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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, JANUARY 23, 2019

TIME: 4:02 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 RICHARD PAN

13 SENATOR SCOTT WILK

14 ASSEMBLYMEMBER ADRIN NAZARIAN

15 ASSEMBLYMEMBER PATRICK O'DONNELL

16 ASSEMBLYMEMBER JAMES GALLAGHER

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

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P R O C E E D I N G S

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CHAIRPERSON WONG-HERNANDEZ: Okay. Having --
4:00 o'clock having arrived, the State Allocation Board
meeting will be called to order and, Secretary, can you
please call the roll.

7

MS. JONES: Certainly. Senator Allen.

8

SENATOR ALLEN: Here.

9

MS. JONES: Senator Pan.

10

Senator Wilk.

11

SENATOR WILK: Present.

12

MS. JONES: Assemblymember Nazarian.

13

Assemblymember O'Donnell.

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ASSEMBLYMEMBER O'DONNELL: Here. Present.

15

MS. JONES: Assemblymember Gallagher.

16

ASSEMBLYMEMBER GALLAGHER: Here.

17

MS. JONES: Juan Mireles.

18

MR. MIRELES: Here.

19

MS. JONES: Cesar Diaz.

20

MR. DIAZ: Here.

21

MS. JONES: Jeffrey McGuire.

22

MR. MCGUIRE: Here.

23

MS. JONES: Jacqueline Wong-Hernandez.

24

CHAIRPERSON WONG-HERNANDEZ: Here.

25

MS. JONES: We have a quorum.

1 CHAIRPERSON WONG-HERNANDEZ: Thank you. I'd like
2 to welcome our new members, Assemblymember Gallagher and
3 Senator Wilk and also to acknowledge that we have a new
4 Superintendent of Public Instruction, Tony Thurmond, and we
5 are so happy to see Mr. Mireles here. So thank you all for
6 being here. We'll get started on -- first is going to be
7 the **Minutes**. Hopefully, everyone's had a chance to review.

8 Any questions or comments from Board members?

9 Any public comment on this item?

10 Seeing none, we can take a roll to approve the
11 Minutes. I'm sorry. I need a motion, don't I.

12 MR. DIAZ: Motion.

13 MR. MIRELES: Second.

14 CHAIRPERSON WONG-HERNANDEZ: Motion by Mr. Diaz;
15 second by Mr. Mireles.

16 MS. JONES: Senator Wilk.

17 SENATOR WILK: Aye.

18 MS. JONES: Assemblymember O'Donnell.

19 ASSEMBLYMEMBER O'DONNELL: Aye.

20 MS. JONES: Assemblymember Gallagher.

21 ASSEMBLYMEMBER GALLAGHER: Aye.

22 MS. JONES: Juan Mireles.

23 MR. MIRELES: Aye.

24 MS. JONES: Cesar Diaz.

25 MR. DIAZ: Aye.

1 MS. JONES: Jeffrey McGuire.

2 MR. MCGUIRE: Aye.

3 MS. JONES: Jacqueline Wong-Hernandez.

4 CHAIRPERSON WONG-HERNANDEZ: Aye.

5 MS. JONES: That motion carries.

6 CHAIRPERSON WONG-HERNANDEZ: Thank you. All
7 right. Lisa, you're up. **Executive Officer's Statement.**

8 MS. SILVERMAN: We have a few items to share
9 tonight. Wow, now it's really on. So we're excited about
10 the Governor's proposed budget for 1920 [sic] and in the
11 budget proposal, there was an increased sales for the
12 general obligation bond program -- for our program.

13 So last year, it was \$653 million that was on
14 public sale for our bond program and now the proposed budget
15 is 1.5 billion. So that's great news for our program and
16 along with that, that would involve increased processing and
17 ten positions along with that increased processing. So that
18 would include eight staff members for processing and two
19 first-line supervisors.

20 Additional bonus with that would be \$750 million
21 for Full-Day Kindergarten Facilities Program as well. So in
22 last year's budget, we had \$100 million allocated and we'll
23 speak to that point at the next topic, but \$750 million is
24 also proposed for the full day kindergarten. So we're super
25 excited about that news as well.

1 So the next topic with Full-Day Kindergarten
2 Facilities Program, we had that round open up just
3 January 2nd and we have exciting news. We had over 72
4 applicants so far for \$121 million. So the first round --
5 we had an allocation of \$37 million for the first round. So
6 again, we're going to be oversubscribed as of the first
7 round. So we're excited about the applications that are
8 coming through the door. The timeline for the first round
9 closes January 31st. So that's great news.

