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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

1 APPEARANCES:

2 MEMBERS OF THE BOARD PRESENT:

3 MEMBERS OF THE BOARD PRESENT:

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

7 JEFFREY McGUIRE, Chief Deputy Director, Department of General
8 Services, designated representative for Daniel Kim,
9 Director, Department of General Services

10 CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of
11 the State of California

12 JUAN MIRELES, Director, School Facilities and Transportation
13 Services Division, California Department of Education,
14 designated representative for Tom Torlakson, Superintendent
15 of Public Instruction

16 SENATOR RICHARD PAN

17 ASSEMBLYMEMBER ADRIN NAZARIAN

18 ASSEMBLYMEMBER PATRICK O'DONNELL

19 REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

20 LISA SILVERMAN, Executive Officer

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

23 LISA SILVERMAN, Executive Officer

24 BARBARA KAMPMEINERT, Deputy Executive Officer

25 REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES,
OFFICE OF LEGAL SERVICES PRESENT:

TOM PATTON, Assistant Chief Counsel

P R O C E E D I N G S

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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?

7

MS. JONES: Certainly. Senator Allen.

8

Senator Pan.

9

SENATOR PAN: Here.

10

MS. JONES: Assemblymember Nazarian.

11

Assemblymember O'Donnell.

12

ASSEMBLYMEMBER O'DONNELL: Here.

13

MS. JONES: Juan Mireles.

14

MR. MIRELES: Here.

15

MS. JONES: Cesar Diaz.

16

MR. DIAZ: Here.

17

MS. JONES: Jeffrey McGuire.

18

MR. MCGUIRE: Here.

19

MS. JONES: Jacqueline Wong-Hernandez.

20

CHAIRPERSON WONG-HERNANDEZ: Here.

21

MS. JONES: We have a quorum.

22

CHAIRPERSON WONG-HERNANDEZ: Thank you. All
right. First order of business.

24

MS. SILVERMAN: Yes. Hi. Just the **Minutes**.

25

Catch my breath. The Minutes are ready for your approval.

1 CHAIRPERSON WONG-HERNANDEZ: Hopefully, everyone's
2 had a chance to look at them. Any questions or edits,
3 comments from the Board.

4 SENATOR PAN: Move the Minutes.

5 CHAIRPERSON WONG-HERNANDEZ: Excuse me.

6 SENATOR PAN: I said move the Minutes.

7 CHAIRPERSON WONG-HERNANDEZ: Oh, great.

8 ASSEMBLYMEMBER O'DONNELL: Second.

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

13 MS. JONES: Okay. Senator Pan.

14 SENATOR PAN: Aye.

15 MS. JONES: Assemblymember O'Donnell.

16 ASSEMBLYMEMBER O'DONNELL: Aye.

17 MS. JONES: Juan Mireles.

18 MR. MIRELES: Aye.

19 MS. JONES: Cesar Diaz.

20 MR. DIAZ: Aye.

21 MS. JONES: Jeffrey McGuire.

22 MR. MCGUIRE: Aye.

23 MS. JONES: Jacqueline Wong-Hernandez.

24 CHAIRPERSON WONG-HERNANDEZ: Aye.

25 MS. JONES: That motion carries.

1 CHAIRPERSON WONG-HERNANDEZ: Okay.

2 MS. SILVERMAN: Okay.

3 CHAIRPERSON WONG-HERNANDEZ: Next item up.

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

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

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

23 Priority funding apportionments, the Board took
24 action. Nearly \$442 million in October and we wanted to
25 highlight that we actually had a great month in November and

1 over \$132 million did go out the door. And so there's some
2 outstanding awards out there and we wanted to highlight that
3 those awards have until January 22nd of 2019 to come in to
4 access their cash.

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

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

23 And so the first two, Downey and El Cajon actually
24 we have no more seats available unfortunately, but we do
25 have the webcast and we have been posting our materials

1 online as well. We've received a lot of great feedback, so
2 we're looking forward to providing more education to our
3 folks regarding the audit requirements of the future.

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

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

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

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

16 SENATOR PAN: Impacted, okay. And as the Governor
17 said, it's the new abnormal and obviously not only did we
18 have the Camp Fire, we had the Woolsey Fire. Before we had
19 Santa Rosa. We've had others. So clearly it's something
20 that we're going to have to deal with as a state but also as
21 the body that oversees -- or provides matching funds for
22 school construction and we're -- as we look at what happened
23 in Paradise, the schools -- well, we have communities that
24 need to bring back their schools so that children can be
25 educated again in these communities.

