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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

STATE CAPITOL
ROOM 2040
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, JANUARY 22, 2020

TIME: 4:01 P.M.

Reported By: Susan Palmer
EScribers

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APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

GAYLE MILLER, Chief Deputy Director, Policy, Department of Finance

DANIEL KIM, Director, Department of General Services

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

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

SENATOR CONNIE LEYVA

ASSEMBLYMEMBER ADRIN NAZARIAN

ASSEMBLYMEMBER PATRICK O'DONNELL

ASSEMBLYMEMBER JORDAN CUNNINGHAM

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

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3 MS. MILLER: Good afternoon, everyone. We will
4 call the meeting to order as -- oh, wait -- and we have a
5 quorum. Lisa, will you call the roll, please.

6 MS. JONES: Yes. Senator Wilk.

7 SENATOR WILK: Present.

8 MS. JONES: Senator Leyva.

9 Senator Roth.

10 Assemblymember Nazarian.

11 Assemblymember O'Donnell.

12 ASSEMBLYMEMBER O'DONNELL: Here.

13 MS. JONES: Assemblymember Cunningham.

14 Juan Mireles.

15 MR. MIRELES: Here.

16 MS. JONES: Cesar Diaz.

17 MR. DIAZ: Here.

18 MS. JONES: Daniel Kim.

19 MR. KIM: Here.

20 MS. JONES: Gayle Miller.

21 MS. MILLER: Here.

22 MS. JONES: We have a quorum.

1 MS. MILLER: Great. Thanks. Before we continue
2 with the agenda, at the end of today's meeting, we'll meet
3 again in closed session pursuant to Government
4 Code 11126(e)(1) for the purpose of conferring with and
5 receiving advice from our legal counsel on a pending
6 lawsuit.

7 And second, we have the appeal items for
8 San Bernardino City Unified and Lompoc Unified have been
9 withdrawn from this agenda, and finally, the item stamped
10 on pages 42 and 43 of the Consent Calendar for Palo Verde
11 Unified have also been withdrawn from the agenda.

12 So we just decreased the length of this meeting
13 by like half. You're welcome.

14 So first, we go to the **Minutes** from December 9th.
15 Any changes? Do we have a motion for approval?

16 MR. DIAZ: So move.

17 SENATOR WILK: Second.

18 MS. MILLER: Moved by Mr. Diaz. Seconded by
19 Senator Wilk. Lisa, will you call the roll, please.

20 MS. JONES: Senator Wilk.

21 SENATOR WILK: Aye.

22 MS. JONES: Assemblymember O'Donnell.

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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: Gayle Miller.

MS. MILLER: Aye. So we will hold that open and see if a few other members --

MS. JONES: Great. Thank you.

MS. MILLER: -- come and want to add on. Thank you, Ms. Jones. Next, the **Executive Officer's Statement.**

MS. SILVERMAN: Yeah. We have a few things to share with you today. Happy new year, everyone.

So we wanted to share with you an update on the priority apportionments which was an action the Board took in September and that was a result of the fall bond sale. So we had nearly \$772 million to award to projects and we can share with the Board that it had update timelines to submit their fund release request to our office by December 24th.

1 We're happy to share that a cumulative total of
2 \$705 million have and will have program -- access to the
3 program cash which is great news. So it's a good draw on
4 the cash.

5 We also wanted to share with the Board there is
6 several projects -- I would say close to 40 -- that have a
7 career tech education program grant. They actually have a
8 different timeline. So they have until September 24th to
9 perfect and come in with their approvals. So that's on a
10 different timeline.

11 So with that, we also wanted to share with the
12 Board there is two projects, \$2.4 million, that didn't come
13 in for the valid fund release request and as a result, they
14 will lose their award again.

15 So the second item we want to share with the
16 Board, if you have an unfunded approval, the requirement to
17 submit a certification to our office was December 12th.
18 That was shortly after our last meeting. So we're happy to
19 report that 274 projects came in for nearly 830 million
20 which is great news for those projects that have unfunded
21 approval. That will deem them eligible for a spring bond
22 sale. So the certifications are valid from January 1st to

1 June 30th of 2020.

2 I also wanted to highlight the next item is
3 career tech education program grants. That filing round is
4 still open and happy to report Mr. Mireles gave us an
5 update last month that they had over 282 applications that
6 came through the door for a review.

7 So that's the first step of the process for folks
8 who have not submitted before or wanted a re-review of
9 their application to get a higher score.

10 So if you have a score of 105 or higher, you have
11 the ability to submit for a funding request, and we're
12 encouraging folks to submit that request through our
13 electronic processing for career tech funding grants.