10 And so we'll should have some more outcomes for
11 next month.

12 For Career Tech Education Program, we had the last
13 funding cycle closed with the Department of Education when
14 the applications were due. In the end of October, we had
15 \$571 million in applications for 299 applicants and so the
16 scores will be coming out tomorrow with Department of
17 Education. So those who have a score of 105 or greater are
18 eligible to submit a funding application to our office and
19 those are due February 15th.

20 So we'll be presenting those -- the highest scores
21 to the May State Allocation Board.

22 With the Career Tech Education, we still have
23 \$250 million to allocate. So we'll be working to present
24 additional funding cycles to the Board, but we also wanted
25 to discuss and bring forward potential changes to the

1 program and so we'll have some additional stakeholder
2 meetings to discuss what those changes are in the future.

3 At the fall bond sale, the State Allocation
4 Board -- we presented \$442 million in apportionments in
5 October and we wanted to share with the Board that we
6 actually had over \$250 million that had been allocated so
7 far. So that's great news.

8 And so the deadline to submit your paperwork was
9 yesterday. So we'll be sharing some more updates next
10 month.

11 And we had a priority funding round -- filing
12 round that closed December 13th. We actually over
13 \$226 million dollars in certifications that came in. So
14 those projects that came in are eligible for the spring bond
15 sale. So those certifications are good from January 1st to
16 June 30th.

17 And one of the last points we wanted to share, we
18 had a series of four audit workshops and again, those
19 workshops are relevant to school districts because we have a
20 new audit requirement for the program. So those folks that
21 received a grant approval after April 1st, 2017, they have a
22 new performance audit requirement.

23 So we've been receiving a lot of good feedback and
24 our last audit workshop will be next week on Tuesday in
25 El Cajon. So looking forward to that last workshop and we

1 have our webcast online and we have a lot of our materials
2 also posted online as well.

3 Our next State Allocation Board meeting is
4 February 27th.

5 CHAIRPERSON WONG-HERNANDEZ: Thank you. Any
6 questions or comments from Board members? And any public
7 comment? All right. Then we'll move onto the **Consent**
8 **Agenda** is what I've got next.

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

11 CHAIRPERSON WONG-HERNANDEZ: Hopefully everyone
12 has reviewed. Comments? No? And no one's pulling anything
13 off?

14 MS. SILVERMAN: Excuse me?

15 CHAIRPERSON WONG-HERNANDEZ: Moving approval.
16 Mr. O'Donnell moves approval.

17 MR. DIAZ: Second.

18 CHAIRPERSON WONG-HERNANDEZ: Second from Mr. Diaz.
19 Any public comment on the Consent Agenda? Seeing none,
20 we're ready for roll.

21 MS. JONES: Okay. Senator Wilk.

22 SENATOR WILK: Aye.

23 MS. JONES: Assemblymember O'Donnell.

24 ASSEMBLYMEMBER O'DONNELL: Aye.

25 MS. JONES: Assemblymember Gallagher.

1 ASSEMBLYMEMBER GALLAGHER: 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: That motion carries.

11 CHAIRPERSON WONG-HERNANDEZ: Thank you. Okay.

12 **Tab 5.**

13 MS. SILVERMAN: Tab 5 is **Financials**. So our fund
14 release report on Tab 5 is on page 45. As I shared with
15 you, we've been releasing funds as a result of the bond
16 sales, the apportionments in October. So in November and
17 December alone, we've released over 225 million and so
18 that's on stamped page 45.

19 And on page 47 and page 48, what we wanted to
20 share in financials, we didn't really present a lot of
21 unfunded approvals as a result of the construction cost
22 index adjustment that the Board just approved in the Consent
23 Agenda, but we'll present those unfunded approvals next
24 month so that way we can adjust the inflator to those
25 unfunded approvals.

1 So we thought instead of reworking the projects,
2 we'll be presenting those unfunded approvals next month.

3 So the only activity we had to report in the
4 Consent Agenda was as a result of the adjusted grants that
5 represent over seven projects and some closeout adjustments,
6 so about \$16.3 million in adjusted projects there.

7 But on page 48, we wanted to acknowledge that the
8 full-day kindergarten of \$100 million is reflected on the
9 bottom of page 48 and also that \$2 and a half million
10 adjustment for the admin costs. So looking forward for more
11 activity to come as we present the full-day kindergarten
12 projects for approvals in the future.

13 And with that, could I have any questions?

14 CHAIRPERSON WONG-HERNANDEZ: No questions. Any
15 public comment? All right. Seeing none, moving along to
16 the first of the **Paradise** items.

17 MS. SILVERMAN: So we wanted to highlight tonight
18 the appeal of Paradise. So with the expedited processing of
19 the modernization project, which is outside the priority
20 apportionment and actually outside of the normal processing
21 timelines, Paradise had submitted their modernization
22 project back in early January of 2018 and they are
23 submitting their request replace their portable classrooms
24 and to build a new gym.

