CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 2040
SACRAMENTO, CALIFORNIA  95814

DATE:  WEDNESDAY, FEBRUARY 27, 2019
TIME:  4:06 P.M.

Reported By:  Peter Petty
eScribers
APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

KEELY MARTIN BOSLER, Director, Department of Finance

DANIEL KIM, Director, Department of General Services

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

JUAN MIRELES, Director, School Facilities and Transportation Services Division, California Department of Education, designated representative for Tony Thurmond, Superintendent of Public Instruction

SENATOR BENJAMIN ALLEN

SENATOR RICHARD PAN

SENATOR SCOTT WILK

ASSEMBLYMEMBER ADRIN NAZARIAN

ASSEMBLYMEMBER PATRICK O'DONNELL

ASSEMBLYMEMBER JAMES GALLAGHER

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
P R O C E E D I N G S

CHAIRPERSON BOSLER: Good morning. I'm going to call the meeting to order and ask the secretary to call the roll.

MS. JONES: Senator Allen.
Senator Pan.
Senator Wilk.
SENATOR WILK: Present.
MS. JONES: Assemblymember Nazarian.
Assemblymember O'Donnell.
ASSEMBLYMEMBER O'DONNELL: Here.
MS. JONES: Assemblymember Gallagher.
Juan Mireles.
MR. MIRELES: Here.
MS. JONES: Cesar Diaz.
MR. DIAZ: Present.
MS. JONES: Daniel Kim.
MR. KIM: Here.
MS. JONES: Keeley Bosler.
CHAIRPERSON BOSLER: Here.
MS. JONES: We have a quorum.
CHAIRPERSON BOSLER: So it's my great pleasure to start this meeting off by recognizing two individuals who have served here with the Board and we wanted to take some
time just here at the very beginning -- a short period of
time to recognize them. The first is my old chief deputy,
Jacqueline Wong-Hernandez who's moved on to a new job, but
we want to present her with a resolution and acknowledge her
dedication and service to the State Allocation Board.

Jacqueline was appointed by the Governor November
2017 and her first State Allocation meeting as Chair was
January 24th and she just recently left last month and I'm
already personally missing her quite a bit.

So during that time, Jacqueline informed decisions
such as approving the new Full-Day Kindergarten Facilities
Grant Program and providing unfunded approvals for over
$1.7 billion worth of projects. So we do really appreciate
your service in this body, Jacqueline, and wanted to
recognize you today.

(Applause)

CHAIRPERSON BOSLER: And then I also wanted to
recognize Mr. Jeff McGuire with a resolution as
acknowledgement of his dedication and service to the State
Allocation Board. Jeff was appointed by the Governor on
December 28th, 2015, and began serving as the Chief Deputy
Director for the Department of General Services.

In April 2016, he attended his first meeting of
the State Allocation Board as a member and he will retire
from public service effective the end of this month and so
congratulations on that.

He's been a big part of all of the work that's gone on here for the last several years and we appreciate all of your service here at the State Allocation Board. So thank you, Jeff.

(Whereupon, resolution recipients are presented and photos are taken.)

CHAIRPERSON BOSLER: Thanks, everyone, for allowing us to do that. The second thing I would like to note that I think everyone will be happy that our meeting's going to be a little shorter today, is that the two appeal items under Tab 7 have been withdrawn from the agenda.

And now we'll ask for the Minutes to be approved.

MS. SILVERMAN: The Minutes are ready for your approval.

MR. DIAZ: So moved.

ASSEMBLYMEMBER O'DONNELL: Second.

CHAIRPERSON BOSLER: Is there any public comment on the Minutes? Seeing none, is there a motion? Oh, you already moved this. We're good. And a vote. Sorry. I'm out of order here.

MS. JONES: Senator Wilk.

SENATOR WILK: 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: Daniel Kim.
MR. KIM: Aye.
MS. JONES: Keeley Bosler.
CHAIRPERSON BOSLER: Aye.
MS. JONES: Motion carries. Chair, would you like to leave the roll open?
CHAIRPERSON BOSLER: Yes. And now we'll move --
REPORTER: Is your mic on, Ma'am?
CHAIRPERSON BOSLER: Can you hear me now? We'll now turn to the Executive Officer's Statement.
MS. SILVERMAN: Hi. So we have a few items to share with the Board tonight. So one of them is we were highlighting with the Board over the last few months that we are definitely near the point where we have enough modernization applications -- all our workloads that would definitely cover the modernization bond authority for all propositions.
   So as we have been receiving applications on a slow basis -- applications that we received on a daily basis, we actually have the report today at 27 and a half million dollars in bond authority left as we speak.
So as applications walk through the door, we are very close. So we'll be sending notifications out to districts once we hit that threshold. So we just wanted to give that highlight to the Board tonight.

The requirement after this point once we hit that threshold, the districts will have to submit a Board resolution acknowledging that there will be no guarantee of future funding. Once you submit your modernization application and it will be put on the acknowledged list as well. So we just wanted to highlight that for those future modernization applications.

And we also wanted to share with you the Full-Day Kindergarten Program filing round closed and we had an abundance of applications for the first filing round. So that's super exciting for the first 37 and a half million. $324 million in applications came through the door. So again that's quite an abundance of applications. So we're super excited and we're going to present those applications to the June meeting.

And to recognize that we have a subsequent filing round that opens and that is for the remaining 60 million and those applications that submitted for the first filing round are eligible to resubmit for that new filing round as well.

And we wanted to highlight that we had a Career
Tech Education filing round that did close and those
application scores were released from the Department of
Education and those who had a score of 105 or higher were
eligible to submit a funding application to our office. And
that deadline was February 15th. There were 200
applications. So that's great news for our program and
we're going to present those -- that were eligible for the
high scores and present those to the May State Allocation
Board.

And one other thing, though, is we still have
$250 million in the program and so we were working out some
details with the Department of Education as far as
presenting the plan to the State Allocation Board before the
end of June and as far as what we will propose the next
filing round.

And we also are talking about potential regulation
change and so we'll be introducing some stakeholder meetings
in the future.

We also want to give the Board an update on the
priority funding apportionments. In October, the Board had
a fall bond sale that we actually had $442 million in
apportionments and we had nearly $300 million that we
released in those apportionments.

There was 21 applications that didn't come in for
an apportionment, but they didn't lose their funding.
They're actually related to some charter school projects, so they still have some time to perfect on their project. And there is also -- a good portion of those projects also related to Career Tech Education and they actually have a different timeline, so they have until October to come in.

We also want to give the Board a highlight. There are some regulations that went into effect on January 24th and that relate to the Career Tech tiebreaker and regulations were approved by the Board in August.

And then our next Allocation Board meeting is in March.

CHAIRPERSON BOSLER: Thank you, Lisa. Is there any public comment on the testimony? Okay. We will move onto the Consent Agenda. Public comment first on the Consent Agenda? No public comment. Can I have a motion.

MR. DIAZ: So moved.

CHAIRPERSON BOSLER: Mr. Diaz has a motion.

ASSEMBLYMEMBER O'DONNELL: Second.

CHAIRPERSON BOSLER: Second. Can you call the roll?

MS. JONES: Senator Wilk.

SENATOR WILK: Aye.

MS. JONES: Assemblymember Nazarian.

MR. 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: Daniel Kim.

MR. KIM: Aye.

MS. JONES: Keeley Bosler.

CHAIRPERSON BOSLER: Aye.

MS. JONES: Motion carries.

CHAIRPERSON BOSLER: Thank you.

All right. Now we will move into the meat of our agenda. First issue is the **Status of Fund Releases**.

MS. SILVERMAN: So on the financials on Tab 5, we just wanted to report out an update we're sharing the apportionment activity in January. On page 55, we had a $442 million that was released -- $44.2 million that was released. I apologize.

And on page 57, I just wanted to highlight, part of the Consent Agenda today, there was over $121 billion that was part of those approvals and also those activity -- the projects that were approved had a 5.5 percent CCI increase in those approvals as well. So that was part of those approvals.

And we also wanted to highlight that nearly
$500,000 was also a part of the agenda as far as the closeout adjustments and a reduction in costs incurred. So that's part of the financial reports as well.

So with that, I'll open to any questions.

CHAIRPERSON BOSLER: Okay. Is there any public comment on this item? All right. We'll move onto the next item which is Status of Funds.

MS. SILVERMAN: We just did that.

CHAIRPERSON BOSLER: Did we cover that already?

MS. SILVERMAN: Yes.

CHAIRPERSON BOSLER: Okay. And now we are onto the first -- so we have the two items that were withdrawn and now we're on Tab 6.

MS. KAMPMEINERT: Tab 6 is the request Pleasant View Elementary School District. This is a small school district located in Tulare County and this appeal is related to a new construction project.

This appeal has two issues for the Board's consideration, one relating to occupancy of the project prior to funding application submittal and the second related to new construction eligibility.

If I could draw your attention to page 120, there's a timeline of the project available for your consideration here.

The district had submitted the design application
in 2014 during a time when we were out of bond authority. So the project was placed on the applications received beyond bond authority list with acknowledgement that there may not be future funding. The criteria could change in the beginning if there was funding available.