14 And so we just also received the first round of
15 scores from the Department of Education, so just great.
16 We're happy the flow bases is working. So we have 70
17 applications that went through with a score last week and
18 we're eager to see another batch come through and we
19 understand it's probably upwards by 80 projects will have a
20 new score as well.

21 So again, we have a timeline to submit your
22 funding application and your funding application is due to

1 our office in the early part of April, April 6. So let's
2 get them in. There's access to 150 million. Let's get
3 that out the door.

4 The next item I wanted to share with you is that
5 we did share with the Board in December that we're going to
6 have some facility hardship regulation amendments and
7 conversations about how we can refine the process, clarify
8 the program requirements, and we had a meeting on January
9 10th. That was a very successful meeting. We're happy
10 that we actually produce the documents way before the
11 Christmas break and so folks had an opportunity to review
12 that.

13 Our next meeting is January 31st in this building
14 in 4202 from 9:00 to 11:00. So looking forward to a robust
15 conversation and having more dialogue about the process.

16 And the last item we wanted to share is as we
17 start to monitor Prop. 13 and it's getting closer to that
18 voting date for the election, so we also wanted to share
19 with the Board that we're putting a planning schedule
20 together for implementation if the bond does pass.

21 So we wanted to make it very transparent about
22 what topics we're going to be bringing first, second, and

1 what have you, and our goal is also not only to spread the
2 calendar out with the various topics, but also introduce
3 some of the meetings in various regions throughout the
4 State so folks can have the ability to participate, you
5 know, in Southern California, Central California, the Bay
6 Area, communities up north, and the San Diego area.

7 So again, we're looking forward to produce a
8 document that rolls out the timelines associated with this
9 conversation. So if you're interested in the topic of
10 charter schools or if you're interested in the topic of
11 financial hardship, you'll see in a snapshot of time when
12 those topics will be raised. So it's good information that
13 we want to share.

14 And with that, our next meeting's February 26.

15 MS. MILLER: February 26?

16 MS. SILVERMAN: February 26.

17 MS. MILLER: Great. Thank you very much. Why
18 don't we go ahead -- oh, Mr. O'Donnell, of course.

19 ASSEMBLYMEMBER O'DONNELL: Could we -- for the
20 next meeting, could we agendize an election of the vice
21 chair? Would that need to be agendized or --

22 MS. MILLER: It does need to be agendized.

1 ASSEMBLYMEMBER O'DONNELL: So if we could do
2 that, please. And then I know, Madam Chair, you and I
3 talked about this and I don't know whose role this is. So
4 I mean hiring of an assistant executive officer. We've
5 discussed this and that was to be flown, so I don't know if
6 it's been flown or what -- I don't know who handles that.

7 MS. MILLER: The appointment of an executive --

8 ASSEMBLYMEMBER O'DONNELL: Assistant -- I believe
9 it's assistive executive officer.

10 MS. MILLER: Assistant executive officer. Yeah.
11 You know, it's a good question, Mr. O'Donnell. The
12 question here is how most efficiently -- of course, first,
13 we need the bond to pass and then there are some questions
14 around how most efficiently to get feedback from the
15 community and from stakeholders.

16 So I think -- we did reach out to your office for
17 a meeting. I know you'd rather do that here. So I --

18 ASSEMBLYMEMBER O'DONNELL: Okay. We had a
19 meeting. You and I discussed this --

20 MS. MILLER: Right. And then I wanted to --

21 ASSEMBLYMEMBER O'DONNELL: My understanding is
22 that it was going to be flown. And I -- the perception --

1 MS. MILLER: Tell me what you mean by flown.

2 ASSEMBLYMEMBER O'DONNELL: Flown meaning there's
3 a position open. There is the title --

4 MS. MILLER: No. I think the discussion we had
5 was that I actually didn't know there was an assistant
6 executive officer.

7 So certainly I think what we want to do is make
8 sure that the information we get from stakeholders around
9 the state is complete and can actually be implemented and
10 used and useful.

11 So what I'm trying to do and make sure I
12 understand is the past experiences, which I don't think
13 have always been as effective as we had hoped in terms of
14 actually delivering what the bond and the statute intended,
15 so -- excuse me.

16 So I think that's sort of the stakeholder process
17 that we really want to consider is that there is very
18 specific statute -- again, AB-48 is now a bond and has to
19 be approved -- and what that looks like going forward I
20 think is an important discussion and happy to agendize it
21 and discuss it next month.

