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

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

SENATOR SCOTT WILK

ASSEMBLYMEMBER ADRIN NAZARIAN

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
PROCEEDINGS

MS. MILLER: -- everyone and welcome to the State Allocation Board meeting. I said a lot of people would like me to have a mute button, but there's two of them on here. So we are calling the meeting to order. Secretary, will you call the roll, please, Ms. Jones.


SENATOR WILK: Present.

MS. JONES: Senator Leyva.

Senator Roth.

Assemblymember Nazarian.

MR. NAZARIAN: Present.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Present.

MS. JONES: Assemblymember Cunningham.

Juan Mireles.

MR. MIRELES: Here.

MS. JONES: Cesar Diaz.

Daniel Kim.

MR. KIM: Here.

MS. JONES: Gayle Miller.

MS. MILLER: Here.

MS. JONES: We have a quorum.

MS. MILLER: Thank you very much. First, I would
like to note that the appeal items for Los Angeles Unified, San Bernardino City Unified, and Washington Unified under Tab 6 have been withdrawn from the agenda, so there are no appeals on this agenda.

Also before we get started on the rest of the agenda, I'd like to provide the Board with another brief update on the status of one of our pending lawsuits. The litigation with CASH and six petitioning school districts concerning CCI investments remains ongoing. The Attorney General's office on behalf of the State Allocation Board has objected to the scope of the proposed order submitted by petitioners.

The SAB's objection was tentatively sustained. Petitioners have since then submitted an opposition to the SAB's objection and the hearing on the objection is set for November 15th in Orange County Superior Court, after which a final judgment is expected.

Consultants with the SAB's in-house counsel and its representatives from the AG's office will be meeting about post-ruling strategies to correct what we believe to be this erroneous decision and those discussions are ongoing.

We anticipate having counsel provide the SAB members with an update and status report concerning litigation during a closed session in December.
Mr. Tao, we will call you up during closed session, but again, we will not discuss ongoing litigation during the Board meeting but appreciate you being here and at the appropriate time, I'll call you up to make a statement. Thank you very much for being here.

So with that, we'll move to the Executive Officer's Statement. Ms. Silverman.

Oh, first, we have to approve the Minutes from the September 25th meeting.

SENATOR WILK: So moved.

MS. MILLER: Moved by Mr. Wilk. Seconded by Mr. Nazarian. (Indiscernible)

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: Daniel Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye.

MS. JONES: That motion carries.
MS. MILLER: Great. Thank you very much. And I apologize. I forgot to ask if there was any public comment on the Minutes. None. Thank you. And I apologize for that.

Now we'll move to the Executive Officers Statement. Ms. Silverman.

MS. SILVERMAN: Yes. We have a few things reported tonight. So we wanted to highlight that Assembly Bill 48, which was also sponsored by a member here, Assemblymember O'Donnell and Senator Steve Glazer, and that was a $15 billion initiative that was signed by Governor Newsom on October 7th. So we're really happy and pleased about that.

So we'll be monitoring the progress as this initiative goes to the voters on March 3rd and some statewide primaries. So again, there will be 9 billion carved out for this program if that bond initiative passes.

The second item we wanted to share was the priority funding apportionments. The Board took action on September 25th and that was over $771 million being allocated as a result of the bond sale. There was 193 projects that were presented to the Board.

The timeline for districts to submit their certifications and fund release documents are till December 24th, Christmas Eve. We'll keep the doors open and
we want to make sure that districts submit their information to us early.

We also wanted to highlight on October 15th we had also released $173 million already from that apportionment. So that's great news and we also want to share that there are career tech education projects that were part of the original allocation and those have different timelines.

So although the rest of the program will have 90 days to activate their cash, these career tech projects will have different timelines. So their timelines -- or due dates are September 24th and they should provide us with Department of Education approval and DSA approvals as well.

Full-day kinder, we are pleased announce that with Senate Bill 75, statute of 2019, that extended the full-day kinder program and we actually are super excited about the extension, but there are some changes with that. $300 million will be allocated to the new program and this is great news.

We actually held two stakeholder meetings, one on September 26 and October 9 to get some feedback on proposed regulations and that's part of the agenda today.

The last item I want to share is the career tech education filing round for the 250 million is open and folks have until December 2nd to submit their grant reviews to the Department of Education.
If you already have a high scoring project and your program didn't change and your budget didn't change, you can use your same score and submit your funding application to us immediately.

But those folks who are submitting their program grants for review to the Department of Education, they'll be scoring you on the flow basis and you can submit. As long as you have a score of 105 or higher, you'll be eligible for the funding application.

So again, we're actually going to hold a workshop with Department of Education on November 6th. So we're excited about announcing that. The time is forthcoming and the location I believe will be the Ziggurat Building in West Sacramento.