The district took out a certificate of participation in order to begin the project at the local level and got their plans approved by the state architect, went out to bid, got their contract in place in 2015, and issued the notice to proceed.

The classrooms were built and occupied in August of 2016 at the start of the school year. The funding application was submitted in September -- September 28th of 2016 so after the school year had started.

This is the first issue in that the requirements for the School Facility Program new construction is that the application be submitted prior to the occupancy date.

With respect to occupancy, there have been discussions with the State Allocation Board in years past related to the last point at which an application can be submitted for funding consideration, the concept being that new construction funding is intended to house future students or new growth, and we actually at the request of the Board had gotten an Attorney General opinion that indicated that once students have occupied those facilities,
they can no longer be considered for new construction funding because they become existing capacity (indiscernible).

However, there were three appeals that came before the Board previously that did seek funding after they'd occupied after the date in regulations that the Board had specified for application submittal. The Board did approve those appeals.

The occupancy issue is one factor and that relates to the full funding piece of the application. However, for both the design application and the full funding application, there is a secondary issue and that's the district submitted based on eligibility from enrollment in the 2013-'14 school and again (indiscernible) weren't processing applications for eligibility.

In June of 2017, the Board determined that new construction applications would submit new construction eligibility updates at the time that staff was processing the projects that had been submitted, and the Board at the time was concerned with making sure that projects -- funded out of Proposition 51 were going to school districts that had a need for housing new students.

When we were processing the design application, we were using the '17-'18 school year enrollment information and it resulted in negative eligibility for the district.
And if you look at the chart on page 126, it shows the enrollment for the school district between 2008-'09 and 2017-'18 school year, and what you see is that there's a peak enrollment in 2011-'12 and then there's been a decline in the years since.

And what that has done is instead of a positive projection of students coming into the district, it resulted in a negative projection and you can see the enrollment on page -- if you go one page back to 125.

In '13-'14 when the district submitted application, they would have had new construction eligibility, but in the '17-'18 enrollment update, they're actually showing that they have more capacity available than they do have projected students.

So the design application was returned by staff for lack of new construction eligibility. The full funding application was returned due to the occupancy issue.

The district has appealed that and is requesting that the Board allow them to use the 2013-'14 eligibility to support these projects.

The '13-'14 eligibility, it -- because they are a small school district, they could lock in the eligibility -- or at the time had we been processing, they could have locked in their eligibility for a period of three years which may have covered the full funding of the project if we
were processing back in those time periods.

Current eligibility does not support it. However, this is our first appeal that we're hearing related to new construction eligibility where we don't really have a solution for the district eligibility situation.

We heard two appeals back in September from school districts where the eligibility from '17-'18 did not result in anything for the project. However, the '18-'19 enrollment did support those two projects. That is not the case here.

The district has indicated if they were to provide us the '18-'19 enrollment information, it would still show a decline and negative eligibility. So we were not able to provide that as an option for the Board in this case.

So staff is concerned with both pieces, the lack of eligibility for the project as well as the occupancy issue. We are not able to make a positive recommendation because we do have that legal opinion that says that that is not a project that is eligible for funding.

So with that, I'd be happy to answer any questions and the school district is also here if there are questions for the district.

CHAIRPERSON BOSLER: Anybody have any questions?

MR. KIM: Hi. I have questions for the district. Would you like to come up.
MR. HUDSON: Yes. I'm Mark Hudson. I'm the Superintendent.

MR. KIM: Thank you, Superintendent Hudson. I can appreciate that you were qualified to apply for new construction funds, but when you applied -- or when you actually awarded the construction, your enrollment was actually going down and continued to go down every year after that; is that correct, based on the data that --

MR. HUDSON: So when we applied for the eligibility or had the eligibility at the time is then when we took out the COP and begin building. And so since then, yes -- I mean there's a number of things that have taken place in the Central Valley and Tulare County and I think it's probably -- a lot of that's drought related as well that hit us later and just enrollment continued to decline.

But at the time when we did it, we had a unique situation in that I'm a K-8 school district, but I have two sites, and the site that was originally built and that's in my letter was built in the community whereas the original site is outside the community by a mile or so.

And there were ten classrooms built back in 2005-2006. So when we started to see a spike in enrollment, we had eligibility. It was an opportunity to build out the school in the community to try to provide more services in the community and reduce transportation costs. We were
running eight bus routes.

So it has declined since then. There's no question.

MR. KIM: I'm just trying to see how -- I can appreciate your position. It's a lot of money to absorb in a district's budget, but I'm not sure what the rationale or justification would be for the Board to change its policy on this case.

MR. HUDSON: We -- yeah. At the time we went with what was currently the regulations at the time and we -- that's -- a lot of small school districts like myself, we don't get eligibility very often, so when this opportunity presented itself, we decided to go down that road. At the time -- you got to -- in my position, I'm Superintendent, business manager -- part-time business manager, human resources. I don't drive bus. I don't have a bus driver's license yet, but I fill so many different shoes that I rely heavily on consultants and architects and those project managers to help guide me through this process, and so I took all the information at the time and that's how we proceeded.

I mean it's been a difficult five years, I could tell you that.

MR. KIM: I appreciate that. Is your consultant here? Can you speak to how they ended up with an occupancy
prior to -- because one of our rules is --

MR. HUDSON: Well, I can address that. So the plans were approved in November. Our project manager from our architects didn't submit plans to CDE until June. I don't know why. And in the middle of all that, the person who I relied on most heavily was my inspector of record, Chris, which I laid out the deal.

Chris had come to me in late May and was diagnosed again with cancer and ended up passing away in October. She was the person I went to for everything. The questions I had day to day between contractors, architects, Chris was that person and I lost her in June. So from that point forward, I didn't know at that point until mid-September and honestly didn't know it was a regulation issue until we came to the appeal process. Ken is my consultant for eligibility.

MR. KIM: So can you tell us why you thought this would be eligible?

MR. REYNOLDS: So we -- it's been a long challenging. Some of the unique circumstances here -- one is that at the time -- well after we were deep into the recession, but at the same time, it was more of an issue related to the drought and -- as was mentioned, and the district hadn't rebound since that crisis. Obviously, we're having a wonderful water year this year.
And so we're hoping things turn around. There has been more wells created. The school that's in town is actually on city water. So it doesn't have the well issue that the one out of town does. It was another reason for building this project.

There is development planned. There are tentative maps. There are anticipated growth that will occur, and so this project -- the eight classrooms that have already been built will get utilized and actually are being utilized.

So in terms of eligibility, there's been some low numbers in the kindergarten class which, of course, is what the key factor is when you do the (indiscernible) form that does the enrollment projections.

So even though they don't currently show up, it's a very common issue in small school districts and that's why on the previous appeals, we were fortunate enough to have those numbers resume within time to justify for your other projects. We just have not seen that rebound happen yet, but we know it's on its way. It just didn't arrive in time.

MR. KIM: What I'm just trying to reconcile at the time that the construction contract was awarded in 2015, the enrollment has been declining since 2012.

MR. REYNOLDS: Right. But we anticipated it would rebound. It just hasn't yet.

MR. KIM: That's a big guess to make as a
MR. HUDSON: I think the '13-'14 numbers, there was a spot -- there was a jump in our kindergarten enrollment which is what triggered those numbers. So that's what led to us going down that road because I think it was like -- I don't have it offhand. I think it was 80 some kids which was --

MR. NAZARIAN: There is a spike, but there's also a very -- my apologies, Madam Chair. There is a spike, but there's also a significant drop in the times that there has been more water.

MR. HUDSON: I'm not -- like -- in terms of water --

MR. NAZARIAN: I don't want to put you in a difficult spot --

MR. HUDSON: No. It's not because I --

MR. NAZARIAN: -- to understand the guesstimate that was taken in this process because I can appreciate your position in being beholden to folks that you rely on to provide you the information. So I'm -- I don't think we're looking to you as much as we're looking at how some of these estimates were made.

MR. HUDSON: Well, the -- let me just address the water issue because I flew up and testified before the EPA about a year and a half ago on this issue with rural school
districts and those of us that are dependent upon our own wheels to provide water and this.

And what we saw is our well went dry at our old campus and we had to drop the new one at our own expense. We went from 180 feet -- we had to go down about 700 feet. Everybody around us at the same time was dropping wells, and so the minute those wells came on, the agriculture wells, then ours went dry. And so we had to drop our own. How long it will last, I have no idea.

The one in the community -- the community had water issues as well, but they have recently just put in a brand new well. There is -- I think -- there are still some tentative maps. That one was extended after the crisis in late -- 2007-2008 and there are some people that are looking at it, but there's still a water issue.

So the water -- it's not that the water issue's been resolved by a couple nice years of rain. We still have well issues that a lot of the small rural schools like myself are still going to continue to deal with because during this last few years, a lot of agriculture has gone to digging their own wells and the minute those come on, they're coming from the same -- so the water issue, I -- that's all I can speak to on that.