22 ASSEMBLYMEMBER O'DONNELL: Okay. I'm a little

1 confused by that, but either way, are you talking about the
2 implementation --

3 MS. MILLER: Well, I'm talking about two things.
4 So there's two --

5 ASSEMBLYMEMBER O'DONNELL: So there's some
6 concern in the community about implementation of AB-48
7 should it pass.

8 MS. MILLER: Um-hmm.

9 ASSEMBLYMEMBER O'DONNELL: And is that where
10 you're coming from?

11 MS. MILLER: Well, I think there are two reasons
12 for --

13 ASSEMBLYMEMBER O'DONNELL: We talked about in the
14 implementation committee.

15 MS. MILLER: Right.

16 ASSEMBLYMEMBER O'DONNELL: So something of that
17 sort, is that where you're going --

18 MS. MILLER: No. I'm talking about I think
19 there's two discrete issues. There is this -- the idea of
20 this assistant executive officer --

21 ASSEMBLYMEMBER O'DONNELL: Um-hmm.

22 MS. MILLER: -- which is -- which we'll put on

1 the agenda for next time.

2 ASSEMBLYMEMBER O'DONNELL: Um-hmm.

3 MS. MILLER: There is also the issue of electing
4 a vice chair which you've also asked to be agendized for
5 next month.

6 ASSEMBLYMEMBER O'DONNELL: Um-hmm.

7 MS. MILLER: And then there's the issue of --

8 ASSEMBLYMEMBER O'DONNELL: Well, the vice chair -
9 - just quickly -- is part of the rules and operating
10 procedures. We should have elected one already.

11 MS. MILLER: And we've added that to the agenda
12 for next month --

13 ASSEMBLYMEMBER O'DONNELL: Yeah.

14 MS. MILLER: -- at your request.

15 ASSEMBLYMEMBER O'DONNELL: And the other one I
16 think may entail some more discussion.

17 MS. MILLER: Right. And add to your point, there
18 are two discussion pieces to that. One is the executive
19 officer, which I think is a robust discussion because it
20 did not always lead to actually implementing the statute.
21 So we want to be really mindful of that.

22 And two along with that is an implementation

1 committee should this bond measure pass. So happy to
2 agendize all of that and we'll have that discussion in
3 February. Thank you.

4 Okay. With that, can we move to the **Consent**
5 **Calendar**, please.

6 MS. SILVERMAN: Yeah. Consent Agenda is ready
7 for your approval.

8 MS. MILLER: Thank you. And just to repeat,
9 there were two items removed from the Consent Agenda. With
10 that, do we have a motion and a second.

11 MR. DIAZ: So move.

12 ASSEMBLYMEMBER O'DONNELL: Second.

13 MS. MILLER: Moved by Mr. Diaz, seconded by
14 Mr. O'Donnell. Ms. Jones, will you please take the roll.

15 MS. JONES: Certainly. Senator Wilk.

16 SENATOR WILK: Aye.

17 MS. JONES: Senator Leyva.

18 SENATOR LEYVA: Aye.

19 MS. JONES: Assemblymember O'Donnell.

20 ASSEMBLYMEMBER O'DONNELL: Aye.

21 MS. JONES: Assemblymember Cunningham.

22 ASSEMBLYMEMBER CUNNINGHAM: Aye.

1 MS. JONES: Juan Mireles.

2 MR. MIRELES: Aye.

3 MS. JONES: Cesar Diaz.

4 MR. DIAZ: Aye.

5 MS. JONES: Daniel Kim.

6 MR. KIM: Aye.

7 MS. JONES: Gayle Miller.

8 MS. MILLER: Aye.

9 MS. JONES: Motion carries.

10 MS. MILLER: Thank you very much, Ms. Jones.

11 Moving onto the **financial reports**, Ms. Silverman.

12 MS. SILVERMAN: Yes. I just wanted to highlight

13 on page 71, just the update on the fund release request.

14 We had over \$133.2 million of funds being disbursed in

15 November and December. So that's great news.

16 And as far as the activity on page 73 with the

17 status of funds, although we didn't have a lot of flow of

18 unfunded approvals going this month and there's a reason

19 why is because if we have a construction cost index

20 adjustment, we want to bring all those projects back to a

21 February board so we're not doing over some of the unfunded

22 approvals.

1 So with that, we do have some closeout activities
2 that we want to share and some rescissions. So we have
3 over \$1.3 million that reflected an adjustment to some
4 program grants and some closeouts and that represents for
5 six projects, and we have over \$306,000 for 14 projects
6 that represent rescissions.

