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
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 ADRIAN 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
PROCEEDINGS

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

MS. JONES: Yes. Senator Wilk.

SENATOR WILK: Present.

MS. JONES: Senator Leyva.

Senator Roth.

Assemblymember Nazarian.

Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Here.

MS. JONES: Assemblymember Cunningham.

Juan Mireles.

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

And second, we have the appeal items for San Bernardino City Unified and Lompoc Unified have been withdrawn from this agenda, and finally, the item stamped on pages 42 and 43 of the Consent Calendar for Palo Verde Unified have also been withdrawn from the agenda.

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

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

MR. DIAZ: So move.

SENATOR WILK: Second.

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

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

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

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

So the second item we want to share with the Board, if you have an unfunded approval, the requirement to submit a certification to our office was December 12th. That was shortly after our last meeting. So we're happy to report that 274 projects came in for nearly 830 million which is great news for those projects that have unfunded approval. That will deem them eligible for a spring bond sale. So the certifications are valid from January 1st to
June 30th of 2020.

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

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

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

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

So again, we have a timeline to submit your funding application and your funding application is due to
our office in the early part of April, April 6. So let's get them in. There's access to 150 million. Let's get that out the door.

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

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

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

So we wanted to make it very transparent about what topics we're going to be bringing first, second, and
what have you, and our goal is also not only to spread the
calendar out with the various topics, but also introduce
some of the meetings in various regions throughout the
State so folks can have the ability to participate, you
know, in Southern California, Central California, the Bay
Area, communities up north, and the San Diego area.

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

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

MS. MILLER: February 26?


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

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

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

MS. MILLER: The appointment of an executive --

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

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

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

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

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

ASSEMBLYMEMBER O'DONNELL: My understanding is that it was going to be flown. And I -- the perception --
MS. MILLER: Tell me what you mean by flown.

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

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

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

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

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

ASSEMBLYMEMBER O'DONNELL: Okay. I'm a little
confused by that, but either way, are you talking about the implementation --

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

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

MS. MILLER: Um-hmm.

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

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

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

MS. MILLER: Right.

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

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

ASSEMBLYMEMBER O'DONNELL: Um-hmm.

MS. MILLER: -- which is -- which we'll put on
the agenda for next time.

ASSEMBLYMEMBER O'DONNELL: Um-hmm.

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

ASSEMBLYMEMBER O'DONNELL: Um-hmm.

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

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

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

ASSEMBLYMEMBER O'DONNELL: Yeah.

MS. MILLER: -- at your request.

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

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

And two along with that is an implementation
committee should this bond measure pass. So happy to agendize all of that and we'll have that discussion in February. Thank you.

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

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

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

MR. DIAZ: So move.

ASSEMBLYMEMBER O’DONNELL: Second.

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


SENATOR WILK: Aye.

MS. JONES: Senator Leyva.

SENATOR LEYVA: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Assemblymember Cunningham.

ASSEMBLYMEMBER CUNNINGHAM: 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.

MS. JONES: Motion carries.

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

Moving onto the financial reports, Ms. Silverman.

MS. SILVERMAN: Yes. I just wanted to highlight on page 71, just the update on the fund release request. We had over $133.2 million of funds being disbursed in November and December. So that's great news.

And as far as the activity on page 73 with the status of funds, although we didn't have a lot of flow of unfunded approvals going this month and there's a reason why is because if we have a construction cost index adjustment, we want to bring all those projects back to a February board so we're not doing over some of the unfunded approvals.
So with that, we do have some closeout activities that we want to share and some rescissions. So we have over $1.3 million that reflected an adjustment to some program grants and some closeouts and that represents for six projects, and we have over $306,000 for 14 projects that represent rescissions.

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

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

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

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

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

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

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

So they became -- the new title of the district became Washington Unified. Subsequent to that event in
September of 2011, the district came in with their funding request for that project at the elementary school and with that, staff had challenged whether or not they could actually come in for that grant.

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

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

So as we go through the closeout process -- we did subsequently release the funds. We went through the closeout process when the district was determining how much expenditures were eligible for the project. We actually submitted to the district that they had savings associated with that financial hardship project and so they had over $99,000 of savings they needed to return.
And the district was notified in December of 2017. In January of 2018, the district did agree and concur with those findings. Several weeks after that, March 15, 2018, the district was subsequently notified that they actually did receive -- staff noticed that they did over -- we overfunded the project and as a result, we were no longer asking for the 99,000 to be returned. We were asking the district to return $234,178.