1 They may be turning to us eventually for help in
2 doing that, and so I appreciate the fact that -- I think it
3 is something we need to talk about, maybe perhaps at a
4 future meeting, more in depth, certainly understand that,
5 for example, a school district where schools impacted by a
6 natural disaster like a wild fire. You know, the first --
7 hopefully, they're insured and I'm not sure what standards
8 of insurance there may be in terms of being sure they can
9 rebuild. And, you know, emergency funds like -- group like
10 FEMA and so forth, right. So obviously, those should come
11 first, but that also means as they're going through that
12 process, it may be a while before they come to us, if they
13 do, and, you know, one could argue that the Camp Fire's
14 happened. We all know about it. What happens when Paradise
15 comes -- or the -- exact name of the school district comes
16 to us let's say a year and half later and says we need to
17 rebuild our schools, we're a little short on money, and
18 we've allocated all our bond authority.

19 Now, as it speaks probably more to the way we
20 finance school construction than any else, but, you know,
21 there are the things we should be doing to prepare our --
22 think about what kind of safeguards we put in place so that
23 when we have schools affected by natural disasters that they
24 are able to rebuild and, in fact, many of those schools
25 perhaps might have even had funds from the state to

1 construct them in the first place. So how does that play
2 out as well. So I think those are -- there are several
3 different issues that are out there and I think it's good
4 that we as the State Allocation Board, at least in our niche
5 of the world which is about school construction, got out in
6 front of that.

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

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

22 So -- and we actually laid out a relative -- a
23 great outline for our Board to share with them how we are
24 involved and how we can be involved to help rebuild a school
25 district. So we'll be happy to do that in the future.

1 MR. MIRELES: And I just want to follow up and
2 thank again, staff, for bringing this us. We agree. This
3 is a very important issue. We, the Department of Ed, have
4 been actively involved, not just during the Camp Fire, the
5 Hill Fire, Woolsey, all of the recent natural disasters, and
6 they are devastating.

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

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

22 So on December 3rd, all of the students had a
23 place to go to school, but that's just the beginning.
24 That's just the beginning to try and find urgent and
25 temporary locations. There are other efforts in planning

1 for mid and long-term housing solutions. And just to put it
2 into perspective too, this is just one aspect. Facilities
3 are just one aspect.

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

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

19 But even as we kind of as an administration look
20 even beyond, you know, one, beyond school facilities and,
21 two, beyond schools at all, at housing, at emergency
22 services, at medical care, and all of those pieces, I don't
23 want to lose sight of the facilities piece, and I think that
24 Senator Pan makes a really good point, that this is a good
25 venue to at least talk about what is our role and if this is

1 in fact the new abnormal, as you pointed out, then we're
2 going to keep seeing this.

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

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

15 MS. SILVERMAN: Yeah.

16 CHAIRPERSON WONG-HERNANDEZ: Okay.

17 MS. SILVERMAN: We accept that.

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

21 MS. SILVERMAN: Absolutely. Thank you.

22 CHAIRPERSON WONG-HERNANDEZ: Thank you.

23 SENATOR PAN: Yeah. I would just again thank you
24 and I think in many ways, again, I want to thank the
25 Department of Education for your hard work in helping these

1 students. I think more of our conversations about the
2 rebuilding part, right, because obviously in the crisis,
3 you're trying to figure out how to move -- eventually to how
4 we rebuild communities and, yes, people have to rebuild
5 their houses and their businesses, but schools are not only
6 places where kids get educated, they're also community
7 centers and when people look at where they're going to move
8 and maybe they'll move back and rebuild, they want to have
9 confidence that they're going to have a school for their
10 kids there and if there's uncertainty about whether we're
11 going to rebuild that school, that will have an impact on
12 rebuilding too.

13 UNIDENTIFIED SPEAKER: Excellent point.

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

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

22 ASSEMBLYMEMBER O'DONNELL: Move.

23 CHAIRPERSON WONG-HERNANDEZ: All right.

24 MR. DIAZ: Second.

25 CHAIRPERSON WONG-HERNANDEZ: Okay. We have a

1 motion and a second. It was Assemblymember O'Donnell and
2 Mr. Diaz. Go ahead.