7 And we also have some adjustments for full-day
8 kinder, so for those folks who had an amendment to their
9 grants for the prior approval. So we wanted to share with
10 the Board on page 74 that activity did reflect and the
11 posting of the status of funds. So with that, I'm happy to
12 answer any questions.

13 MS. MILLER: Okay. Thank you. Any questions?
14 No. Thank you. Any public comment? Great. Thank you.
15 We will now move onto the appeal items, and we --
16 San Bernardino and Lompoc were both withdrawn from today's
17 agenda, just for anyone that wasn't here for that.

18 So with that, we will move to the Washington
19 Unified and Fresno appeal.

20 MS. SILVERMAN: So, yeah, I'd like to share with
21 the Board, on page 163, grab your attention -- so with
22 that, we wanted to highlight some significant facts

1 regarding this project.

2 We had -- American Union Elementary School came
3 in initially for its program grant back in June 2010, and
4 at the time, they were eligible for financial hardship
5 status. And the issue here before you is whether or not the
6 district who subsequently unified to Washington Unified
7 should have to return excess program grants as a result of
8 receiving a design award.

9 So there was \$234,000 that was received twice as
10 a result of us processing their grant approval. So I just
11 want to highlight to the Board, in June, the Board did
12 approve that grant request in June of 2010 and that was
13 under American Union Elementary School and that was for an
14 elementary school project.

15 Subsequently to that event, the district came in
16 for its apportionment in December of 2010. However, on
17 July 1st of 2011, the district went through a unification
18 process in which they unified with American Elementary
19 Unified with West Fresno Elementary School. They also
20 unified with Washington Union High School District.

21 So they became -- the new title of the district
22 became Washington Unified. Subsequent to that event in

1 September of 2011, the district came in with their funding
2 request for that project at the elementary school and with
3 that, staff had challenged whether or not they could
4 actually come in for that grant.

5 That was subsequently resolved in March -- excuse
6 me -- in August of 2012, in which the district had appealed
7 their status for financial hardship and they were granted
8 hardship status based on that original project at American
9 Union Elementary School.

10 So with that, the district did -- we did process
11 an unfunded approval for that program grant at the
12 elementary school. We awarded over \$2.4 million for that
13 program grant and as a result of processing that program
14 grant, we actually processed the design grant again with
15 that full grant.

16 So as we go through the closeout process -- we
17 did subsequently release the funds. We went through the
18 closeout process when the district was determining how much
19 expenditures were eligible for the project. We actually
20 submitted to the district that they had savings associated
21 with that financial hardship project and so they had over
22 \$99,000 of savings they needed to return.

1 And the district was notified in December of
2 2017. In January of 2018, the district did agree and
3 concur with those findings. Several weeks after that,
4 March 15, 2018, the district was subsequently notified that
5 they actually did receive -- staff noticed that they did
6 over -- we overfunded the project and as a result, we were
7 no longer asking for the 99,000 to be returned. We were
8 asking the district to return \$234,178.

9 So the district as a result did appeal our
10 determination and here we are today. Want to get this
11 resolved as soon as possible, I'm sure.

12 So the district agrees to return the 99,000.
13 However, they don't concur that they have to return the
14 \$234,000. They admit that, you know, because the staffing
15 error and obviously, it's probably the one off occasion
16 that it did happen, but it was a rare occurrence.

17 But they definitely built the project in
18 accordance to the program budget that they received in
19 their award.

20 So with that, staff also wanted to recognize the
21 regulations for financial hardship as receiving the
22 advanced design under 1859.81.1, the program does allow for

1 an advanced design up to 40 percent of the construction
2 grant.

3 However, the regulation also specifies that the
4 grant needs to be reduced once they came in for the full
5 project. So in essence, staff should have reduced the
6 project when it came in for the full funding.

7 And as a result, staff does acknowledge the error
8 and it was likely dealt with the merging of the three
9 districts. We're unaware of any other circumstances where
10 we had appropriated design funds twice.

11 If I can direct your attention on page 166, I
12 want to share with the Board the table of the project
13 funding. So the total award for the district that included
14 the double funding for the design grant was \$2.7 million.

15 The expenditures as audited was over \$2.6 million
16 and so the net result initially was the \$99,000 to be
17 returned. But as we, like I said, reconciled the program
18 grant, that grant actually should have been reduced and so
19 the true award should have been over \$2.4 million.

20 And so even though the expenditures were over
21 \$2.6 million and they're a hardship district, there's
22 \$134,000 that was overspent on the project. The true

1 return of the project should be that additional grant --
2 design award. So that \$234,178 should -- the district
3 is -- staff would ask the district to return the funds.