And then I think -- yeah, it's a difficult situation all the way around. I think moving towards the
community was our best chance at the time and now we're on public water down there for the majority of our school, but again, I did the best at the time with what I knew was allowable and --

MR. NAZARIAN: Again, I'm sorry. I don't mean to harp, but I don't think my question was as targeted -- directed to you as it was to -- I'm still very interested to hear from the consultant on what research or what (indiscernible) were used to come to the conclusions that you did because this isn't as much about the school district.

Again, I understand the position you're in, but --

MR. REYNOLDS: I'm sorry. My name is Ken Reynolds. I'm president of SchoolWorks and we help the district with understanding what their eligible calculations are. We work closely with OPSC and they're wonderful to work with -- on making sure the projects are complete and accurate as well as can be.

And again, we analyzed their enrollment as the district shares information with us each year to update them on what the trends are, again using the state forms. As a consultant, I also provided other services to other clients, but like I said, we've never done a detailed demographics analysis for this district.

That would provide maybe a more accurate result,
but we were just reporting on what the projections are showing, what their capacity is, and therefore, what their unhoused student population would be in terms of eligibility and we didn't really advise the district on -- you know, what their best position --

MR. NAZARIAN: Let me ask you. What was the due diligence process that you utilized given that there are many school districts the size of Pleasant Valley or View School District is situated in that heavily rely on your advice and may not have the scale to have the staffing to be able to -- this isn't -- where I come from in LAUSD, this wouldn't be an issue.

But I feel for the smaller school districts who heavily have to rely on your expertise and being briefed on this issue just raised a lot of concern for me. What are the matrix that you're using for other school districts and has this happened in other places?

MR. REYNOLDS: Well, again, as you're aware from previous cases, the eligibility numbers do fluctuate and that's because the enrollment projections do fluctuate. And it's -- again, it's not an easy science. Like I said, I've worked with CASH and other groups in the past on trying to come up with a better model and in fact the model we have today has more options in it because of some of the unreliability, you know, in the science there.
The work we do is we are illustrating to the
district what their funding possibilities are. It's up to
the district to really -- and especially the school board to
focus on what their needs are and what the resources are.

Unfortunately for Pleasant View, this is their
only resource. They have a very small bonding capacity.
They could probably only issue maybe $600,000 in bonds if
they went out and were successful with their bond attempt.

They don't really have development. There some
planned developments and potential development, but that's
even a resource for their facilities.

So there -- was the opportunity for funding and
the potential need for funding based on development
(indiscernible) and the growth they were seeing after 2011,
they knew they were going to need more space.

And again, it hasn't come (indiscernible). Well,
hindsight's always 20/20. But the information we had at the
time was they had an eligible project, they a concern about
capacity, they had a resource, and until the rules changed,
that's when it really threw us into a whole new dynamic
situation that we face today.

CHAIRPERSON BOSLER: Yeah. Senator Allen.

SENATOR ALLEN: Okay. I apologize I came in late.
I was in a meeting with the Chief Justice. Can I ask the
staff what is this nexus between enrollment projections and
this deadline?

MS. KAMPMEINERT: It actually two separate issues. So the enrollment projections are one thing that the district needs to come to the Board to appeal for because setting aside the issue of occupying the classrooms, if we're processing the applications and we determine that based on the '17-'18 enrollment projections, the district had no eligibility.

SENATOR ALLEN: No eligibility, okay.

MS. KAMPMEINERT: So even if we could get past that issue, then we also found out that the project was occupied prior to the application submittal, which in regulation that makes you ineligible for new construction funding and we have an AG opinion related to the last point at which it can be considered eligible for new construction funding, we would have -- well, we would have returned the application for that piece even if the district had had the eligibility.

So there's two different issues that make this project ineligible for us to fund.

SENATOR ALLEN: Now, they're -- and they're claiming that the enrollment projections that you're looking at which you say are -- make it eligible are incorrect, that there was some sort of mistake you made at some point.

MR. HUDSON: Ours were based on '13-'14. That's
what initially kicked this project off. Had there been bond
capacity at that point in time in '13-'14, we would have
been eligible and funded for, but we were (indiscernible)
because there wasn't.

So that's -- then when we went ahead and built the
project --

SENATOR ALLEN: But you're supposed to kind of
update the projections, right?

MR. HUDSON: But we already built. We already
built the buildings.

SENATOR ALLEN: And then you were asking for
backfill --

MR. HUDSON: Right.

SENATOR ALLEN: -- (indiscernible). And what's
the procedure for that? Is that common practice to do that?

MS. KAMPMEINERT: So the --

SENATOR ALLEN: It was sort of a calculated risk
on your part?

MR. HUDSON: Based on what I see districts around
us doing all the time when it comes to --

SENATOR ALLEN: Okay. And then they -- so they
had a certain enrollment growth. It leveled off which moved
them from what would have been eligible before
ineligibility. Is that effectively what's going on?

And what kind of advice was being given to school
districts at the time about how to handle this kind of situation? I can see why a district would want to move ahead given, you know, the slowness of the process.

MS. KAMPMEINERT: From our office, in order to submit the application to the -- the application beyond bond authority list or our acknowledge list where it was just submitted and not reviewed, school districts had to go to the school board and submit a resolution that basically acknowledged the risk for the project.

So the resolution has a number of points and that there's no guarantee of commitment of state funding. The rules might change. The project might be returned. If the district proceeds, then they're doing so at their own risk --

SENATOR ALLEN: And you guys just figured we're going to take this risk and hope for the best in a situation like this?

MR. HUDSON: We didn't anticipate -- we anticipated some sort of funding coming -- a bond.

SENATOR ALLEN: How did you get that -- we have this resolution. You just thought something will come --

MR. HUDSON: This is -- this is what I had been told. (Indiscernible) was part of the people that were consulting to me, but I have an architectural firm and project managers there to who are consulting the same thing
and when the bond passed, the regs didn't change until in June of 2017 on the eligibility thing, so that's --

SENATOR ALLEN: Okay. Can I get a little more detail on this timeline issue. So I understand they were ineligible, but I also understand at the same time they were eligible at the time that they passed it and they took a risk and, you know, (indiscernible) I don't know. But then there's this timeline issue that I'm having trouble understanding.

So there was a mistake made by the district in terms of -- or the consultant in terms of paperwork filing?

MS. KAMPMEINERT: Correct.

SENATOR ALLEN: And can you tell us about that a little bit.

MS. KAMPMEINERT: Sure. So in the regulations, the last point at which you can submit an application to be considered for new construction funding is the day before you occupy the school.

Once you occupy any of the classrooms in the construction contract for that facility, it's ineligible for new construction funding. It becomes existing kids and existing capacity.

SENATOR ALLEN: And how long has been the regulation?

MS. KAMPMEINERT: It's been a regulation for the
majority of the program. Back in 2003, it was related more
towards the date from which you signed your contract, so you
had 180 days from the date you executed the contract to
submit the application.

So there's always been a time point in regulation
that tells when it's still considered a new application for
new students.

SENATOR ALLEN: And would you say that like
everyone in the business knows about this?

MS. KAMPMEINERT: It says there -- and we hardly
ever have issues with this. This is the fourth issue in the
program history that we've had with occupancy. One of the
first things that we always emphasize when we're training or
doing presentations on new construction, but it is a widely
known piece that's -- it's critical.

SENATOR ALLEN: Are the four cases then from
different consultants or different people?

MS. KAMPMEINERT: You know, I don't know the
consultant firms. Those were back in 2000 -- early 2000s.

SENATOR ALLEN: So we haven't had this problem --
everyone's been getting it right for 20 years -- for 15
years.

MS. KAMPMEINERT: That depends (indiscernible).

SENATOR ALLEN: Can you give us an understanding
as to what happened in your case?
MR. HUDSON: Yeah. The plans were approved by DSA, I think it was November 24th or 15th of '15. My architectural firm I guess did not submit those plans to CDE for CDE approval until June.

SENATOR ALLEN: You're the superintendent.

MR. HUDSON: I'm the superintendent.

SENATOR ALLEN: Oh, you mean the one you hired, right?

MR. HUDSON: Yeah. So they didn't submit I guess the plans to CDE until June and those plans weren't approved and back to -- I guess till September which was then sent to them then to help me fill out the 50-04.

So that -- I don't know why that delay. I don't have an answer on that. Well, and my inspector that I had who is the one I had the most confidence in and that's the person I went to because I saw her all the time, she's the one that ended up passing away.

So she went off the job in the end of May, early June, and passed away by October.

SENATOR ALLEN: Okay. Just so I can better understand the timeline. There is a timeline in here, right?

MS. KAMPMEINERT: Yeah, page 120.

SENATOR ALLEN: If you want to ask questions, let me see --
MR. DIAZ: While the Senator is looking at the timeline, so I'm looking at what your situation is and obviously what we do is unique and this one has quite a bit of problems.

There's another thing that I'm looking at. You set a timeline on occupancy -- of course, the AG's advice. You have a situation here that you're talking about in your application that you may consolidated the two sites. And we're looking at -- were talking about water scarcity issues, but if you do that, then would that not lend against the idea this is being needed in terms of your --

MR. HUDSON: The consolidation -- and I explained this to Brian a while back, but the worst case scenario would be if we had to go back to one campus. If enrollment continued to decline over the next so many years and you had to go to one campus, I can't go back to the old site. I have no kindergarten facilities on the old site.

