CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA  95814

DATE:  WEDNESDAY, SEPTEMBER 25, 2019
TIME:  2:02 P.M.

Reported By:  Peter Petty
eScribers
APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

GAYLE MILLER, Chief Deputy Director, Policy, Department of Finance, designated representative for Keely 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

LUPITA CORTEZ ALCALA, Chief Deputy Superintendent, California Department of Education

SENATOR RICHARD ROTH

ASSEMBLYMEMBER PATRICK O'DONNELL

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer

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

LISA SILVERMAN, Executive Officer

BARBARA KAMPMEINERT, Deputy Executive Officer

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

LANCE DAVIS, Staff Counsel
PROCEDINGS

MS. MILLER: We will call the meeting to order. It's actually relatively short, so hopefully we will -- but really exciting, so, Ms. Jones, can you please call the roll.

Senator Leyva.
Senator Roth.
SENSOR ROTH: Here.
MS. JONES: Assemblymember Nazarian.
Assemblymember O'Donnell.
ASSEMBLYMEMBER O'DONNELL: Here.
MS. JONES: Assemblymember Cunningham.
Lupita Cortez Alcala.
MS. ALCALA: Here.
MS. JONES: Cesar Diaz.
MR. DIAZ: Here.
MS. JONES: Daniel Kim.
MR. KIM: Here.
MS. JONES: Gayle Miller.
MS. MILLER: Here.
MS. JONES: We have a quorum.
MS. MILLER: Great. Thank you. Before we begin, I just want to note that the appeal item for Laytonville
Unified under Tab 6 has been withdrawn from the agenda.

Also before we get on with the rest of the agenda, I just want to provide the Board with a brief update on the status of one of pending lawsuits.

Last week, Orange County Superior Court rendered a decision in the consolidated petitions by Coalition for Adequate School Housing along with Cypress, Savanna, Central Unified, and Bakersfield, Palo Verde Unified and the Santa Ana Unified School Districts.

They've challenged the State Allocation Board's 2017 decision not to apply retroactively several years of construction cost index increases to project applications filed in 2011 and '12 which had been approved and then placed on the then existent approved beyond bond authority wait list. Obviously -- thank you, Mr. O'Donnell -- some of this has been changed under current law.

Unfortunately, the decision went against the SAB as the Court was concerned with what it perceived to be a disparity in the treatment between the subject applications and apportionments made concerning other projects that had been placed on the approved beyond bond authority list.

SAB's in-house counsel and outside litigation counsel with the AG's office are conferring and discussing the plan going forward, which may involve a post-judgment motion to vacate the decision and/or an appeal, and we'll
definitely keep you posted as those discussions continue.

We aren't going to have a lengthy discussion about that today because we're discussing it. Should it become necessary, we would agendize it at a later meeting, but for now, Board members, this is important to decline to discuss the matter with anyone, included by not limited to school district authorities and their staff, lobbyists, consultants, and attorneys.

Any persons wishing to discuss the matter should be referred to Mr. Tom Patton. He is the Assistant Chief Counsel at DGS's Office of Legal Services. And I'm going to -- especially for those of you in the audience, I'm going to be sure to give you his phone number. It is 916-376-5113 or you can email him at Thomas, T-h-o-m-a-s, dot Patton, P-a-t-t-o-n, at DGS as in Department of General Services, dot CA dot GOV.

So with that, I'm going to move on and I know there is one person here from CASH and we'll get to that at the end of the agenda for public comment.

So our first action item is approval for the August 28th meeting Minutes. Is there any public comment on that?

ASSEMBLYMEMBER O'DONNELL: Move them.

MR. DIAZ: Second.

MS. MILLER: It's been moved by Mr. O'Donnell,
seconded by Mr. Diaz. Ms. Jones, please call the roll.

MS. JONES: Senator Roth.
SENATOR ROTH: Aye.

MS. JONES: Assemblymember O'Donnell.
ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Lupita Cortez Alcala.
MS. ALCALA: Abstain.

MS. JONES: Cesar Díaz.
MR. DIAZ: Aye.

MS. JONES: Daniel Kim.
MR. KIM: Aye.

MS. JONES: Gayle Miller.
MS. MILLER: Aye. So we'll go ahead and wait to see if we get another member on that.

MS. JONES: Great. And we'll keep the roll open.

Thank you.

MS. ALCALA: I can vote for it on behalf of Juan Mireles. He says that he approves everything on the Minutes, if you need another vote.

MS. MILLER: Perfect. Thank you.

MS. ALCALA: So aye.

MS. JONES: Okay. Thank you. I appreciate it.

And that motion carries.

MS. MILLER: Thank you. Ms. Silverman, the Executive Officer's Statement.
MS. SILVERMAN: Yeah. We're excited today. We definitely want to be part of the Consent Agenda -- is your approval tonight is really important.

So we have $771.7 million as part of the Consent Agenda and that's a result of the bond sale this fall. So 193 projects will have cash available. And so this is really important to you folks, just as a commitment of the Governor's budget. So again, we're excited about that.

We will keep the doors open on Christmas Eve because your paperwork is due to us Christmas Eve. So please do it beforehand. If not, we'll be handing -- we'll be there with bells holding open the doors. So, please, submit fund release requests early.

The second item was want to share tonight is the full-day kinder facilities program. We'll have a stakeholders meeting. As part of the Governor's budget for '19-'20, there was an additional $300 million for the program. So we're excited about that. With that, we're proposing two stakeholder meetings, one tomorrow here right in this room, Thursday from 9:00 a.m. to 11:00 a.m., seeking input on the changes and again we're looking for a robust conversation with that.