So again, we're looking forward to a robust application filing pool and allocate that 250 million. And our next meeting is December 9th.

MS. MILLER: Great. Thank you very much. Last time, we graduated Mr. O'Donnell and your staff and all the people at Department of Finance as well that worked so hard on the bond. So we are looking forward to the voters weighing in as well. So thank you very much for that.

Any other public comments or questions from the Board about the Executive Officer's Statement? No? Thank you. With that, we will move to the Consent Agenda, please,
Ms. Silverman.

MS. SILVERMAN: Consent's ready for your approval.

MS. MILLER: Do we have a motion?

ASSEMBLYMEMBER O'DONNELL: So moved.

MR. MIRELES: Second.

MS. MILLER: Moved by Mr. O'Donnell, second by Mr. Mireles. Ms. Jones.

MS. JONES: Senator Wilk.

SENATOR WILK: Aye.

MS. JONES: Assemblymember Nazarian.

MR. NAZARIAN: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: Aye.

MS. JONES: Daniel Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye.

MS. JONES: And that motion passes. Thank you.

MS. MILLER: Thank you very much.

ASSEMBLYMEMBER O'DONNELL: I don't believe I (indiscernible).

MS. JONES: Oh, I'm sorry. Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. MILLER: I think he did.
ASSEMBLYMEMBER O'DONNELL: Well, I said aye twice.

MS. JONES: Okay.

MS. MILLER: We really --

MS. JONES: Assemblymember Nazarian. I'm sorry.

MS. MILLER: Yes, here, Mr. Mireles. I'm sorry for the AV issues. They we go. Thank you. And we will now move to financial reports.

MS. SILVERMAN: Right. So on page 100, we wanted just to highlight the fund release activity. That was just a short caption of time where we actually released 13 million in September, although we allocated the last week of September.

We also wanted to highlight on page 102 the Board did take action on 48 approvals and that's for over $84 million. So again, we're working at a rapid pace here in order to meet the $1.5 billion timeline to get those projects approved.

We also wanted to highlight there's nearly $5 million in closeout activity for the month as well that we wanted highlight in the agenda. So with that, I'm open to any questions.

MS. MILLER: Any questions from the Board? Any comments from the public? No? Thank you very much. So as I mentioned previously, Tab 6 -- all three of the appeals were withdrawn from the agenda. So with that, we will move
to Tab 7, please, the apportionments.

MS. SILVERMAN: Yeah. So we wanted to highlight on page 390, this is the full-day kinder second filing round. This is as a result of the $100 million that was awarded originally to the program.

So with that, out of the 60 million that's available, there's 34 projects that we are seeking Board approval for $56.7 million and again, we wanted to share with the Board that the highlight of how you get preference points is the district actually had to have financial hardship status which actually gave them a 40 point preference and up to 40 points if you had a free and reduced lunch program.

But as far as the number of applications that submitted, there was over 349 applicants that requested $432 million. So again, that was a large pool for just the $60 million. So it was very competitive. So excited about the amount of participation there.

But we also wanted to share out of the $60 million, there's still $3.2 million that remains and this is -- there's a reason why we haven't allocated the rest of the funds, is there's a district that actually is seeking an appeal under other evidence for financial hardship.

So once the Board has heard that appeal and
figures out what pathway we're going to choose, then we can allocate the remaining funds.

We wanted to highlight as far Board approval to take action on Attachment A, we also want to highlight, this program is obviously a lot different from the future program.

Districts who actually have a match participation in the program have the ability to expend the savings, but they must do so within the 12-month period. Again, that's an option for those folks.

But if you are hardship designation, you don't have the ability to expend down the extra funds. So again, you have to return the program funds. So again, that's definitely a distinction there.

So with that, we are seeking Board approval for the 34 projects for $56.7 million and that's in Attachment A.

MS. MILLER: All right. Thank you for that, Ms. Silverman. Any questions. Any public comment?

ASSEMBLYMEMBER O'DONNELL: Moved.

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

MS. JONES: Yes. 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: Daniel Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye.

MS. JONES: And that motion carries.

MS. MILLER: Thank you very much. Moving onto the regulations, please, Ms. Kampmeinert.

MS. KAMPMEINERT: Thank you. So the next item is on page 429 and it's one of two regulations in the packages that we are seeking the Board's approval on today.

The item beginning on page 429 relates to the full-day kindergarten program and it's has proposed regulation changes that are a result of the changes that were made to Ed Code Section 17375 and this came about along with the $300 million in additional funding that was provided for the program.

So the changes in general are aligning the regulations with the new requirements and provisions in the statute.

If I could draw your attention to page 430, we
have a chart that highlights the major changes and how that's going to apply depending on when a district is participating in the program.