So everything would have to go towards the community and so the -- we're not planning to consolidate everything to one campus in the community tomorrow. That was just an option long term if we need to -- because with two campuses, you have a redundancy in staff that most K-8 schools are not dealing with.

I have twice the maintenance, operation, bus drivers. I've got twice the secretarial staff, office
staff. So that was one of those long-term things that if
needed because I can't predict enrollment and when you're in
a small school district, it does fluctuate heavily, and so
if it were to go that way and we needed to the community,
that would be our best option.

MR. DIAZ: What are the criteria that you would
see in terms of development so you (indiscernible) housing
market (indiscernible) --

MR. HUDSON: So what I've heard recently redevelop
the community plan (indiscernible), and when they did
that -- back in the housing crisis, there were tentative
subdivision maps for about 5- to 600 homes. So when the
housing crisis hit, those disappeared.

There was one map that's around the school that
was -- I guess -- and I don't know this. I guess they're a
three-year period or something that was extended for ten. I
don't know if that's correct, but there was two subdivision
maps in Tulare County. That one was -- around our new site
in the community was extended for ten years. So we're
going close -- that's coming up.

But there was a big home builder in Visalia as
well as (indiscernible) were looking at that property, but
it was contingent upon the new well in the community going
in which is just -- I just got that report in not too long
ago that that well is -- they had a test well there, but now
they're building a well there.

So I can't predict whether they'll come in and take that opportunity, but there's only two different subdivision maps that are already tentatively approved in Tulare County and that's one of them around that new school site.

SENATOR ALLEN: Well, I just -- I mean just looking this over, I mean the (indiscernible) is an incredible situation obviously, but isn't it still your consultant's responsibility to meet the deadlines. You know, there have been all sorts of -- we often hear very difficult situations like that, so -- it's often that (indiscernible) leads to some problem.

But this is what you do for a living and this is the first time we've ever had this particular problem in over -- about 15 years.

MR. REYNOLDS: Yeah. And unfortunately we weren't a project manager on this project. We were just providing assistance with calculating eligibility and filling out the forms. So when the district provided us with the plans and the CDE approval letter and the DSA approval letter, we prepared the documents and had it turned in within a couple weeks of receiving all that data.

SENATOR ALLEN: So the issue is with this kind of slow response from the state government, from the --
MR. HUDSON: No. It was the -- my project manager from the architectural firm that we were with. They -- when they got the plans -- and I'm new to all -- I'm learning a lot as I go through this, but they should -- they submitted -- been to CDE and CDE then back to -- which would then trigger the 50-04. And that was the delay.

SENATOR ALLEN: Who --

MR. HUDSON: My project manager from the architectural firm, the architectural firm that designed the buildings and who was another piece in guiding me through the process.

SENATOR ALLEN: So they --

MR. HUDSON: Yeah, I --

SENATOR ALLEN: -- didn't get the paperwork in on time to CDE as they were supposed to. Is that what you're saying?

MR. HUDSON: I don't know what the timelines -- I mean obviously we missed the timeline, so -- and when I was in contact with them and the contractors through the construction process and inspector, my understanding was the school would be ready to go August 8th, the first day of school. And we missed that by a month and a half because it was submitted late.

SENATOR ALLEN: What's the name of the firm?

MR. HUDSON: Mangini, Tellen, Parrish &
McClain (ph).

SENATOR PAN: So -- well, first of all, I just wanted to be clear that it has been said like that, but when you're on the -- what's the list called again?

MS. KAMPMEINERT: The acknowledge list.

SENATOR PAN: -- the acknowledge list -- and I know we've talked about this multiple times on this Board that I've been sitting on. We emphasize there's no guarantee of funding. If you go ahead and build, you build at your own risk because we don't know when the next bond is going -- we can have a whole conversation about the way we finance new construction and how crazy it is (indiscernible) one time bonds and so forth.

But aside from that -- and we even had discussions about whether we should still continue an acknowledge list or not because of this very type of situation because unfortunately, people then have expectations.

But every document -- every, every document that we require, that we say you can't -- you're not expecting -- we have to pass a resolution, everything is just like you go build, you're doing it on your own dime.

You may get state funding. We may decide, well -- but where there's no guarantee, there's no promise, no nothing. You decided -- you made the decision. You go for -- take responsibility for it. All right?
Is there any question about that?

MR. HUDSON: No. I --

SENATOR PAN: Okay. So I just want to be sure because it sounds like to me (indiscernible) over and over again. So I want to be sure there isn't any confusion there.

Okay. So you understand that. All right. And then I guess the second part is, is that -- so who -- and I realize that, you know, a small school district. Who was supposed to give you guidance about the issue around this very longstanding policy that you cannot get funding after you occupy it? It's no longer new construction.

I mean is this some decision you made on your own. Did you talk -- who told you that it was okay to do that?

MR. HUDSON: To?

SENATOR PAN: So the whole issue about occupying the space -- yeah, before -- I mean that's a big problem. That's a longstanding policy of this Board. (Indiscernible) four violations of this in 15 years.

MR. HUDSON: It was -- and I'll be -- it was never my intent to violate any regulation.

SENATOR PAN: Sure. Okay. But were you advised by them? Did you seek advice? Is that something -- did someone tell you that was okay to do? Did you ask --

MR. HUDSON: I didn't even know at the point -- at
that point.

SENATOR PAN: Uh-huh.

MR. HUDSON: I was unaware of that.

SENATOR PAN: Okay. But that was a decision you made on your own? You didn't check with somebody --

MR. HUDSON: I checked with -- at that time when I'd lost -- my inspector was already off the job. Went to contractors and my architects and project managers, my question to them was will the school be ready for the first day of school and I was repeatedly told yes.

Now, where that breakdown -- that was never communicated to me, Mark, we got to wait, we don't have the plans back from CDE yet. Like I had never heard that, so --

SENATOR PAN: Okay. And that wasn't something you used any consultants for or anything like that?

MR. HUDSON: But with -- that -- when it came to that, that was my day-to-day (indiscernible) consultants on that. It would have been my architects and my project manager.

SENATOR PAN: Okay. And --

MR. HUDSON: And I haven't heard from them since.

SENATOR PAN: Okay. I assume you selected them because they'd done school construction before?

MR. HUDSON: They're well known in our area, yes.

SENATOR PAN: Okay. For doing school
construction?

MR. HUDSON: Yes. Yes.

SENATOR PAN: Okay.

MR. HUDSON: They're probably one of the largest in the Tulare County area.

SENATOR PAN: Okay. I mean what I'm struggling with -- that's -- you know, they should be paying you back (indiscernible) because -- frankly, because they gave you -- they didn't advise you appropriately. That's who you counting on for advice. If you picked someone who supposedly knows what they're doing, they should have told you, well, guess what, if you -- that there's policy that if you move in, then that triggers these things.

And so they should know that, if that's who you're counting on for advice.

MR. HUDSON: Well, I know that now.

SENATOR PAN: Yeah. I know -- well, the thing is, is that they should have told you.

MR. HUDSON: I know, but --

SENATOR PAN: And to a certain extent, I mean I don't know what degree you -- you know, I don't know if it's a violation of their contract or not to give you -- basically put you at risk for -- I mean first of all, we can't -- there's no guarantee of funding anyway.

MR. HUDSON: I know.
SENATOR PAN: They essentially just put you in the situation where -- I mean it's really hard -- we don't want to open a door for other people to come down and say, well, guess what, you know -- that it's okay to start doing this because creates a whole lot of big policy problems for us if people start saying it's okay for us to occupy and still try to get this money. I mean that's the reason that policy's in place.

ASSEMBLYMEMBER MATHIS: Assemblymember Devon Mathis. This area is in my district. To better clarify the area, this is one of our very, very small, disadvantaged, high immigrant populations that's right outside the City of Porterville which a lot of you may recall was the city without water, that got hit extremely hard in 2012 with the drought.

You know their school's well went out. They've gone through a lot of things. This area doesn't have a lot of money. They don't have (indiscernible) access. They don't have the professional, skilled people to come in and help them with the consulting process.

They had lost somebody that was running the project and, you know, this area is literally one of those places where there's two stop signs in the entire town.

The City of Porterville's growing, but it just recently got green bus and a lot of people will move out to
this area because of the lower rental costs and housing costs. I know Self Help is looking at this area to expand. We work well with them and I know we're talking about building more housing in the state and this is one of those areas that definitely has room to grow to match those numbers.

But this area needs a lot of help and it's very clear that they didn't get the proper guidance and everything kind of got lost in the sauce on this one. But I really encourage you to help them out.

You know, as stated earlier, the Board in the past has (indiscernible) three times to help things out. Now, there are some other circumstances here that aren't like others, especially with the drought, especially with the population and their access and losing somebody on top of that. It just kind of made this all a whole mess and it's very hard for me to sit down and see one of superintendents kind of get hammered with questions when the person that could answer them is no longer with so.

So I ask for your sympathies on this and to better understand (indiscernible). I hope that helps.