4 So at this time, we have no program regulations
5 that obviously would waive that additional grant. So we're
6 seeking Board direction.

7 MS. MILLER: Okay. And Ms. Silverman, if we can
8 just clarify, it's the 234,178 that you're asking for and
9 of that, they've agreed to return the 99,000 --

10 MS. SILVERMAN: That's correct.

11 MS. MILLER: -- as well, so --

12 MS. SILVERMAN: Yeah.

13 MS. MILLER: -- the net is like 135,178, right?

14 MS. SILVERMAN: Yeah. The district has claimed
15 that they have the 99,000 available in their accounts to
16 return. So in essence, they have the funds to pay some of
17 the project, but I guess the contentious issue is we
18 haven't received the funds back.

19 So that's really at play. So they would have to
20 pay an additional \$134,000.

21 MS. MILLER: Right.

22 MS. SILVERMAN: That's correct.

1 MS. MILLER: Thank you. Senator.

2 SENATOR LEYVA: If I could just make a comment.
3 You know, the 99,000, if they have that and can pay it
4 back, this is through no fault of their own. It was a
5 mistake and, you know, it happened, what, ten years ago.
6 So we hate to see kids suffer now and have that additional
7 monies -- they might not even have the money. So we don't
8 know how they would get it. So I would certainly be
9 supportive of them paying back what they have, which is the
10 99,000 and if you need a motion, I'll make a motion.

11 MS. MILLER: Thank you. I appreciate that. So
12 it's been moved. Is there any public comment --

13 ASSEMBLYMEMBER O'DONNELL: Second.

14 MS. MILLER: Second by Mr. O'Donnell. Anyone
15 here from the district? No. Oh, would you like to come
16 up, sir?

17 MR. MOORE: Sure.

18 MS. MILLER: Thank you. If you could please
19 state your name for the record. Thank you.

20 MR. MOORE: My name is Randy Moore.

21 MS. MILLER: Oh, sir, do you mind speaking at the
22 mic.

1 MR. MOORE: Sure.

2 MS. MILLER: Thank you.

3 MR. MOORE: Man, I feel important.

4 MS. MILLER: You are important.

5 MR. MOORE: Randy Moore, Superintendent,
6 Washington Unified School District. I was not with the
7 district at the time that this took place. However, I am
8 familiar with the process and the project and how we got to
9 this point.

10 And so for those reasons and what was well stated
11 up here, that's why we're here today to ask that we not be
12 penalized for not realizing at the time that the design
13 phase was issued twice -- or the design funding was issued
14 twice and we are certainly in agreement to return the
15 99,000.

16 MS. MILLER: Okay. Thank you for clarifying
17 that.

18 MR. MOORE: Okay.

19 MS. MILLER: We really appreciate that. Thank
20 you.

21 ASSEMBLYMEMBER CUNNINGHAM: Question?

22 MS. MILLER: Oh, please, Mr. Cunningham, yes.

1 MR. MOORE: Yes, sir.

2 ASSEMBLYMEMBER CUNNINGHAM: I just had one
3 question for you. So the \$134,508.69, which is the
4 difference between the 99- you're agreeing to return what
5 is recommended that you return, right? Is that -- was that
6 money spent or is it sitting somewhere?

7 MR. MOORE: Spent.

8 ASSEMBLYMEMBER CUNNINGHAM: Okay. And what did
9 it get spent on?

10 MR. MOORE: My understanding is it was spent on
11 the project at American Union.

12 ASSEMBLYMEMBER CUNNINGHAM: So for you to return
13 the full 234,178, you would have to find an additional
14 134,508.

15 MR. MOORE: Correct.

16 ASSEMBLYMEMBER CUNNINGHAM: Okay. That's all I
17 have.

18 MS. MILLER: Thanks, Mr. Cunningham.
19 Mr. Nazarian.

20 MR. NAZARIAN: Thank you. Thank you for being
21 here, first of all, and I appreciate that you brought this
22 issue forward because it also is an exercise for us to go

1 through and set our parameters.

2 My concern was it's not the amount of money.
3 Obviously, if it's put to good use, it's well worth it and
4 that's not an issue and I think on many occasions before
5 we've voted to grant the appeal of a school district in
6 similarly situated circumstances.

7 But in this case, I'm just wondering if the
8 district had received the funding twice -- maybe you can't
9 speak to this because it's before your time --

10 MR. MOORE: Yes. Sure.

11 MR. NAZARIAN: -- but there would be a fiduciary
12 obligation of the district also notifying the Board that
13 there was two sets of similar funding for the same project
14 given to them, and so one of -- was there in error. Was
15 there ever a conversation about that?