25 That project is worth about \$5.4 million and as a

1 result of the recent fire in Sutter -- Butte County --
2 sorry -- and that's just been a devastating impact to their
3 community.

4 So as a result of that, it actually had minimum
5 impact to that high school, but, you know, it would be a
6 good idea to accelerate their project because if we delay
7 the building in that community, they can foresee some
8 accelerated cost going on with delaying their project.

9 So we understand there's about \$1 billion in
10 projects ahead of them and that would again delay them
11 further to continue to build their project. And we
12 understand the district's concern, and so staff supports
13 their accelerating of their project.

14 So with that we are suggesting to the board that
15 they approve their project in accelerated pace and also
16 grant their project to be at 18-month apportionment outside
17 the priority funding timeline.

18 CHAIRPERSON WONG-HERNANDEZ: Thank you. I think
19 that makes sense. Are there Board member -- please,
20 Mr. Mireles.

21 MR. MIRELES: We realize that this isn't the
22 typical process, but clearly this is not a typical case.
23 These are extraordinary cases for the district. They are
24 still going through the recovery efforts and this is one
25 very important step to help them.

1 With that, I would like to make a motion to
2 approve.

3 CHAIRPERSON WONG-HERNANDEZ: Okay. Motion.
4 Mr. Gallagher?

5 ASSEMBLYMEMBER GALLAGHER: Second. And I just
6 want to say I mean obviously as a representative of Paradise
7 and the devastation that that community's gone through --
8 many of us went up actually last week, from the Legislature,
9 and, you know, this community's really working hard to
10 recover.

11 You know, it's -- they've been through a lot, but
12 there's a determined spirit there and this will really help.
13 I mean they've been working a long time to get this
14 modernization project off the ground. So, you know,
15 appreciate the support for this, as I said, unusual but, you
16 know, we're in unusual times. So thank you.

17 CHAIRPERSON WONG-HERNANDEZ: Thank you. Did you
18 want to -- no, Mr. Wilk? Okay. I think we've got some
19 public comment on this item. Mr. Bakke, if you want to come
20 forward and then if anyone else wants to make public
21 comment, you'll be next, so please moving forward.

22 MR. BAKKE: Good afternoon. Eric Bakke with the
23 California School Boards Association. I appreciate the
24 opportunity -- I appreciate the sentiments.

25 Having worked with the immediate past president

1 for CSBA, Mike Walsh, Butte County trustee, I've been able
2 to spend days with him during the events and just to hear
3 his stories -- the newspaper articles and the pictures do
4 not do justice to the stories that he's shared with me.

5 And so whenever we have -- as a state body can do
6 something to bring back a little bit of normalcy to some of
7 these communities that have been devastated, we should do
8 that. And so as CSBA, we appreciate this offer and I know
9 it's unusual. It's kind of not our normal process, but
10 given the circumstances, it's appropriate. Thank you.

11 CHAIRPERSON WONG-HERNANDEZ: Thank you. Is there
12 further public comment? All right. Seeing none, we can go
13 ahead and take the roll. Thank you.

14 MS. JONES: Okay. Senator Wilk.

15 SENATOR WILK: Aye.

16 MS. JONES: Assemblymember O'Donnell.

17 ASSEMBLYMEMBER O'DONNELL: Aye.

18 MS. JONES: Assemblymember Gallagher.

19 ASSEMBLYMEMBER GALLAGHER: Aye.

20 MS. JONES: Juan Mireles.

21 MR. MIRELES: Aye.

22 MS. JONES: Cesar Diaz.

23 MR. DIAZ: Aye.

24 MS. JONES: Jeffrey McGuire.

25 MR. MCGUIRE: Aye.

1 MS. JONES: Jacqueline Wong-Hernandez.

2 CHAIRPERSON WONG-HERNANDEZ: Aye.

3 MS. JONES: That motion carries.

4 CHAIRPERSON WONG-HERNANDEZ: Can we leave that
5 open?

6 MS. JONES: We'll leave it open.

7 CHAIRPERSON WONG-HERNANDEZ: We'll leave it open
8 for Mr. Nazarian who is going to join us in a while. All
9 right. Then we'll move onto our next item in **Tab 7**.

10 MS. KAMPMEINERT: So Tab 7 is an action item also
11 for **Paradise Unified**. This relates to the unused sites fee
12 and that was an item that the Board took up at the December
13 State Allocation Board meeting and that's our annual item
14 where districts who have sites that they are not using for
15 school purposes are assessed fee each year.

16 We did not include Paradise Unified last month
17 because we wanted an opportunity to bring this topic before
18 the Board separately.

19 There is a -- Paradise did report two sites that
20 were unused back at the time and the fee for '17-'18 which
21 would be assessed beginning this year came out to just under
22 \$15,000 for the district.