CHAIRPERSON BOSLER: Thank you, Assemblymember. Did you want --

MR. NAZARIAN: Just to clarify. When you say they're no longer with us, is it this inspector or is it the
folks from Mangini who seemed to --

MR. HUDSON: No. The day-to-day person. My
inspector. She passed away.

MR. NAZARIAN: Did the inspector work for the
district?

MR. HUDSON: Yes.

MR. NAZARIAN: But aren't we ascertaining that it
was the folks from Mangini who --

MR. HUDSON: I'm not saying that that wasn't part
of it, but yeah.

MR. NAZARIAN: It seems to me we need to bring
them in and have a conversation with them and especially if
they're doing this -- if they're the main player in the
area. They're putting other districts in the area at risk
if this is the way they operate.

MR. MATHIS: Well -- and Senator, I don't -- you
know, with her passing away in October, I think she was the
one -- she was the right hand that was giving our
superintendent here all the information and doing day to
day. So I mean who knows what she knew and what she didn't
know, what the company knew. I mean and that's the
difficulty with the loss.

I mean if she was here with us today, she could
probably answer every single person's questions inside and
out.
SENATOR ALLEN: So she would be --

MR. HUDSON: She was my main go-between.

SENATOR ALLEN: Uh-huh.

MR. HUDSON: I mean I had a project manager assigned to me, but when it came to looking for advice -- because contractors tell you one thing, architects tell you another, and Chris was the one that would tell me, no, this is what you can do. This is what you -- that was the one I --

SENATOR ALLEN: So when did she -- was she working when she passed away?

MR. HUDSON: No.

SENATOR ALLEN: When did she leave?

MR. HUDSON: She went away for treatment. It was the end of May or early June.

SENATOR ALLEN: And how does that relate to the date in which the mistake was made?

MR. HUDSON: I had -- well, I had nobody then on the project other than the architect up until the end.

SENATOR ALLEN: Uh-huh.

MR. HUDSON: I had nobody --

SENATOR ALLEN: That was -- so the problem --

MR. HUDSON: -- even had to go back and do a retest of a fire system because they hadn't -- they had somebody do it, but they weren't a DSA inspector. So then I
had to go back and redo that as well later on.

SENATOR ALLEN: But this timeline problem happened after she left the job.

MR. HUDSON: Yes.

MR. NAZARIAN: So a couple things getting confused here and I don't want to -- sorry. I don't want to -- Mr. Wilk is trying to --

SENATOR WILK: No, go ahead.

MR. NAZARIAN: There's a couple of things and I don't want it to get mixed or confused because some of the estimates that were made also precedes all of this and goes back several years.

SENATOR ALLEN: Yeah. Right.

MR. NAZARIAN: That's why there's -- I can appreciate that the architect made some mistakes, but we still haven't gotten answers to some of the -- why this source of funding or why the overestimation and honestly, I haven't been satisfied with some of the answers that have been provided here.

And to Senator Pan's question also, I was waiting for you to maybe delve in and say -- have you had experience working with the architect in previous times? Has this been a recurring factor with this specific architect? I thought you were going to ask that as well, but -- so I was waiting for that.
But that's something else that I'd be interested to know, but going back again, I'm very sorry for your loss and I can appreciate what it means when you lose someone who you so heavily rely on.

But there were some things that were decided upon prior to any of this and I think what I'm trying to get at is how were those decisions made. How were those conclusions arrived at and does that happen in other places now because my general thinking is that I don't want to impact --

UNIDENTIFIED SPEAKER: I'm sorry.

MR. NAZARIAN: Sure. Sure. I can wait.

UNIDENTIFIED SPEAKER: Go ahead.

MR. NAZARIAN: What's important here is to make sure that the kids aren't paying the price for mistakes made. That's my general philosophy. But I also don't want to be rewarding mistakes that now can be -- you know, if there can be things happening over and over again, that's what I'm trying to understand here.

MR. HUDSON: Right.

MR. NAZARIAN: I don't want -- I would not want to incentivize that behavior. So that's why to some extent these are questions, all due respect, not for you to answer, but I'm interested in knowing more from the consultant as well as from the staff of what's going on.
So I apologize for jumping in because I'm trying to (indiscernible), but Senator Wilk --

SENATOR PAN: -- can answer some of those questions about the architect.

CHAIRPERSON BOSLER: I seems like -- I agree with you. It seems like this project (indiscernible) a good project doesn't fit this program. (Indiscernible) around integrity of this program and how it was set up, not an issue. But you guys go ahead.

MS. SILVERMAN: Yeah. I mean as far as the architect is concerned -- and we don't really have -- the project is something that we've been (indiscernible) to build out a few years ago. So it's kind of hard to try to solve issues that had begun -- you know, since 2012, 2014. So it's hard to sort those things out.

So it's -- and it's also hard to figure out whether or not we have multiple issues of that nature with the same architect firm and sometimes you're dealing with firms that don't even exist anymore. So it's hard to sort those things out.

I mean should we be keeping a track record of those problem companies. Yeah, perhaps we should because, you know, there's nothing worse than having (indiscernible) and having (indiscernible) potential they take away. So I mean you bring up good points.
MR. MATHIS: Madam Chair, if I may ask for a motion to defer for a month so they can come back and better answer the Board's questions and better be prepared.

ASSEMBLYMEMBER O'DONNELL: Madam Chair. My concern is this conversation is done, you know, way out of this room. I don't know that it's really a purview of this Board to investigate everything. I mean the facts have been presented.

Clearly, you -- you've admitted that mistakes have been made and they ask us for a policy exception and it's kind of a yes or no answer before us today from the way I see it. I just think we ought to weigh in with a yes or a no, if there even is a motion.

CHAIRPERSON BOSLER: Yeah. One concern I have is about precedent and, you know, how this will be viewed, if we make an exception here, by other districts and other projects that come before us.

So that -- without framework for providing the exception, which I don't think we have right now here today -- so there -- I mean I have been following everything going on in Porterville for years. It was a rough time during the drought and the drinking water issues, the administration, very familiar with, and that's also something we're trying to deal with in other venues.

But today I don't see -- the way that the
program's laid out, I don't see the place where we have a

   clear framework for making an exception in this case and so
   that makes me nervous because others will come after you and
they may not be sympathetic and may be a lot bigger projects
   and all of these things and it will be hard to say, well, we
   need to treat you differently because you're not
   (indiscernible). I don't -- be a concern.

   Senator Wilk.

   SENATOR WILK: Thank you, Madam Chair. So thank
   you for what you do. I know it's a tough population group
   and I appreciate you being there, you know, day in and day
   out.

   Just kind of track a little bit. I'm new to this
   Board and so do you have your doctorate in education?

   MR. HUDSON: Master's.

   SENATOR WILK: Master's. So it's in what?

   MR. HUDSON: Educational leadership.

   SENATOR WILK: Do they spend any time -- because I
   have a lot of rural schools in my district. I mean a lot of
   these people here are urban areas, so they're not familiar
   with the challenges that we have.

   Do they teach any of this stuff in those programs
   at all?

   MR. HUDSON: No.

   SENATOR WILK: So you're overly --
MR. HUDSON: This is my first experience.

SENATOR WILK: So you're overly reliant on your consultants.

MR. HUDSON: On everything.

SENATOR WILK: Part of it's been act of God between the drought which was not anticipated and the passing of your go-to person. I think there is some malfeasance I think with some of these others.

So I'm not heartless yet because I'm new to the Board, so I'm -- I understand everybody's position.

SENATOR PAN: We appreciate that.

SENATOR WILK: But I just -- I'm going to oppose the staff recommendation because I just don't want to do that to you or to your children. If anybody else (indiscernible), I totally understand, but I'm sorry. Maybe it's not this -- and I agree with you at this point. This is probably not the proper venue, but we -- maybe it is something we ought to take a look at in our duties and -- because I'm sure this is not the first time stuff happened -- has happened like this and it's -- particularly if it's the same players. So

MR. DIAZ: So I appreciate all the conversation and was actually looking at the history of the program. The program could use some updating. Definitely, there are situations that are out there that call for that and perhaps
the Legislature's purview given that this body as we know that can make those decisions and (indiscernible) for future programs.

But we all have integrity. All we have is the integrity (indiscernible). I appreciate the comments that were made, but I'm going to make a motion to approve the staff's recommendation to deny the appeal.

CHAIRPERSON BOSLER: Is there a second?
MR. KIM: I will second that.
CHAIRPERSON BOSLER: So (indiscernible).
MS. SILVERMAN: I just want to clarify that. Staff's actually recommendation to the Board was to deny. So it's really the district's appeal before you. So they need the votes to overturn staff's recommendation.
CHAIRPERSON BOSLER: So we have the wrong motion on the table.
MR. DIAZ: Okay. I'll clarify the motion. This would be to support staff's recommendation.
CHAIRPERSON BOSLER: Is there a second?
MR. KIM: I will second.
CHAIRPERSON BOSLER: Secretary, can you call the roll. Sorry. One question.
SENATOR PAN: So there -- and I hear people saying the facts are there. There's also a suggestion that we give a little more time -- let me ask staff. And so -- some of
the things I'm hearing is that, first of all -- and I agree
we don't want to set precedence.