3 MS. JONES: Okay. Senator Pan.

4 SENATOR PAN: Aye.

5 MS. JONES: Assemblymember O'Donnell?

6 ASSEMBLYMEMBER O'DONNELL: Aye.

7 MS. JONES: Juan Mireles.

8 MR. MIRELES: Aye.

9 MS. JONES: Cesar Diaz.

10 MR. DIAZ: Aye.

11 MS. JONES: Jeffrey McGuire.

12 MR. MCGUIRE: Aye.

13 MS. JONES: Jacqueline Wong-Hernandez.

14 CHAIRPERSON WONG-HERNANDEZ: Aye.

15 MS. JONES: That motion carries.

16 CHAIRPERSON WONG-HERNANDEZ: All right and thank
17 you.

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

24 And in part of your Consent Agenda, the approvals
25 today, we had over \$45.4 million in approvals today. That

1 represents 29 projects and we also -- and that's on
2 page 132. We also had a number of consent items -- excuse
3 me -- rescissions and closeouts and that represents almost a
4 half million dollars. So that represents two projects.
5 That represents what's in the Consent Agenda and the
6 financials today. Any questions?

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

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

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

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

1 regulations.

2 The end of the three-year lock was November 1st,
3 2013. On October 28, 2013, the district submitted a funding
4 application for the addition of nine classrooms at White
5 Hill Middle School. However, during this time period, new
6 construction bond authority was exhausted and so the
7 application as placed on the applications received beyond
8 bond authority list.

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

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

20 So as a result, the Board opted to require that
21 school districts update their new construction eligibility
22 for the year in which OPSC was processing the application.
23 As part of that meeting, the Board also stated that the
24 school districts could address the SAB on a case-by-case
25 basis in the event that OPSC's determination that a project

1 was ineligible or eligible for less funding than originally
2 requested due to the updated eligibility information and
3 that they would be able to appeal and have the Board
4 consider their circumstances.

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

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

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

23 The district indicates that there was an anomalous
24 drop in enrollment during the '16-'17 enrollment year and
25 that is the unique circumstance that led to the decline in

1 eligibility. Staff does acknowledge that there was a drop
2 of about 100 students during this year, but we can't confirm
3 if this was in fact an anomaly because it appears the
4 enrollment's remained fairly stable since that point, but we
5 also note that small fluctuations in enrollment do tend to
6 have a big impact sometimes on small school district
7 eligibility projections.

8 However, during the processing of the appeal,
9 information related to the 2018-'19 enrollment year did
10 become available, and so we worked with the district to
11 determine if a new construction eligibility update using the
12 '18-'19 enrollment information would justify the grants
13 needed for the project. And if I could direct your
14 attention to page 152 of the agenda.

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

22 So if you look at the first chart, using the
23 original enrollment year eligibility of 2008-2009, the
24 district qualified for 189 K-6 pupil grants and 19
25 non-severe pupil grants and they submitted in 2013. Had we

1 been able to process the application during that time
2 period, they would have qualified for \$2.2 million state
3 share.

4 Using the 2018-'19 enrollment year, the K-6 pupil
5 grants, the district qualified for 155 and for 15 non-severe
6 pupil grants and if you use those pupil grant amounts at the
7 2018 levels, the project qualifies for about 2.1 million in
8 funding.

9 The district is requesting the first option, the
10 amount listed in the second chart on that page, so that uses
11 the 2008-'09, enrollment year with those grant amounts, the
12 189 K-6 and 19 non-severe at the 2018 grant amount and so
13 that results in about \$2.6 million in funding.

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

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

1 based on the '18-'19 enrollment.

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

5 The second option for the Board's consideration
6 would be to allow the district to use the public grant
7 eligibility at the time that the district submitted, so that
8 would be based on 2013 which is the 2008-'09 enrollment
9 eligibility -- enrollment information resulting in
10 \$2.6 million in base grant funding for the project.

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

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

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

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

23 Last year, the Board amended its policies to
24 require school districts to update their new construction
25 eligibility that you just discussed, but you also recognized

1 that enrollment projections, especially for small school
2 districts like Ross Valley, can fluctuate significantly,
3 meaning that some districts could lose eligibility. As
4 such, the Board specifically requested that any school
5 district harmed by this new policy file an appeal to address
6 the Board on a case-by-case basis.