So at the top of that page, we've outlined the five full-day kindergarten filing rounds for applications. The first two were from the original $100 million and we actually just heard the motion on round two, two minutes ago. So that's the first $100 million.

We are setting the third round to begin on April 1st, 2020, and rounds three and four are going to have slightly different provisions than these first rounds and the first $100 million, and some of those changes include that only districts that were not previously operating a full-day kindergarten program at the site that they're applying for will be eligible in rounds three and four.

So in rounds one and two, we have many districts that may have been doing full-day kindergarten but not necessarily in kindergarten classrooms. They were eligible for rounds one and two along with those that were converting to full-day kindergarten.

So rounds three and four, it will just be those that are converting to full-day. If we get to round five, if there are additional funds remaining in July of 2021, then it reverts back to those who are converting from part-day to full-day and also those who just did not have
the appropriate kindergarten facilities. That's one of the big changes.

Also another big change is the matching share requirement. Previously, we were at a 50/50 matching share for new construction and 60/40 for the retrofit projects. This is now a 75/25 matching program for those districts that are converting from part-day to full-day, and that provision will actually apply even to those districts in round one and two who were making that conversion. So we'll be able to use some of the funding from the 300 million and go back and adjust that matching share if these districts have not already received financial hardship for their share. They'll get a higher state grant amount basically.

And then a couple other things. As Lisa covered in the prior item, the financial hardship requirements have changed. So for rounds three, four, and five, even financial hardship districts will be able to retain savings.

All districts will be able to use savings for capital outlay like they could originally. However, there are some added components where now that savings may also be used for professional development and instructional materials that will help implement the full-day kindergarten program.

And then two other things related to eligibility. The next is that we -- for all applicants, all rounds, there
is no new construction eligibility adjustment in the schools facilities program for facilities provided under the full-day kindergarten program, and then also when applicants are applying beginning in round three, instead of looking at a single year of enrollment data, we will be requiring four years of enrollment data to look at the trend that has been occurring at that particular school site.

And OPSC working with the Department of Education will be evaluating the applications to determine if the project needs to be limited to a retrofit and the partnership between the two agencies is to ensure that even if there is space available to a campus, we need to ensure that the retrofit will fill out all the school site to meet all Title 5 requirements.

So those are the major changes. We had two stakeholder meetings. We outlined the regulations, the grant agreement, the corresponding form changes. Didn't have a ton of participation, not a lot of input, so it must mean we really nailed it the first time. Either that or actually the statute was pretty clear on these changes, so that helped a lot.

But -- so we didn't hear much from stakeholders, but we do think that these regulations are ready for your approval. We are asking that they be filed on an emergency basis and we do have provisions in the full-day kinder
statute to do that. That will enable us to get the program in place in time for that April 1st round.

And one other thing I failed to mention, for the next round, we did not put a cap on the amount of funding, so all 300 million is available for applicants and the intent of that is to ensure that we get this money going as quickly as possible so that folks can get these facilities in place.

If there is funding leftover, it will roll over to rounds four and five. So we're expecting a different applicant pool at this time, so we thought that that made the most sense.

So with that, the regulations, forms, and grant agreement are ready for your approval and we are requesting authorization to file on an emergency basis.

MS. MILLER: Great. Thank you very much. Any questions? Mr. O'Donnell?

ASSEMBLYMEMBER O'DONNELL: Yes. Thank you. Just with regard to prioritization, I mean you highlighted from part-day to full-day, but what about for Title 1 schools. The way I look at this from a -- I guess an academic perspective or a student success perspective is we should really be focusing on Title 1 schools before we focus on others because the fact of the matter is for some schools, full-day kinder is a want where others it's an absolute
need. Are we contemplating that through this?

MS. KAMPMEINERT: So there are provisions in the statute that talk about what we can provide priority to and that part stayed the same. So it's still those districts that have a higher percentage of free and reduced price meals and then also the districts that qualify for financial hardship.

So we still have our same point structure in place for those two categories. In the prior item on -- let's see. That's page 392 -- we have been trying to track the data on the Title 1 schools. So 91 percent of the folks -- of the applicants that are receiving funds from the prior round did receive Title 1 funding for the site that they applied for.

So it seems to be tying to the group that we're getting, but there is no specific preference for Title 1. It just kind of seems to be going along with what we're getting for the applications.

We're not sure what we'll get in the next filing round because it does change who will apply because it's those that are currently offering the full-day kinder.

ASSEMBLYMEMBER O'DONNELL: Okay. Thank you.

Again, I just -- anything we can do to emphasize Title 1 schools prior -- you know, emphasize Title 1 schools then would be a good thing because those are the schools that
really need full-day kinder, at least in the short term.