I think I heard from the Chair that some ways the
original request is somewhat -- you know, didn't really fit
in the box it's supposed to fit in. If there was a
deferral, is there any way to see whether some funding could
be done -- given that would not create a precedent, but
would fit -- more appropriately fit into a box and maybe the
answer's no, but I just want to throw that out there.

If there was some time to look at it, given the
circumstances, without --

MS. KAMPMEINERT: Yeah, and that's a good
question. And when we have been looking at the applications
where there have been eligibility challenges, one of the
things that we try to do is look at every option we can to
try to find some funding.

We don't have any solutions for this one. Using
the '18-'19 for the two other appeals was one of the ways
that we could fix this -- fix that for the district. We
don't have that option right now and whether it's the design
application, the full funding application, in both cases,
the '17-'18 as the current enrollment doesn't justify the
application.

So we don't really have any options because it all
hinges on that new construction eligibility piece that they
don't have with the updated numbers. So I don't know what
we would bring back to you next month with options. I wish
there was something we could do.

MR. MIRELES: Can I just clarify the process. Do
we not need six votes to approve the district's appeal?
They're appealing staff's recommendation, so we need a
motion to approve the appeal against staff's recommendation.
Is that (indiscernible)?

MS. KAMPMEINERT: Yeah. Staff administratively
denied it. If there are not six votes to approve the
district's appeal, then staff's action stands.

MR. MIRELES: So we must have a motion
(indiscernible) six votes, then this appeal (indiscernible)
approved.

MS. KAMPMEINERT: Correct.

MR. MIRELES: Staff's action stands.

MS. KAMPMEINERT: That's correct.

MR. MIRELES: Thank you.

SENATOR ALLEN: Can I just better understand that
procedure (indiscernible) involving the (indiscernible) idea
of those (indiscernible). How does that -- how would that
potentially work?

CHAIRPERSON BOSLER: I mean I think the problem
that came in the president's report which said that we're
going to have all these applications in and there's really
no other -- there's no modernization money left to allocate.
So it's just the new construction and so right now, before
this body, I don't know that there's any other funding
stream available. Is that right?

MS. SILVERMAN: Right. I mean so we promised to
take the Board these new construction appeals as quickly as
possible. So if we just sit this in a parking lot -- I mean
we're supposed to take action on it as quickly as possible.
So I agree it should be a yes or no answer.

And it's difficult. I know it's difficult.

MR. KIM: I was wondering if we just delay this.
I don't know what additional information would be provided
that would sway any of us to vote (indiscernible).

SENATOR ALLEN: For me, I guess it would be to get
to the bottom of this question of the role the architect
(indiscernible).

ASSEMBLYMEMBER O'DONNELL: Madam Chair.

CHAIRPERSON BOSLER: Yes.

ASSEMBLYMEMBER O'DONNELL: Again, we have a policy
consideration before the Board. It is either to approve the
appeal, deny the appeal. I don't think the facts are going
to change. As much as this is a tough decision, I get it.
I get it and (indiscernible) fear about setting precedent as
a body. So I really think, you know, from my perspective,
the Board should weigh in on this matter today because I
think it's been shared from the staff's side that there's not much more information they could bring forward.

CHAIRPERSON BOSLER: So I guess the question is, is there a motion to approve the appeal. No. That was a different motion. As Juan pointed out, it was the wrong motion. Sorry. We're going to rescind that motion and start over.

MR. DIAZ: I rescind that motion.

SENATOR WILK: Good. Because I didn't understand your motion.

SENATOR WILK: I move to approve the appeal.

CHAIRPERSON BOSLER: Move to approve the appeal. Is there a second to approve the appeal?

ASSEMBLYMEMBER O'DONNELL: Second.

CHAIRPERSON BOSLER: Second. Secretary, call the vote.

MS. JONES: Senator Allen.

Senator Wilk.

SENATOR WILK: Senator Wilk, yeah.

REPORTER: Please start over.

MS. JONES: Senator Allen.

Senator Pan.

Senator Wilk.

SENATOR WILK: Aye.

MS. JONES: Assemblymember Nazarian.
MR. NAZARIAN: Abstain.

MS. JONES: Assemblymember O'Donnell.

Assemblymember Gallagher.

ASSEMBLYMEMBER GALLAGHER: Aye.

MS. JONES: Juan Mireles.

Cesar Diaz.

Daniel Kim.

Keeley Bosler.

MS. JONES: That motion does not carry.

MR. NAZARIAN: As much as I love my colleague sitting to my right, I do disagree with the idea that this is just a yes -- up or down vote. I think this program is still a program that is shaped by the policies we make.

So it's very important that when issues like this come up we utilize it to figure out how we can support the school districts in question, but at the same time, effectively addressing some of the issues that we don't want to turn into a precedent.

So to me this was a good debate and I think -- I abstained because I would have wanted us to continue to figure out how we can help the school district because I voted -- serving in this committee, I voted on many occasions when I see -- in favor of the school district even when the final vote had lost because to me it's very important to make sure that the kids aren't paying a price,
especially in rural areas.

Some years ago, we were voting on a school
district that only had one high school and it had been under
a circumstance of heavy mold for three or four years and
wasn't getting the attention that it needed.

But because of some of the issues that had taken
shape in that district, ultimately the vote went against it.
So I'm very sympathetic and I want to support, but I also
feel that this was an important opportunity to address some
things and root out some things that happened that we don't
want to see happen, especially to smaller districts because
again, they don't have the resources necessary to be able to
do what some of the bigger districts are capable of doing.

So I don't know if -- I would hope this isn't
final determining vote. I would hope that there's a way of
helping, but trying to figure out how we can address --
honestly, it's not a good enough answer to say that there
are private factors involved.

This is public money and so the integrity of it
can't be compromised, and I'm not pointing at you. I
think -- I believe you when you expressed that you were
working with what you have. But I think it's our
responsibility to also figure out what doesn't work. That's
why I was asking if we had had a working relationship with
this architecture firm.
And I don't know if this the appropriate time for this or not, but we've had strike teams -- or outreach teams in the past and it's been very successful and if that modicum of an investment can help overcome some of these challenges, I think the more resources in making sure a handful of staffers for the entire state can address -- and address these issues before they become an issue and before you're sitting here and getting the outcome that you just did.

So I want us to make sure that we're looking at the opportunities --

CHAIRPERSON BOSLER: Well, I think that the conversation really illuminated a lot of program design issues around rural districts especially where they may not have growing student population, but they have real other structural issues, this time in a location that was not serving the students.

So I'm very sympathetic to reason why the additional school site was built, but, you know, clearly our program is a little too rigid in that regard with this funding stream for new construction. It's really meant to deal with districts that have grown out of their existing school site.

ASSEMBLYMEMBER O'DONNELL: Well, Madam Chair, was that new construction money modernization money? Not now
but --

CHAIRPERSON BOSLER: Yeah.

ASSEMBLYMEMBER O'DONNELL: Well, we need to look to going forward in the State of California -- and I think Mr. Gallagher would agree -- is some type of filing for schools that are dealing with disasters. Okay. No water is a disaster. Fires are a disaster. Mud is a disaster. So those will be conversations the Legislature will have going forward this year.

MR. HUDSON: Thank you.

CHAIRPERSON BOSLER: All right. Thank you. All right. We'll move on to the Hayward Unified, Alameda.

MS. KAMPMEINERT: So Hayward appeal is related to the Emergency Repair Program. In 2017, the district received an apportionment from the Emergency Repair Program for the (indiscernible) project. They did not complete the project within the timeline (indiscernible) by regulation and administratively, there is nothing that we can do to extend the timeline.

The district had indicated that they had some unusual staffing turnover during the time period that the apportionment was provided, so they didn't have anybody that was available to staff the project.

However, the Emergency Repair Program funding was designed to address the facility that had (indiscernible)
repairs and (indiscernible) and the roof does still need to be taken care of. The work hasn't been done.

The district is requesting an additional 12 months to complete the project.

We have had three other districts that have submitted appeals related to extensions on their timelines for this program. In those circumstances, the districts were typically -- a little bit further along in their project progress. They had either come very close to completion or they had other factors that required the timeline to go outside the original date. (Indiscernible) had to close down the school (indiscernible) work at one of them.

So we do have a little bit of concern with the time frame on this project. However, if the funding is not extended for the district, it will not go back into the program to be used for other facilities needs or for the Emergency Repair Program projects because that program is now over. So it would just go back to the general fund and would not be able to use for other districts.

So we have no major objections to the Board providing an extension, but administratively we cannot do anything. And I believe the district is here to address any questions as well.

CHAIRPERSON BOSLER: Yes. Ernesto Ramirez.
MR. RAMIREZ: Thank you. My name is Ernesto Ramirez. I'm the bond construction coordinator for Hayward Unified in Alameda County.

I'd just like to make three quick points in terms of the allocation that had been provided to the district. One is that this rainy season has just reconfirmed what we've known, that there's still need to replace the roof at Lorin Eden Elementary.

Two is that the district's fully committed to getting this project done. We have hired a consultant -- a roofing consultant that has -- is about 99 percent complete with the drawings.

We anticipate going out to bid in about two or three weeks and we're fully committed to getting this done during the summer.