23 However, there is a provision in the statute that
24 allows the Board to consider other factors that may be
25 relevant to the sites in question and then adjust the site

1 accordingly -- the fee accordingly.

2 So given that the district has faced the fires, we
3 thought it would be important to bring this before the Board
4 and we are recommending that the Board adjust the fee to
5 zero for the district for both of these sites for this year
6 and also next year. We didn't see anything changing in the
7 next 12 months that would lead us to a different
8 recommendation next year, so we thought we would suggest a
9 two-year time period of time.

10 So we are recommending that the Board go ahead and
11 make that adjustment, in which case the district would not
12 have to pay the unused site fee and then be able to use
13 those funds for other purposes in getting the district back
14 up and running after the fires.

15 CHAIRPERSON WONG-HERNANDEZ: Thank you. I think
16 kind of following up on Mr. Bakke's point, I mean if there's
17 anything that we can do and there's not -- you know, there's
18 so much that will have to happen outside of the purview of
19 this Board, this seems like a very small and reasonable step
20 that we can take.

21 Are there members who have comments or questions?
22 Seeing none, is there any public comment on this item?
23 Okay.

24 ASSEMBLYMEMBER GALLAGHER: I'll move the item.

25 SENATOR WILK: Second.

1 CHAIRPERSON WONG-HERNANDEZ: A motion and a
2 second.

3 MS. JONES: Senator Wilk.

4 SENATOR WILK: Aye.

5 MS. JONES: Assemblymember O'Donnell.

6 ASSEMBLYMEMBER O'DONNELL: Aye.

7 MS. JONES: Assemblymember Gallagher.

8 ASSEMBLYMEMBER GALLAGHER: Aye.

9 MS. JONES: Juan Mireles.

10 MR. MIRELES: Aye.

11 MS. JONES: Cesar Diaz.

12 MR. DIAZ: Aye.

13 MS. JONES: Jeffrey McGuire.

14 MR. MCGUIRE: Aye.

15 MS. JONES: Jacqueline Wong-Hernandez.

16 CHAIRPERSON WONG-HERNANDEZ: Aye.

17 MS. JONES: And we'll leave it open.

18 CHAIRPERSON WONG-HERNANDEZ: Thank you. Okay.

19 That brings us to **Tab 8**.

20 MS. KAMPMEINERT: Tab 8 is our **standard**
21 **information items**. I would just highlight that beginning on
22 page 77 we have our annual item where we update the Board
23 and members of the public on any legislation that's passed
24 in the last year that may have a direct impact to the
25 program or that may be relevant to school districts that are

1 planning projects under the program.

2 Just a handful of bills here this year. The Board
3 does not need to take any action right now on these. One of
4 the big ones to come through was full-day kinder, but those
5 regulations are already effective.

6 So with that, it's just it's available and we can
7 answer any questions.

8 CHAIRPERSON WONG-HERNANDEZ: Questions or comments
9 from Board members? No. Okay. Any public comment? I
10 guess we can wait till the -- this is it, right?

11 UNIDENTIFIED SPEAKER: That's it.

12 CHAIRPERSON WONG-HERNANDEZ: Okay. So -- and then
13 seeing no public comment, we're going to hold the meeting
14 open for additional members to add on, but everyone else is
15 free to go.

16 (Off record at 4:18 p.m.)

17 (On record at 4:21 p.m.)

18 CHAIRPERSON WONG-HERNANDEZ: We are back on the
19 record. Welcome, Mr. Nazarian. Thank you.

20 ASSEMBLYMEMBER NAZARIAN: Thank you.

21 MS. JONES: Assemblymember Nazarian, how do you
22 vote on the Minutes?

23 ASSEMBLYMEMBER NAZARIAN: Aye.

24 MS. JONES: Aye.

25 MS. JONES: How do you vote on the Consent

1 Calendar?

2 ASSEMBLYMEMBER NAZARIAN: Aye.

3 MS. JONES: Thank you. How do you vote on the
4 appeal for Paradise Unified?

5 ASSEMBLYMEMBER NAZARIAN: Aye.

6 MS. JONES: And how do you vote on the action item
7 for Paradise Unified?

8 ASSEMBLYMEMBER NAZARIAN: Aye.

9 MS. JONES: And I thank you so much.

10 CHAIRPERSON WONG-HERNANDEZ: Thank you.

11 ASSEMBLYMEMBER NAZARIAN: Thank you.

12 CHAIRPERSON WONG-HERNANDEZ: With no further
13 business, this meeting is adjourned.

14 (Whereupon, at 4:22 p.m., the proceedings were
15 adjourned.)

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TRANSCRIBER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

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 January 26, 2019.

Mary C. Clark
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