7 In almost every respect, Ross Valley's loss of
8 eligibility is emblematic of the Board's concerns when it
9 established the appeal process. We are a small school
10 district. We applied in good faith and we built a
11 \$23 million facility for our students that showed up.

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

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

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

24 We can demonstrate full eligibility to justify the
25 original eligibility amount. Referring to the chart we've

1 distributed, which is the blue bar chart, the state's own
2 projections justify full funding when we look at the
3 original eligibility from '08-'09 in 2013-'14 and
4 prospectively.

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

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

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

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

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

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

1 please.

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

5 MS. KAMPMEINERT: Yes, that's correct using the
6 '18-'19 eligibility.

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

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

24 CHAIRPERSON WONG-HERNANDEZ: Thank you. Senator
25 Pan.

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

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

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

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

23 ASSEMBLYMEMBER O'DONNELL: I'll second.

24 CHAIRPERSON WONG-HERNANDEZ: Did you want to
25 second that, Mr. O'Donnell? Great. Assemblymember

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

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

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

19 MS. JONES: Okay. Senator Pan.

20 SENATOR PAN: Aye.

21 MS. JONES: Assemblymember Nazarian.

22 ASSEMBLYMEMBER NAZARIAN: Aye.

23 MS. JONES: Assemblymember O'Donnell?

24 ASSEMBLYMEMBER O'DONNELL: Aye.

25 MS. JONES: Juan Mireles.

1 MR. MIRELES: Aye.

2 MS. JONES: Cesar Diaz.

3 MR. DIAZ: Aye.

4 MS. JONES: Jeffrey McGuire.

5 MR. MCGUIRE: Aye.

6 MS. JONES: Jacqueline Wong-Hernandez.

7 CHAIRPERSON WONG-HERNANDEZ: Aye.

8 MS. JONES: And that motion carries.

9 CHAIRPERSON WONG-HERNANDEZ: Thank you.

10 MS. HOFFMAN: Thank you.

11 MR. LENNOX: Thank you.

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

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

21 Some of the unique facts for Island Union, the
22 dates are a little bit different. So they submitted their
23 new construction eligibility using the enrollment
24 projections based on the 2010-'11 enrollment year. They are
25 also a small school district, so they locked in for three

1 years, and in 2014, submitted an application for the
2 addition of classrooms and a gymnasium building at Island
3 Union Elementary School.

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

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

25 And then if you go to page 167, we can look at the

1 funding impacts. Basically using the 2018-'19 numbers, they
2 are about \$97,000 off from using the old eligibility numbers
3 at the 2018 grant amount. So it comes very close.

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

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

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

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

21 The district sent me here because they actually
22 are having their own school board meeting this afternoon to
23 do the work they need to because this project we're
24 discussing here has not yet been built. And so they're
25 needing to approve some change orders in order to bring this

1 project to fruition and the district fully supports Option 1
2 that OPSC is recommending.

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

5 SENATOR PAN: Move Option 1.

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

9 MS. JONES: Okay. Senator Pan.

10 SENATOR PAN: Aye.

11 MS. JONES: Assemblymember Nazarian.

12 ASSEMBLYMEMBER NAZARIAN: Aye.

13 MS. JONES: Assemblymember O'Donnell?

14 ASSEMBLYMEMBER O'DONNELL: Aye.

15 MS. JONES: Juan Mireles.

16 MR. MIRELES: Aye.

17 MS. JONES: Cesar Diaz.

18 MR. DIAZ: Aye.

19 MS. JONES: Jeffrey McGuire.

20 MR. MCGUIRE: Aye.

21 MS. JONES: Jacqueline Wong-Hernandez.

22 CHAIRPERSON WONG-HERNANDEZ: Aye.

23 MS. JONES: And the motion carries.

24 CHAIRPERSON WONG-HERNANDEZ: Thank you. Thank you
25 for being here. All right. We'll move onto Central Union.

1 MR. WATANABE: On the appeal for Central Union
2 Elementary, we're on page 175. This part's just like a
3 request that the Board entertained from Muroc Unified back
4 in May of 2018. This district has a project that's been
5 approved by the Department of Defense for matching funds for
6 a federal project.

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

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

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

1 of authority for everybody.