CHAIRPERSON BOSLER: When it stops raining.

MR. RAMIREZ: When it stops raining, correct, if it ever does. And the last point I wanted to bring out is the fact that there has been a high turnover of senior managers at the Hayward Unified. I have been there for about a year and it wasn't until the fall of last year where we became aware that the funding that was at the district was specifically allocated for roofing replacement at the elementary.

CHAIRPERSON BOSLER: All right. Well, I believe
that's going (indiscernible).

MR. RAMIREZ: Yes. We do have a major need.

CHAIRPERSON BOSLER: Any comments on this one?

Senator Pan.

SENATOR PAN: I guess the one comment I have to make, though, is that I understand this is really important. This is an emergency. (Indiscernible) that emergency (indiscernible) concerned about the safety of the students and, you know, the (indiscernible) of which, you know, part of the reason it's on appeal because somebody told you you had an emergency, but yet you're not (indiscernible) the money and I understand you have -- there's reasons that happened.

That also makes me a little nervous about those kids. I mean the reason it's an emergency is because those are kids in there and you need to get it fixed. So I'm certainly, you know, in support of this, but it does make me a little nervous that the reason we're here is because an emergency was delayed. I mean the (indiscernible) emergency was delayed.

CHAIRPERSON BOSLER: Is there a motion?

SENATOR PAN: I'll move.

CHAIRPERSON BOSLER: Senator Pan moves.

MR. DIAZ: Second.

CHAIRPERSON BOSLER: Mr. Diaz seconds. And roll
call.

    MS. JONES: Senator Allen.
    REPORTER: You're not coming on over the microphone for some reason.
    MS. JONES: Well, blow me down.
    Senator Allen.
    SENATOR ALLEN: Aye.
    MS. JONES: Senator Pan.
    SENATOR PAN: Aye.
    MS. JONES: Senator Wilk.
    SENATOR WILK: Aye.
    MS. JONES: Assemblymember Nazarian.
    MR. NAZARIAN: Aye.
    MS. JONES: Assemblymember O'Donnell.
    ASSEMBLYMEMBER O'DONNELL: Aye.
    MS. JONES: Assemblymember Gallagher.
    ASSEMBLYMEMBER GALLAGHER: Aye.
    MS. JONES: Juan Mireles.
    MR. MIRELES: Aye.
    MS. JONES: Cesar Diaz.
    MR. DIAZ: Aye.
    MS. JONES: Daniel Kim.
    MR. KIM: Aye.
    MS. JONES: Keeley Bosler.
    CHAIRPERSON BOSLER: Aye.
MS. JONES: And that motion carries.

CHAIRPERSON BOSLER: So I think the next item on the agenda was a special report informational item given the devastating disasters, especially the impacted Paradise, just thinking through how you go about rebuilding an entire school system. And we have some people from Office of Emergency Services and State Department of Education that are going to help us to understand a little bit better the processes in place to support those school districts, especially Paradise.

MS. SILVERMAN: -- the folk to join me. Yes. We also have the Division of State Architect.

CHAIRPERSON BOSLER: Oh, right. Great.

MS. SILVERMAN: Yeah. Good afternoon. I just wanted to thank these folks for joining us today and the opportunity to speak to you about the emergency response when it comes to disaster and appreciate the collaboration here and the (indiscernible) that the agencies do work together when it comes to these national disasters.

So in the event of an emergency affecting California public schools, we have representatives today for Robert Larsen, the Deputy Public Assistance Officer, and we also have Lynne Olsen, the Senior Emergency Services Coordinator from the Office of Emergency Services.

We have Juan Mireles here also from the Department
of Education. You all know Juan, Director of School Facilities, and he'll be sharing some highlights of what his role is there in this process, and James Hackett, the Division of State Architect, and he's a Principal Structural Engineer, Code and Policy Standards, here in Sacramento.

So we honestly wanted to share -- when the Camp Fire began on November 8th, 2018, (indiscernible) structure fire in California history, but hundreds of schools have been impacted not only in the recent wildfires but mudslides and other disasters.

In the wake of the events, staff is writing a report on its role and what our role is for the Office of Public School Construction in event of these disasters and what we find as far as with damages to the facilities.

So as this multi-agency process in the aftermath of the Camp Fire, these prior disasters, we wanted to share with you how these joint agencies work together and we have Cal OES, California Office of Emergency Services, and the Department of Education, the Division of State Architect, and the Office of Public School Construction, among other state agencies and local school districts and their leaders and we collaborate to join the state agency (indiscernible) schools task force to provide a broad range of support in their efforts to not only rebuilding the school districts, but their local community.
So with that, I also wanted to introduce the California Office of Emergency Services and he can share what his role is.

MR. LARSEN: Sure. So again my name is Robbie Larsen with Cal OES and I'm a Deputy Public Assistance Officer. And public assistance, what that means is that we help to support counties, cities, tribes, special districts such as schools.

And as we all know is what happened up there in Butte County, up in Paradise, pretty much the majority of the town was lost, about 14,000 homes, along with a big portion of the school district up there. There are several buildings there that were lost. There is lots of trees that are dead and lots of trees that need to be removed. Also trees in neighboring -- around the school that belong to private properties that also are dead and need to be removed. They're all a safety hazard to the community and the public at large.

So what we do is give public assistance. Right now this is declared a major disaster, Disaster DR4407, and so FEMA is in town. We're working with FEMA hand in hand and we're working with the school district. Over there in Butte County, there are several applicants in Butte County that we are working with. The school district is one of the top four just because of the damages that they have and
everything that they are dealing with there.

Currently, they are working with an arborist to identify these trees and we are there to help and assist them. We have technical people that are coming to help them -- FEMA does and we are there to help them get the trees identified. There's a certain way that that needs to be done to make sure everything is eligible.

And with the state, we work as their counterpart to make sure that they do all the right things, to make sure that they get every single penny that they are entitled to. Because it is a reimbursement program. It's not a grant program. It is a reimbursement program and the way that it works now is that -- normal procedures is that FEMA will pay 75 percent -- 75 percent of what the damages -- what the losses are.

The state -- well, we pay -- Cal OES or the state, we come and we pay 75 percent of the remainder which works out to about 18 and 3/4 percent and that leaves the locals (indiscernible) 6 and 1/4 percent.

Now, recently we got approval -- FEMA approved where they're going to cost share at 90/10, which means FEMA will have a cost share of 90 percent of the category A and B work only. That's what they have 90/10 for is A and B only which is emergency work which is tree removal and all of the emergency response work.
And then the state, we will then cost share 75 percent of the 10 percent which leaves them on the hook for about 2 and 1/2 percent. Pretty good deal.

We're looking to try to -- we're working on it now to where we're going to probably absorb the full 2 and 1/2 percent. So it will relieve the locals (indiscernible).

CHAIRPERSON BOSLER: -- point that out.

MR. LARSEN: Yes. So we'll --

CHAIRPERSON BOSLER: We did build that into the (indiscernible).

MR. LARSEN: Yeah. And we're working on that now.

Yeah. The other day, myself and the public assistance officer, we spent about eight hours going through all of that -- actually about a day and a half doing it and we're working on making sure all the numbers are okay and that there is enough money there to do so.

Again, we're here to support the locals, the communities, and that includes the school districts and we work with FEMA. If there's any questions that come up that the locals or the applicants or subgrantees have any concerns, we're there to help them and assist them through not only the beginning here, but also to the very end when their projects are all done. We help them with their time extensions to make them -- you know, get through the process.
If there's any (indiscernible) changes that need
to happen, we also help them with that.

It is a tedious process. It does take a long
time. There is a lot of -- a lot of times, it seems like
there is nothing going on, nothing is happening, but believe
me, there is a lot that is going on and a lot that is
happening.

Currently, that's what we have there with the
disaster up there in Paradise in Butte County. As we all
know, the current storms that are happening now, we have
teams that are out in the field that are doing evaluations
that are called initial damage estimates and we're possibly
looking at a potential other disaster that's out there too.

It won't affect just Paradise, but several other
counties also. There's 21 counties that the Governor did
proclaim as part of the state of emergency.

Storms that are happening this week, that could
turn into a whole new event. So we've been very busy.
There's been a lot of work out there in the last couple
years, seven major events in the last couple years along
with the -- all the only -- state only events and that
doesn't count -- each year we end up about between -- on the
average between 8 and 12 fire events which are
(indiscernible) events, which are smaller fires, but they're
still events, still plenty of work.
So any questions I can answer on anything that any of you may have?

SENATOR ALLEN: Just a thank you for all the work that's going on. It can't be easy and it's not really so much about the effort on every level. And Juan -- we have one of our colleagues here to represent the area, so my heart goes out to all the folks who are doing this work. It must be heartbreaking out there -- heartbreaking and back breaking. And I just want to recognize --

CHAIRPERSON BOSLER: Yeah. Thank you. I second what Senator Allen was just saying. Just watching all of the departments, it's really a government-wide effort when you're responding to an emergency and the way the Department of Education worked with OES during the emergency was really just wonderful and I was on a lot of unified command group calls, every morning, every night.

But now is the hard part. What I've learned from our OES Director, Mark Ghilarducci, the recovery is almost ten times harder than response and that's the part we're in.