16 MR. MOORE: You know what, I can't really speak
17 to that because I wasn't there during that time. My --
18 after figuring out why I needed to come here today and
19 trying to understand how we got to this point, my
20 understanding was that there was definitely some confusion
21 during the unification process and during that unification
22 process, there was also a building of an administration for

1 the unified district because it wasn't like American Union
2 joined a unified district.

3 American Union, West Fresno, and Washington Union
4 unified at the same time. And so my understanding is that
5 the district did not realize when the unified district came
6 and got the apportionment that there was an additional
7 design fee that was already issued to American Union.

8 MR. NAZARIAN: But that merger also helped the
9 collective of the school districts.

10 MR. MOORE: Correct.

11 MR. NAZARIAN: Okay. If you can't answer this,
12 I'm not going to belabor the point.

13 MR. MOORE: Sure.

14 MR. NAZARIAN: But I -- there's many things that
15 I'm willing to support --

16 MR. MOORE: Sure.

17 MR. NAZARIAN: -- but when it comes to something
18 like this, I feel like it sets -- or sends a wrong message,
19 so I'm going to be withholding my support for this.

20 MR. MOORE: Okay.

21 MS. MILLER: Thank you, Mr. Nazarian. Mr. Kim.

22 MR. KIM: Thank you, Superintendent, for coming

1 here and I understand you weren't there at the time, but
2 this is hardship funds. So there wasn't a district match
3 for this project, was there?

4 MS. SILVERMAN: No --

5 MR. KIM: So what I'm not understanding is if
6 this was for the design fee and you spent the money or at
7 least 134,000 than you expected, that means there was a
8 cost overrun and shouldn't that have been reported in some
9 way or fashion. That's one thing -- or two -- and that
10 would be a huge increase to the design fees compared to
11 what they would have only gotten.

12 Or two, that money was spent on something else
13 that wasn't part of this project once it's been
14 (indiscernible). So I'm just trying to reconcile how did
15 this -- where did this money go. I know you spent it. On
16 what?

17 MR. MOORE: Sure. Well, in the research that I
18 was able to do, it was spent on a project at American Union
19 as far as I can tell.

20 MR. KIM: But wouldn't you be able to identify
21 where the cost overrun was? Someone would have been able
22 to identify, yeah, we overspent in this line item.

1 MR. MOORE: It was not brought to my attention
2 until it came from this office that we had been issued the
3 design phase twice.

4 MS. MILLER: I think part of the issue was that
5 three districts were consolidating at one time, but you
6 could speak to this much better than me.

7 MR. MOORE: Yeah. I mean the unification
8 process, while I wasn't there at the time, I've become
9 really familiar with it because I live in the area and was
10 part of it from the public sector, if you will.

11 That process -- so actually, West Fresno --
12 American Union put it to the voters, right? And they said
13 the Board decided. The voters got to decide on
14 unification. West Fresno, that wasn't the case.

15 West Fresno was -- what is the proper term,
16 Chris? Chris, do you know the proper term for West Fresno?
17 Laxation (ph). Thank you. Laxated (ph) into the district
18 once American Union became part of it. So while I'm not
19 familiar with the internal interactions and how things got
20 communicated on all levels, it was a very different view
21 for a community that had six separate school districts
22 operating independently for the entirety of their

1 existence.

2 MS. MILLER: Laxated, I don't know that word.

3 MR. KIM: And I commend you on the consolidation.

4 My understanding is with the consolidation you're no longer

5 a hardship and you no longer qualify as a hardship

6 district.

7 If the funds were returned, would the monies go

8 to a school district that would qualify as hardship?

9 MS. SILVERMAN: Program funds would just be

10 returned to the pot and so would be -- you know, the next

11 project in line like in any other case. So not necessarily

12 specifically for a hardship designation. It would go back

13 to new construction.

14 MR. KIM: But potentially for a hardship

15 district.

16 MS. SILVERMAN: It could potentially go to a

17 hardship district. That's correct.

18 MS. MILLER: Thank you. There's a motion and a

19 second. Any other public comment? Any other questions

20 from the Board? Ms. Jones, can we call the roll, please.

