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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

1 APPEARANCES:

2 MEMBERS OF THE BOARD PRESENT:

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

5 DANIEL KIM, Director, Department of General Services

6 CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Former
7 Governor of the State of California

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

9 SENATOR RICHARD ROTH

10 ASSEMBLYMEMBER PATRICK O'DONNELL

11 REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

12 LISA SILVERMAN, Executive Officer

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

15 LISA SILVERMAN, Executive Officer

16 BARBARA KAMPMEINERT, Deputy Executive Officer

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

18 LANCE DAVIS, Staff Counsel

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P R O C E E D I N G S

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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.

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MS. JONES: Certainly. Senator Wilk.

Senator Leyva.

Senator Roth.

SENATOR 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

1 Unified under Tab 6 has been withdrawn from the agenda.
2 Also before we get on with the rest of the agenda, I just
3 want to provide the Board with a brief update on the status
4 of one of pending lawsuits.

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

10 They've challenged the State Allocation Board's
11 2017 decision not to apply retroactively several years of
12 construction cost index increases to project applications
13 filed in 2011 and '12 which had been approved and then
14 placed on the then existent approved beyond bond authority
15 wait list. Obviously -- thank you, Mr. O'Donnell -- some of
16 this has been changed under current law.

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

22 SAB's in-house counsel and outside litigation
23 counsel with the AG's office are conferring and discussing
24 the plan going forward, which may involve a post-judgment
25 motion to vacate the decision and/or an appeal, and we'll

1 definitely keep you posted as those discussions continue.

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

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

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

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

23 ASSEMBLYMEMBER O'DONNELL: Move them.

24 MR. DIAZ: Second.

25 MS. MILLER: It's been moved by Mr. O'Donnell,

1 seconded by Mr. Diaz. Ms. Jones, please call the roll.

2 MS. JONES: Senator Roth.

3 SENATOR ROTH: Aye.

4 MS. JONES: Assemblymember O'Donnell.

5 ASSEMBLYMEMBER O'DONNELL: Aye.

6 MS. JONES: Lupita Cortez Alcala.

7 MS. ALCALA: Abstain.

8 MS. JONES: Cesar Diaz.

9 MR. DIAZ: Aye.

10 MS. JONES: Daniel Kim.

11 MR. KIM: Aye.

12 MS. JONES: Gayle Miller.

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

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

16 Thank you.

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

20 MS. MILLER: Perfect. Thank you.

21 MS. ALCALA: So aye.

22 MS. JONES: Okay. Thank you. I appreciate it.
23 And that motion carries.

24 MS. MILLER: Thank you. Ms. Silverman, the

25 **Executive Officer's Statement.**

1 MS. SILVERMAN: Yeah. We're excited today. We
2 definitely want to be part of the **Consent Agenda** -- is your
3 approval tonight is really important.

4 So we have \$771.7 million as part of the Consent
5 Agenda and that's a result of the bond sale this fall. So
6 193 projects will have cash available. And so this is
7 really important to you folks, just as a commitment of the
8 Governor's budget. So again, we're excited about that.

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

14 The second item was want to share tonight is the
15 **full-day kinder facilities program**. We'll have a
16 stakeholders meeting. As part of the Governor's budget for
17 '19-'20, there was an additional \$300 million for the
18 program. So we're excited about that. With that, we're
19 proposing two stakeholder meetings, one tomorrow here right
20 in this room, Thursday from 9:00 a.m. to 11:00 a.m., seeking
21 input on the changes and again we're looking for a robust
22 conversation with that.

23 The second meeting is scheduled for October 16th.
24 That's from 9:00 a.m. to 11:00 a.m. here in Sacramento, but
25 a location will be defined. So again, looking for a robust

1 conversation, some input from our stakeholders, and we're
2 excited about this new opportunity of 300 million.

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

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

13 MS. MILLER: Great.

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

21 And then our next meeting's October 23rd at
22 2:00 p.m.

23 MS. MILLER: October 23rd. Thank you. Is there
24 any public comment on Ms. Silverman's statement? Could I
25 just take a moment to Mr. O'Donnell and Sophia Kim and Chris

1 Ferguson just to congratulate you on the passage of AB-48
2 and all the work that went into that and especially also to
3 Barbara and Lisa who were here on the weekends with Sophia
4 really working to get a \$15 billion school bond passed. It
5 was a huge team effort and I think makes a huge difference
6 for the State of California. We're really grateful, so
7 thank you very much.

8 (Applause)

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

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

18 ASSEMBLYMEMBER O'DONNELL: Move.

19 MR. NAZARIAN: Second.

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

22 MS. JONES: Certainly. Senator Roth.

23 SENATOR ROTH: Aye.

24 MS. JONES: Assemblymember Nazarian.

25 MR. NAZARIAN: Aye.

1 MS. JONES: Assemblymember O'Donnell.

2 ASSEMBLYMEMBER O'DONNELL: Aye.

3 MS. JONES: Lupita Cortez Alcala.

4 MS. ALCALA: Aye.

5 MS. JONES: Cesar Díaz.

6 MR. DIAZ: Aye.

7 MS. JONES: Daniel Kim.

8 MR. KIM: Aye.

9 MS. JONES: Gayle Miller.

10 MS. MILLER: Aye.

11 MS. JONES: And that motion carries.

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

14 MS. SILVERMAN: Yeah. Last is **Financials**. So it
15 doesn't require a vote, but if I can grab your attention to
16 page 307. Just want to share with the Board we had
17 apportionments out in April and we did disburse
18 \$10.7 million as far as our activity related to those
19 apportionments and that was over \$400 million.

20 And as part of the Consent Agenda, we did
21 highlight the approvals with the bond sales and 193 projects
22 for \$771 million was a part of the Consent Agenda, but we
23 also want to highlight -- we've been on an aggressive
24 schedule with approving applications or submitting the
25 applications for your approval.

1 So tucked away in the Consent Agenda is
2 \$128 million in new project approvals, so that represents 43
3 projects and also we have over \$4.8 million in program funds
4 returning back to the program. So again, that's a part of
5 our accountability component. So just want to highlight
6 that to the Board.

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

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

15 MR. TAO: Of course. Thank you.

16 MS. MILLER: Thank you very much.

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

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

23 MR. TAO: Understood.

24 MS. MILLER: Thank you.

25 MR. TAO: As you know the State Allocation Board

1 has been involved in a lawsuit concerning the construction
2 cost index adjustments, often called the CCI, with a number
3 of school districts and CASH representing its membership
4 school districts.

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

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

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

18 The CCI adjustment required under the order should
19 be issued as an order to the SAB shortly, likely sometime in
20 the month of October. The petitioners and CASH would urge
21 the State Allocation Board to issue the CCI adjustments from
22 2012 through 2017 required under Court order as quickly as
23 possible so the school districts that were involved would be
24 paid, but also not just for the school districts that were
25 involved in the lawsuit, but also for the entire unfunded

1 list that did not receive the CCI adjustment so that they
2 can all be treated equitably. Thank you very much.

3 MS. MILLER: Thank you very much. Any other
4 public comment? Any questions from the Board? Oh, sorry.
5 Ms. Jones.

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

8 MS. MILLER: Oh.

9 MR. NAZARIAN: Aye.

10 MS. JONES: Thank you.

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

14 (Whereupon, at 2:14 p.m., the proceedings were
15 adjourned.)

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TRANSCRIBER'S CERTIFICATE

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STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

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

That the proceedings herein of the California State Allocation Board, Public Meeting, were duly transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on September 27, 2019.

Mary C. Clark
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