I am interested to hear a little bit about -- I know insurance is part of it, but then also federal grants (indiscernible) maybe Department of Ed (indiscernible).

MR. MIRELES: So our role in emergency services really dramatically increased in 2017 and part of it was because more schools were impacted. More schools were
damaged or destroyed. Part of it was also due to (indiscernible). We were instrumental in helping as the -- part of the unified coordinated group at the Office of Emergency Services and that really helped that schools had a voice in these coordinated efforts and we were responding.

So the department has representatives that go to the state operations center when there is a natural disaster, when this all gets activated. We go there and help with the response. We are not first responders. We know what happens on the ground, but we do collect information that I think is very critical for all the efforts at the state level to help and I think that what's very important particularly in '17 and moving forward was the emphasis and the priority that schools had during this whole process.

I think there was a general consensus with the Governor's office, with Cal OES, and of course the Department of Ed that schools need to be prioritized, that we need to think about them as we coordinate efforts to help them.

So any information that we provided, that we share during the response, was status on the school -- on schools, whether they're damaged or destroyed. And just to give you an idea, since 2017 we've had a total of 12 schools that have been completely destroyed. That's both public and
private.

We've also had an additional 14 schools, public and private, that have been damaged. That's just on the facilities side.

Now on the impacted students, there were over 7,000 students that lost their homes and there were 800 staff that lost their homes. So that brings with that a lot of trauma to students and staff. So even though some of our efforts in responding have been focused on status of schools, also schools closures. That was a main emphasis too.

Schools are closed. What's it going to take to reopen the schools, which will just close and what can we do to help them to reopen the schools.

And going back to the facilities side, there's always been an issue with temporary housing. You know, where are we going to place these students, particularly the ones that were going to schools that were damaged or destroyed.

We need to find a place for them and we need to find a place for them quickly. And we really had to think outside the box and get creative to try and find solutions, solutions that we normally wouldn't be comfortable with because we know that there are certain requirements to have students in learning environments and we had to look at
buildings that are not suited for students, that are not
(indiscernible).

So we all knew that it was a temporary solution to
try and get the students back in place and that's where we
work closely with Cal OES and the Governor's office to issue
executive orders to in some cases waive those requirements
in specific situations because we knew that there weren't
alternatives.

(indiscernible) housing was and has been a
continued issue because getting the schools back -- I mean
getting the students back with their teachers, with their
peers is critical so they can return to some sense of
normalcy.

But along with that, and not just in response
(indiscernible) recovery, there's a lot of other efforts
that come into play where we provide assistance. Some of it
surrounds counseling and trauma and recovery. You know, we
do work at funding that is available that may not be covered
by insurance.

You know, for facilities, the first stop is
usually insurance and then there's also some FEMA
reimbursement that could be available. There could be some
funding from the state, from this Board, to (indiscernible)
hardship to fill the funding gap between insurance money and
what it costs to build or rebuild, but there's also
additional federal funding that's available that we pursue
to help with some of these additional costs and we continue
to do that because some of these costs are not covered by,
again, insurance or FEMA.

But in the case of like the Camp Fire in Butte, we
send a team -- the department sent a team of folks to their
education summit. We had experts in many different areas,
you know, including (indiscernible).

You know, when students are displaced, they become
homeless and then we had experts in that area, what does
that mean and what schools will they have to go to. We
provided assistance at charter schools and a lot of these
services, it depends on each situation.

Each situation is different. We're always there
to partner especially with Cal OES. They're wonderful to
work with -- that we co-lead a joint state schools task
force that, you know, was specific to help address any unmet
needs that are at the local level. And that's how it
typically -- you know, things get funneled up to the state.

You know, the districts at the local level are
working with their County Offices of Ed, the local county's
emergency operations center. If they can't meet those
needs, then it gets elevated to the state and that's when
there's things that are called (indiscernible) task that I
learned (indiscernible) and what can be done at the state
level to really help those unmet needs.

So our role has shifted again to continue to provide services. The recovery is very difficult and it's ongoing and it's going to take a long time, but that we are there to partner with the state agencies and we're there to support LEAs.

MS. SILVERMAN: I want to share James Hackett and he will give his oversight about what DSA's role is.

MR. HACKETT: Good evening. Compared to CDE and compared to OES, our role is much, much smaller, but we do provide support and I think that's what our (indiscernible) role is in any emergency.

If it is a fire as in the recent disasters, we respond and wait for response from OES and for DSA to take our staff to send them out to a site, we could be in danger and we could be putting them into dangerous situations.

So our response, generally, we want to run our coordination through OES. We do through DGS. DGS has an emergency coordinator and that's our actual connection. So we reach out to them or they reach out to us and then that goes back to OES in that (indiscernible).

So there's actually a circuitous path that we get involved in.

When there is a disaster -- let's take an earthquake, for example. It's slightly different. That can
lead -- depending on the size, that could lead to tremendous confusion. And so our role is to really advise districts to, first, if you have engineering firms or you have your design professionals, the quickest and fastest assessment (indiscernible) is to utilize them and we're trying to advise them to work with those folks and to make sure that they (indiscernible) with the local command center, which includes OES.

The reason for that is the paperwork and the paper trail for being able to secure FEMA funding, if you get down the road and need to be able to do so, is very (indiscernible). I mean if you step out of line, you may not be able to apply for that funding.

So we try to make sure that folks do (indiscernible) process. Secondly, if that doesn't happen, we advise them to go straight to your local command centers to hook up with them.

Clearly, if that appears like it's going to take too long, we will send our staff out and we can send our staff out to school districts and state buildings. We can send our staff out to whomever and we'll do that, but we have the responsibility to again fall back in and do everything in accordance with OES's procedures.

So that is our initial immediate response. In the case of the fires, we worked closely with Juan, with CDE.
We worked together -- put together a team and we went out as part of a team and assessed school sites that were affected, in essence give guidance to school districts.

Our biggest message to them is we will give you high priority. And so if you in fact have an issue, if you have had some burn, we will expedite your plan reviews if you come back through us, and we understand the emergency and your need.

So that's predominantly what we do. Our role really is -- in many ways is in support of CDE, support of OES to make sure that we advise our schools to do this in a manner that's not going to compromise them down the road.

CHAIRPERSON BOSLER: Assemblymember Gallagher.

ASSEMBLYMEMBER GALLAGER: Well, I was just going to say I mean it was a great coordinated effort on (indiscernible) and the department's efforts coming together and, you know, keeping (indiscernible) really try to keep a lot of the classes together with their teachers. And I think we did a lot of work there to ensure that was the case, finding spaces, because we had -- I think it was four elementary schools, the high school, and there was three charter schools I believe all of them in that Ridge area.

And so finding that relocation was good. One thing we're working on is the counseling services and -- because that's going to be -- continue to be an ongoing
issue, but I just wanted to note -- and the gentleman from Cal OES was highlighting it -- but one of the reasons why we're trying to remove all the dead/dying trees up there, because there's a lot as you can imagine, is that we're hoping if we can get the trees removed up there that the high school will actually be able to graduate on the field -- the traditional field that they graduate on this June.

So that's, you know, a big effort that we're trying to make sure that that can happen and, you know, a lot of that is trying to get -- is part of trying to return to that normalcy, right? Like, hey, we are going to come back and things like that can really make a big difference.

So I appreciate the effort that's been made on that and we're hoping that we're going to be able to get that done, so -- thank you all for all of your different effort -- all of the agencies working together to help our community.

MS. SILVERMAN: And we will continue to work with Paradise and to consider bringing forward the (indiscernible) action next month is to accelerate Paradise modernization project for Board action next month.

So again, our role is to identify (indiscernible) funding opportunities for any district who has the ability to access not only program funds and facility hardship, but
any program and to coordinate efforts with district task forces and any agency. So again, we're (indiscernible) working together to (indiscernible) any funding opportunity in the future.

CHAIRPERSON BOSLER: Thank you. Is there any public comment. Otherwise we can wrap up.

MS. JONES: Did you want to take care of the open roll?

CHAIRPERSON BOSLER: Oh, yes. We have the roll call open and --

MS. JONES: For the Minutes.

CHAIRPERSON BOSLER: The Minutes.

MS. JONES: Yes.

CHAIRPERSON BOSLER: Yes -- open for the Minutes.

MS. JONES: So just quickly ask, Senator Allen, Senator Pan --

SENATOR PAN: Aye.

MS. JONES: Assemblymember Nazarian.

MR. NAZARIAN: Present.

MS. JONES: And Assemblymember Gallagher, how do you vote on the Minutes.

MR. NAZARIAN: Aye.

ASSEMBLYMEMBER GALLAGHER: Aye.

SENATOR PAN: Aye.

MS. JONES: And on the Consent.
MR. NAZARIAN: Aye.

ASSEMBLYMEMBER GALLAGER: Aye.

SENATOR PAN: Aye.

MS. JONES: Great. Thank you.

CHAIRPERSON BOSLER: And with that, the meeting's adjourned.

(Whereupon, at 1:37 p.m., the proceedings were adjourned.)
TRANSCRIBER'S CERTIFICATE

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