21 MS. JONES: Senator Wilk.

22 SENATOR WILK: Aye.

1 MS. JONES: Senator Leyva.
2 SENATOR LEYVA: Aye.
3 MS. JONES: Assemblymember Nazarian.
4 MR. NAZARIAN: Not voting.
5 MS. JONES: Okay. Assemblymember O'Donnell.
6 ASSEMBLYMEMBER O'DONNELL: Aye.
7 MS. JONES: Assemblymember Cunningham.
8 ASSEMBLYMEMBER CUNNINGHAM: Aye.
9 MS. JONES: Juan Mireles.
10 MR. MIRELES: Aye.
11 MS. JONES: Cesar Diaz.
12 MR. DIAZ: Aye.
13 MS. JONES: Daniel Kim.
14 MR. KIM: Nay.
15 MS. JONES: Okay. And Gayle Miller.
16 MS. MILLER: Not voting.
17 MS. JONES: And that motion does carry.
18 MS. MILLER: Thank you, sir.
19 MR. MOORE: Appreciate your time. Thank you.
20 MS. MILLER: Thank you. So the Lompoc appeal was
21 also taken off today's agenda at the request of the
22 district. So we will move now to, Ms. Kampmeinert, the

1 **adjustment to the school facility program grants.**

2 MS. KAMPMEINERT: Yes. Thank you. On page 247
3 of our agenda is the first of our action items and it is
4 the annual adjustment to the school facility program
5 grants, which is based on the change in construction from
6 last year to this year using the Class B construction cost
7 index.

8 The Board has adopted RS Means as the
9 construction cost index to make this change and the data
10 received from RS Means shows that the change was a 2.08
11 percent increase. So the grants that you see reflected on
12 the attachment to this item have all been increased by 2.08
13 percent.

14 The -- I would like to read into the record that
15 there is one grant for modernization for the elementary
16 school pupil grant on page 252 that is listed at \$4,747 and
17 that should be corrected to \$4,741.

18 But with that change, we are seeking the Board's
19 approval to make that increase to the grant amounts. These
20 grant amounts would then be applied to all projects that
21 receive a new Board approval in 2020 and as Lisa mentioned
22 in her Executive Officer's Statement, we will have our

1 project approvals that normally would go to January come to
2 us in February so that they can also have the benefit of
3 this construction cost change.

4 With that, we're seeking your approval.

5 MS. MILLER: Thank you. Any questions from the
6 Board on that? Any public comment? Okay. Could I have a
7 motion and a second.

8 MR. DIAZ: Motion to approve.

9 MS. MILLER: Moved by Mr. Diaz.

10 SENATOR LEYVA: Second.

11 MS. MILLER: Seconded by Senator Leyva.

12 Ms. Jones, will you call the roll, please.

13 MS. JONES: Senator Wilk.

14 SENATOR WILK: Aye.

15 MS. JONES: Senator Leyva.

16 SENATOR LEYVA: Aye.

17 MS. JONES: Assemblymember Nazarian.

18 MR. NAZARIAN: Aye.

19 MS. JONES: Assemblymember O'Donnell.

20 ASSEMBLYMEMBER O'DONNELL: Aye.

21 MS. JONES: Assemblymember Cunningham.

22 ASSEMBLYMEMBER CUNNINGHAM: Aye.

1 MS. JONES: Juan Mireles.

2 MR. MIRELES: Aye.

3 MS. JONES: Cesar Diaz.

4 MR. DIAZ: Aye.

5 MS. JONES: Daniel Kim.

6 MR. KIM: Aye.

7 MS. JONES: Gayle Miller.

8 MS. MILLER: Aye.

9 MS. JONES: That motion does carry.

10 MS. MILLER: Thank you very much. Next the index
11 adjustment for the assessment for development.

12 MS. KAMPMEINERT: And this is sort of a companion
13 item to the construction cost index change that we just
14 adopted, but this item comes before the Board every two
15 years in January and it is also based on the rate of change
16 in that Class B construction cost index.

17 But this item is asking the Board to adjust the
18 level one assessment on development that can be applied,
19 and on page 257 of the agenda, we have a chart there that
20 shows the history, 2016, '18, and what the new change would
21 be in 2020 as a result of the two-year change which is a
22 7.64 percent increase.

1 So that is last year's increase of 5.56 plus this
2 year's increase of the 2.08 percent. And that would
3 increase the developer fees to \$4.08 for residential and
4 \$0.66 for the commercial.

5 We also have put a footnote on this item just to
6 draw folks' attention to the fact that if Proposition 13
7 does pass, there are provisions in AB-48 that would
8 potentially change who pays the developer fee, what types
9 of development with respect to multi-family housing and
10 location to transit stops.

11 So that would become effective if the bond
12 passes. So we just wanted to draw attention to that today,
13 but no action needed on that piece today. We're just
14 asking the Board to adopt the typical every two-year change
15 to the level one fees.