Maybe all schools do -- maybe. I don't know (indiscernible), but certainly some of the kids need that support. So to the extent that we can provide it, we should do that. Thank you.

MS. MILLER: Thank you very much. Any other questions. Any public comment? Seeing none, may we have a motion, please, for approval --

SENATOR WILK: So moved.

MS. MILLER: Moved by Senator Wilk.

MR. MIRELES: Second.


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: Daniel Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye.

MS. JONES: And that motion carries.
MS. MILLER: Thank you very much. Another regulatory.

MS. KAMPMEINERT: Yeah. Another reg change. The next one is on page 502 and it relates to the charter school facilities program.

As the regulations currently stand, we have wording in there that states that a charter school facilities program filing round will open 90 days after an election authorizing additional funding. So in this case, it will be 90 days after the March election if that bond does pass.

We were taking a look at this because we have some concerns with that time frame. When Proposition 51 passed, there were no program changes, so opening the filing round 90 days later wasn't really an issue because everything stayed the same. We could use the same forms, things like that.

However, with AB-48, there are some changes to the charter school facilities program that will require us to amend regulations and we'd like the opportunity to work with stakeholders on those changes and have adequate time to bring those before the Board in a thoughtful manner.

So what we are requesting is to strike that language specifically requiring that the round be open 90 days after the election and allow the Board the
flexibility to establish the next filing round which is how we handle it when there are any rounds that happened from returning of funds.

We did, however, agree that it would be helpful to provide a degree of certainty to applicants as to when that filing round will be open because originally, it had been just 90 days out from the bond.

So in the staff analysis section of this item as well as in Recommendation No. 3, we are recommending that the Board declare intent to have the regulations in place in a timely manner so that the round can open on or before March of 2021. So it basically pushes the opening out no more than 90 days after it would have opened under the existing regulation.

So we are seeking the Board's approval for this change and then this doesn't actually change in the regulations for AB-48. We would be coming back with any actual program changes in the future once the election's occurred.

MS. MILLER: After the stakeholder engagement and --

MS. KAMPMEINERT: Of course. Yes.

MS. MILLER: Great. Any questions from the Board? Any public comment? Is there a motion?

ASSEMBLYMEMBER O'DONNELL: Move.
MR. NAZARIAN: Second.


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: Daniel Kim.

MR. KIM: Aye.

MS. JONES: Gayle Miller.

MS. MILLER: Aye.

MS. JONES: That motion carries.

MS. MILLER: Great. Thank you very much. We are now almost at the end. Ms. Silverman.

MS. SILVERMAN: We have just the information item which is showing the workload and actually the next meeting is December 9th at 3:00.

MS. MILLER: Thank you very much. So before we adjourn, we only have one comment card, if anyone else wants to speak. Mr. Tao, if you want come up and address the Board. And if anyone else wants to speak, if you could
please let Ms. Jones know. Good afternoon.

MR. TAO: Thank you. I appreciate the Board's time and your efforts. And the --

MS. MILLER: Would you mind stating your name for the record.

MR. TAO: Oh, I apologize.

MS. MILLER: Thank you very much.

MR. TAO: I'm Terry Tao representing CASH and four of the six school districts that were involved in the CASH versus State Allocation Board lawsuit.

I'm following up on the September 16th ruling that the construction cost index adjustment, what's called the CCI adjustment, which will be scheduled for an upcoming agenda be addressed by the Board in a fair manner.

We were sadly disappointed with the objections received from the State Allocation Board which only addressed whether or not the other school districts that were on the unfunded list received the CCI adjustment, not the six.

We believe that that position is inequitable and unfair to the districts that followed the SAB's rules, followed the OPSC guidelines, submitted their applications in 2012, and patiently waited five years for funding until 2017.

The Orange County Superior Court that the SAB
abused their discretion not awarding the CCI adjustment. Thus it is not just the six districts that sued who were entitled to the CCI adjustment, it was all of the districts on the 2012 unfunded list.

Rather than wait for these other school districts to enforce their rights utilizing the court system, we would urge the SAB to strongly consider equitable treatment in granting the applicable CCI adjustment to all of the districts on the 2012 unfunded list.

I realize that many of you on the SAB were not here or maybe not aware of what was going on when this issue arose because this item came up in a very unclear manner.

So since this matter is of great importance to school districts overall generally because it's an issue of fairness and ability to build school facilities, we would as that the State Allocation Board, when this agenda item comes up as will be required by the court order, that all of the school districts on the 2012 unfunded list be treated fairly and equitably. Thank you.

MS. MILLER: Thank you very much. Any other public comment? Seeing none, the meeting is adjourned. Thank you very much everyone and thanks for letting us use your building.

(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 October 28, 2019.

__________________________________________
Mary C. Clark
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Certified Electronic Court Reporter and Transcriber