The second meeting is scheduled for October 16th. That's from 9:00 a.m. to 11:00 a.m. here in Sacramento, but a location will be defined. So again, looking for a robust
conversation, some input from our stakeholders, and we're excited about this new opportunity of 300 million.

The next item we'd like to share is the sixth round opened for career tech education. We did share with the Board last month that the round is open, so exciting news. We have $250 million available for school districts. So let's come in. Let's apply for the program. Let's be robust about it.

But we want to just remind folks that the Department of Education are accepting the applications. If you haven't already applied, please submit those applications by December 2nd.

MS. MILLER: Great.

MS. SILVERMAN: And then we have timelines associated with those applications as well with our office by April 6th. So if you have a score of 105 or higher, they're going to be submitting you letters on a flow basis and again, once you receive your letter and you have 105 or higher, you can apply for program funds. So please do it and we're encouraging folks to do that electronically.

And then our next meeting's October 23rd at 2:00 p.m.

MS. MILLER: October 23rd. Thank you. Is there any public comment on Ms. Silverman's statement? Could I just take a moment to Mr. O'Donnell and Sophia Kim and Chris
Ferguson just to congratulate you on the passage of AB-48 and all the work that went into that and especially also to Barbara and Lisa who were here on the weekends with Sophia really working to get a $15 billion school bond passed. It was a huge team effort and I think makes a huge difference for the State of California. We're really grateful, so thank you very much.

(Applause)

MS. MILLER: So if there are no objections considering the action item for the purposed regulation amendments to the rural and suburban definitions under Tab 7 is aligned with the Board's action at last month's meeting, could we include this as part of the Consent item? Is everyone okay with that? Great.

Then is there any public comment on those items? Nope? Great. Is there a motion and a second on the Consent Agenda?

ASSEMBLYMEMBER O'DONNELL: Move.

MR. NAZARIAN: Second.

MS. MILLER: Moved by Mr. O'Donnell, seconded by Mr. Nazarian. Ms. Jones will you call the roll, please.

MS. JONES: Certainly. Senator Roth.

SENATOR ROTH: Aye.

MS. JONES: Assemblymember Nazarian.

MR. NAZARIAN: Aye.
MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Lupita Cortez Alcala.

MS. ALCALA: Aye.

MS. JONES: Cesar Díaz.

MR. DIAZ: Aye.

MS. JONES: Daniel Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye.

MS. JONES: And that motion carries.

MS. MILLER: Thank you very much. Ms. Silverman, are we --

MS. SILVERMAN: Yeah. Last is Financials. So it doesn’t require a vote, but if I can grab your attention to page 307. Just want to share with the Board we had apportionments out in April and we did disburse $10.7 million as far as our activity related to those apportionments and that was over $400 million.

And as part of the Consent Agenda, we did highlight the approvals with the bond sales and 193 projects for $771 million was a part of the Consent Agenda, but we also want to highlight -- we've been on an aggressive schedule with approving applications or submitting the applications for your approval.
So tucked away in the Consent Agenda is $128 million in new project approvals, so that represents 43 projects and also we have over $4.8 million in program funds returning back to the program. So again, that's a part of our accountability component. So just want to highlight that to the Board.

MS. MILLER: Great. Thank you very much. Any questions on that? Any public comment?

So before we move to adjournment, we do have one person speaking on an item not on the agenda, just under public comment. So Mr. Terry Tao. So everyone squeezed this meeting in and we're very excited about the allocation, but, Mr. Tao, if you could please keep your comments limited this afternoon.

MR. TAO: Of course. Thank you.

MS. MILLER: Thank you very much.

MR. TAO: I'm Terry Tao. I'm own of the attorneys for the petitioners in the Orange County Superior Court case including CASH.

MS. MILLER: Mr. Tao, I'm going to say we're happy to take public comment, but as I stated at the outset, we're not going to actually have a discussion on that.

MR. TAO: Understood.

MS. MILLER: Thank you.

MR. TAO: As you know the State Allocation Board
has been involved in a lawsuit concerning the construction
cost index adjustments, often called the CCI, with a number
of school districts and CASH representing its membership
school districts.

On Monday, September 16th, the Orange County
Superior Court issued a ruling that the petitioners on what
is called the true unfunded list were entitled to the CCI
adjustment from 2012 through 2017.

Those on the unfunded list had requested a hearing
before the State Allocation Board to address the missing
CSI, but had been unilaterally denied a hearing by the SAB
Chair at that time.

Thus, for some of you, this may be the first
public meeting where you've heard about the issue. Some of
you weren't on the SAB at the time this issue arose, so I
apologize that you're learning about this for the first time
here perhaps.

The CCI adjustment required under the order should
be issued as an order to the SAB shortly, likely sometime in
the month of October. The petitioners and CASH would urge
the State Allocation Board to issue the CCI adjustments from
2012 through 2017 required under Court order as quickly as
possible so the school districts that were involved would be
paid, but also not just for the school districts that were
involved in the lawsuit, but also for the entire unfunded
list that did not receive the CCI adjustment so that they can all be treated equitably. Thank you very much.


MS. JONES: Can I get Assemblymember Nazarian's vote on the Minutes, please.

MS. MILLER: Oh.

MR. NAZARIAN: Aye.

MS. JONES: Thank you.

MS. MILLER: Thank you. Well, thank you and thank you so much, Lisa and Barbara. We’re really excited about this allocation and the meeting is adjourned.

(Whereupon, at 2:14 p.m., the proceedings were adjourned.)
STATE OF CALIFORNIA  )
COUNTY OF SACRAMENTO  ) ss.

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 September 27, 2019.

Mary C. Clark
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