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

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

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

17 The other factor for the Board, the district has
18 cited in their appeal which is attached is the economic
19 situation in the district. Over 80 percent of the
20 district's students come from outside the district
21 boundaries or are on nontaxable land. So the remaining
22 18 percent of the students in the district will be paying
23 for taxes for a school they wouldn't be attending.

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

1 land.

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

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

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

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

23 Central Union is a very unique school district.
24 We are a K-8 district of about 1,800 students and as
25 Mr. Watanabe said, we have two federal facilities within the

1 boundaries of the district. We the Santa Rosa Rancheria
2 Native American reservation and Naval Air Station Lemoore.

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

9 Our school is ranked 25th -- I almost hate to say
10 this as a school superintendent -- was 25 worst out of the
11 160 which were evaluated and through the funding process on
12 the federal level, they have gone down -- they're down to
13 about school 30 on the list. So we just barely cut in on
14 the last prior funding.

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

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

22 SENATOR PAN: Thank you. So just to clarify
23 because I understand that there's DOD money on the line. So
24 what's the implication -- how much DOD money is on the line
25 that would help your school district and what's the

1 implication if we don't act and get that DOD money?

2 MR. ADDINGTON: Thank you for the question. We
3 were approved -- we actually have an approved construction
4 grant from the Department of Defense -- or actually it's
5 under Office of Economic Adjustment who manages that and
6 their portion was -- or is \$21 million. As is indicated,
7 anything over and above the original grant award falls on
8 the responsibility of the district even if it is over the
9 20 percent. We would stand to have to default on the grant
10 award. The district would not be able to cover the
11 additional costs that it would take in order to complete the
12 project.

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

20 SENATOR PAN: Yes. Thank you.

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

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

24 CHAIRPERSON WONG-HERNANDEZ: Motion by Senator
25 Pan.

1 MR. MCGUIRE: Second.

2 CHAIRPERSON WONG-HERNANDEZ: Second, Mr. McGuire.

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

5 MS. JONES: Okay. Senator Pan.

6 SENATOR PAN: Aye.

7 MS. JONES: Assemblymember Nazarian.

8 ASSEMBLYMEMBER NAZARIAN: Aye.

9 MS. JONES: Assemblymember O'Donnell?

10 ASSEMBLYMEMBER O'DONNELL: Aye.

11 MS. JONES: Juan Mireles.

12 MR. MIRELES: Aye.

13 MS. JONES: Cesar Diaz.

14 MR. DIAZ: Aye.

15 MS. JONES: Jeffrey McGuire.

16 MR. MCGUIRE: Aye.

17 MS. JONES: Jacqueline Wong-Hernandez.

18 CHAIRPERSON WONG-HERNANDEZ: Aye.

19 MS. JONES: And that motion carries.

20 MR. ADDINGTON: Thank you.

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

23 MS. SILVERMAN: So we're asking the Board to take
24 action on the facility hardship project for Paradise. As I
25 shared with you earlier, due to the unique circumstances,

1 we're asking for immediate apportionment for the facility
2 hardship project that's Attachment B and that represents
3 \$157,000 for immediate cash.

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

9 CHAIRPERSON WONG-HERNANDEZ: Thank you.

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

16 SENATOR PAN: Second.

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

20 MS. JONES: Okay. Senator Pan.

21 SENATOR PAN: Aye.

22 MS. JONES: Assemblymember Nazarian.

23 ASSEMBLYMEMBER NAZARIAN: Aye.

24 MS. JONES: Assemblymember O'Donnell?

25 ASSEMBLYMEMBER O'DONNELL: Aye.

1 MS. JONES: Juan Mireles.

2 MR. MIRELES: Aye.

3 MS. JONES: Cesar Diaz.

4 MR. DIAZ: Aye.

5 MS. JONES: Jeffrey McGuire.

6 MR. MCGUIRE: Aye.

7 MS. JONES: Jacqueline Wong-Hernandez.

8 CHAIRPERSON WONG-HERNANDEZ: Aye.

9 MS. JONES: And that motion carries.

10 CHAIRPERSON WONG-HERNANDEZ: Thank you. And then
11 with that, I think we're ready for general public comment.
12 Is there any public comment on any items under the purview
13 of this Board not on the agenda? And seeing none, we are
14 adjourned.

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

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