: Move Option 1.

CHAIRPERSON WONG-HERNANDEZ: All right. Senator
Pan moves Option 1 with Mr. Diaz second. Any public comment
on this item. Seeing none --


SENATOR PAN: Aye.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: 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 the motion carries.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Thank you
for being here. All right. We'll move onto Central Union.
MR. WATANABE: On the appeal for Central Union Elementary, we're on page 175. This part's just like a request that the Board entertained from Muroc Unified back in May of 2018. This district has a project that's been approved by the Department of Defense for matching funds for a federal project.

This project's for Akers Elementary School on Lemoore Naval Air Station. The district has two applications on our funding list, one for design and one for full construction funding. They are all prepared to meet the 20 percent match. They already had approved their project, but when they went out to bid in October, bids came in 20 percent higher.

The district was responsible for covering any overages. They initially had no problems coming up with their 20 percent and waiting for reimbursement for this modernization funding, but due to the high bids, they are now asking the Board for consideration to accelerate their unfunded approval for this project.

Just like Muroc, they'd be skipping projects on our workload list. Currently there are little over 750 mod projects on our applications -- on our workload list to process. It's important to note that by accelerating the unfunded approval for the this project, nobody loses bond authority. No one's pushed off the list, so we have plenty
of authority for everybody.

The second half of their ask is for financial hardship status on their evidence. When they submitted their separate design application, their bonding capacity was under 5 million, so they qualified for financial hardship, but in the several years that have passed since that original application was submitted, they have increased their bonding capacity to about 5.5 million.

That 5 million as the district points out was in statute back in 1998 and has never been adjusted for inflation.

So the other options for the district would be to pass a local bond. Given that the bids went out in October and the approval -- already approved for OA, they can't go out to a bond at this point in time to do their project. They intended to start construction this January.

The other factor for the Board, the district has cited in their appeal which is attached is the economic situation in the district. Over 80 percent of the district's students come from outside the district boundaries or are on nontaxable land. So the remaining 18 percent of the students in the district will be paying for taxes for a school they wouldn't be attending.

Half the school district's schools are on the military base. The other ones are adjacent or on federal
land.

The last remaining point for that, the district --
the Board has approved financial hardship on other evidence.
The staff is supportive of the district's request for both
the accelerated unfunded approval and financial hardship
under other evidence to be consistent with the Board's
actions in May and prior Board actions on financial hardship
approvals.

And I think the superintendent is here to speak
for any questions.

CHAIRPERSON WONG-HERNANDEZ: Great. Thank you.
Please come up.

MR. ADDINGTON: Good afternoon. My name is Tom
Addington. I'm the superintendent for Central Union
Elementary in Lemoore, California. I'd like to thank the
Board first of all for considering our request and our
appeal and I would also like to thank OPSC. They've been --
I've been in education for 29 years and I did not go to
school to learn school finance -- I mean school facilities
and the process and the members of OPSC have been very
helpful in shepherding me through the various steps. So I'd
like to publicly thank them as well too.

Central Union is a very unique school district.
We are a K-8 district of about 1,800 students and as
Mr. Watanabe said, we have two federal facilities within the
boundaries of the district. We the Santa Rosa Rancheria Native American reservation and Naval Air Station Lemoore.

As was indicated, 80 percent of our kids are federally connected. So we obviously are very supportive of Option 1 that the staff is recommending. The public school on military installation project or program is incredible for districts throughout the nation who have the opportunity to participate in that program.

Our school is ranked 25th -- I almost hate to say this as a school superintendent -- was 25 worst out of the 160 which were evaluated and through the funding process on the federal level, they have gone down -- they're down to about school 30 on the list. So we just barely cut in on the last prior funding.

I would entertain any questions that the Board might have, but again, thank you very much on behalf of my school board and the district for your consideration of our appeal.

CHAIRPERSON WONG-HERNANDEZ: Thank you. Does anyone have questions or comments from the Board? Senator Pan, please.

SENATOR PAN: Thank you. So just to clarify because I understand that there's DOD money on the line. So what's the implication -- how much DOD money is on the line that would help your school district and what's the
implication if we don't act and get that DOD money?

MR. ADDINGTON: Thank you for the question. We were approved -- we actually have an approved construction grant from the Department of Defense -- or actually it's under Office of Economic Adjustment who manages that and their portion was -- or is $21 million. As is indicated, anything over and above the original grant award falls on the responsibility of the district even if it is over the 20 percent. We would stand to have to default on the grant award. The district would not be able to cover the additional costs that it would take in order to complete the project.

We have looked at descoping the project to bring it within budget lines. However, when the reports were completed by the Department of Defense when they came out and evaluated the schools, the construction items had to be responsive to that and so our plans were responsive to their report. Did I answer your question, Senator? Okay. Thank you.

SENATOR PAN: Yes. Thank you.

CHAIRPERSON WONG-HERNANDEZ: Anyone else? Did you want to make a motion --

SENATOR PAN: Well, then I'll motion Option 1.

CHAIRPERSON WONG-HERNANDEZ: Motion by Senator Pan.
MR. McGUIRE: Second.

CHAIRPERSON WONG-HERNANDEZ: Second, Mr. McGuire.

I think I asked for public comment, did I not? Is there public comment on this item? Seeing none, go ahead, Lisa.


SENATOR PAN: Aye.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: 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.

MR. ADDINGTON: Thank you.

CHAIRPERSON WONG-HERNANDEZ: Thank you. All right. Moving on to Tab 7. Last item.

MS. SILVERMAN: So we're asking the Board to take action on the facility hardship project for Paradise. As I shared with you earlier, due to the unique circumstances,
we're asking for immediate apportionment for the facility hardship project that's Attachment B and that represents $157,000 for immediate cash.

The district is ready to submit their fund release request, so it is a reimbursement project and which they're ready to do so as of tomorrow and they would be providing also the grant agreement. So we're asking the Board for action today.

CHAIRPERSON WONG-HERNANDEZ: Thank you.

MR. MIRELES: Madam Chair, once again, just want to thank staff for bringing this forward. I know that every little bit helps right now -- the district. I know that the superintendent, the assistant superintendent, and frankly, the entire community will be very appreciative. So with that, I'd like to move to approve.

SENATOR PAN: Second.

CHAIRPERSON WONG-HERNANDEZ: Thank you. We have a motion and a second. Any other discussion and any public comment on this item? Seeing none, we're ready for a vote.


SENATOR PAN: Aye.

MS. JONES: Assemblymember Nazarian.

ASSEMBLYMEMBER NAZARIAN: 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. And then with that, I think we're ready for general public comment. Is there any public comment on any items under the purview of this Board not on the agenda? And seeing none, we are adjourned.

(Whereupon, at 2:46 p.m., the proceedings were adjourned.)
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