16 MS. MILLER: Great. Thank you very much,
17 Ms. Kampmeinert. Any questions or comments from the Board?

18 SENATOR LEYVA: (Indiscernible)

19 MS. MILLER: Moved by Senator Leyva.

20 MR. DIAZ: Second.

21 MS. MILLER: Seconded by Mr. Diaz. Any public
22 comment? May we take the roll, Ms. Jones.

1 MS. JONES: Senator Wilk.
2 SENATOR WILK: Aye.
3 MS. JONES: Senator Leyva.
4 SENATOR LEYVA: Aye.
5 MS. JONES: Assemblymember Nazarian.
6 MR. NAZARIAN: Aye.
7 MS. JONES: O'Donnell.
8 ASSEMBLYMEMBER O'DONNELL: Aye.
9 MS. JONES: Cunningham.
10 ASSEMBLYMEMBER CUNNINGHAM: Aye.
11 MS. JONES: Juan Mireles.
12 MR. MIRELES: Aye.
13 MS. JONES: Cesar Diaz.
14 MR. DIAZ: Aye.
15 MS. JONES: Daniel Kim.
16 MR. KIM: Aye.
17 MS. JONES: Gayle Miller.
18 MS. MILLER: Aye.
19 MS. JONES: Motion carries.
20 MS. MILLER: Thank you. So we're on our last
21 item in open session. Ms. Silverman.
22 MS. SILVERMAN: That's an information item

1 related to the K-12 local audits. We wanted to share with
2 the Board with the enactment of Education Code 41024 that
3 provided the responsibility of having every project funded
4 from this program audited and that resulted in projects
5 funded after April 1st of 2017.

6 So that local requirement to have your project
7 audited, we wanted to share with the Board that -- an
8 update. We actually had 21 projects that came through from
9 the completion of the local audits being performed and they
10 actually were submitted to the controller's office and with
11 that, we wanted to update the Board. 14 of those local
12 audits were certified which is great news.

13 Even better news we wanted to share is there's no
14 audit findings to date. So that's great news. So we can
15 think of a couple things that are actually being well used
16 and that is the grant agreement, the disclosure of the
17 eligible costs and the ineligible costs, a lot of outreach
18 and training which has been really great.

19 We've been also helping districts also
20 distinguish with some of their expenditure reports before
21 they submit in this final review.

22 So this is all great news and we also want to

1 commend the districts for getting an A so far on their
2 audits. So that's also positive for the program and that
3 folks are following the program requirements. So just
4 wanted to give that update.

5 MS. MILLER: Great. Thank you. That's good
6 news. Any public comment on that? Any other public
7 comment?

8 So this concludes the regular public SAB meeting
9 for today. At this time, the Board will meet in closed
10 session pursuant to Government Code 11126(e)(1) for the
11 purpose of conferring with and receiving advice from
12 counsel regarding the status of a pending lawsuit.

13 Upon conclusion, we'll report back out and
14 adjourn the meeting.

15 (Whereupon at 4:44 p.m., the open meeting was recessed
16 for the closed session and resumed as follows at 4:56 p.m.)

17 MS. MILLER: Okay. Thanks, everyone. We are
18 back in open session. We met in closed session pursuant to
19 Government Code Section 11126(e)(1) for the purpose of
20 conferring with and receiving advice from legal counsel
21 regarding the status of three pending lawsuits and we will
22 reopen the roll for the Minutes as well as the Consent

1 Calendar. Ms. Jones. On the Minutes.

2 MS. JONES: Yes. Thank you. Yes. For the
3 Minutes, Senator Leyva, how do you vote?

4 SENATOR LEYVA: Aye.

5 MS. JONES: Aye. And then Assemblymember
6 Nazarian?

7 MR. NAZARIAN: Aye.

8 MS. JONES: And Cunningham.

9 ASSEMBLYMEMBER CUNNINGHAM: Aye.

10 MS. JONES: Great. That motion does carry.

11 MS. MILLER: Great. Thank you. And then to the
12 Consent Calendar --

13 MS. JONES: Yes. And that will be Assemblymember
14 Nazarian, how do you vote on Consent?

15 MR. NAZARIAN: Aye.

16 MS. JONES: Thank you so much. And that motion
17 carries.

18 MS. MILLER: Great. Thank you. We are
19 adjourned.

20 (Whereupon, at 4:56 p.m., the proceedings were
21 adjourned.)

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IN WITNESS WHEREOF, I have subscribed my name on January 24, 2020.

Mary C. Clark
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