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

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

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

So with that, staff also wanted to recognize the regulations for financial hardship as receiving the advanced design under 1859.81.1, the program does allow for
an advanced design up to 40 percent of the construction grant.

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

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

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

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

And so even though the expenditures were over $2.6 million and they're a hardship district, there's $134,000 that was overspent on the project. The true
return of the project should be that additional grant --
design award. So that $234,178 should -- the district is -- staff would ask the district to return the funds.

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

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

MS. SILVERMAN: That's correct.

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

MS. SILVERMAN: Yeah.

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

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

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

MS. MILLER: Right.

MS. SILVERMAN: That's correct.
MS. MILLER: Thank you. Senator.

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

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

ASSEMBLYMEMBER O'DONNELL: Second.

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

MR. MOORE: Sure.

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

MR. MOORE: My name is Randy Moore.

MS. MILLER: Oh, sir, do you mind speaking at the mic.
MR. MOORE: Sure.

MS. MILLER: Thank you.

MR. MOORE: Man, I feel important.

MS. MILLER: You are important.

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

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

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

MR. MOORE: Okay.

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

ASSEMBLYMEMBER CUNNINGHAM: Question?

MS. MILLER: Oh, please, Mr. Cunningham, yes.
MR. MOORE: Yes, sir.

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

MR. MOORE: Spent.

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

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

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

MR. MOORE: Correct.

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

MS. MILLER: Thanks, Mr. Cunningham.

Mr. Nazarian.

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

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

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

MR. MOORE: Yes. Sure.

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

MR. MOORE: You know what, I can't really speak to that because I wasn't there during that time. My --

after figuring out why I needed to come here today and trying to understand how we got to this point, my understanding was that there was definitely some confusion during the unification process and during that unification process, there was also a building of an administration for
the unified district because it wasn't like American Union joined a unified district.

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

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

MR. MOORE: Correct.

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

MR. MOORE: Sure.

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

MR. MOORE: Sure.

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

MR. MOORE: Okay.

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

MR. KIM: Thank you, Superintendent, for coming
here and I understand you weren't there at the time, but this is hardship funds. So there wasn't a district match for this project, was there?

MS. SILVERMAN: No --

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

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

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

MR. KIM: But wouldn't you be able to identify where the cost overrun was? Someone would have been able to identify, yeah, we overspent in this line item.
MR. MOORE: It was not brought to my attention until it came from this office that we had been issued the design phase twice.

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

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

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

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

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

MR. KIM: And I commend you on the consolidation. My understanding is with the consolidation you're no longer a hardship and you no longer qualify as a hardship district.

If the funds were returned, would the monies go to a school district that would qualify as hardship?

MS. SILVERMAN: Program funds would just be returned to the pot and so would be -- you know, the next project in line like in any other case. So not necessarily specifically for a hardship designation. It would go back to new construction.

MR. KIM: But potentially for a hardship district.

MS. SILVERMAN: It could potentially go to a hardship district. That's correct.

MS. MILLER: Thank you. There's a motion and a second. Any other public comment? Any other questions from the Board? Ms. Jones, can we call the roll, please.

MS. JONES: Senator Wilk.

SENATOR WILK: Aye.
MS. JONES: Senator Leyva.

SENATOR LEYVA: Aye.

MS. JONES: Assemblymember Nazarian.

MR. NAZARIAN: Not voting.


ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Assemblymember Cunningham.

ASSEMBLYMEMBER CUNNINGHAM: Aye.

MS. JONES: Juan Mireles.

MR. MIRELES: Aye.

MS. JONES: Cesar Diaz.

MR. DIAZ: Aye.

MS. JONES: Daniel Kim.

MR. KIM: Nay.

MS. JONES: Okay. And Gayle Miller.

MS. MILLER: Not voting.

MS. JONES: And that motion does carry.

MS. MILLER: Thank you, sir.

MR. MOORE: Appreciate your time. Thank you.

MS. MILLER: Thank you. So the Lompoc appeal was also taken off today's agenda at the request of the district. So we will move now to, Ms. Kampmeinert, the
adjustment to the school facility program grants.

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

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

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

But with that change, we are seeking the Board's approval to make that increase to the grant amounts. These grant amounts would then be applied to all projects that receive a new Board approval in 2020 and as Lisa mentioned in her Executive Officer's Statement, we will have our
project approvals that normally would go to January come to us in February so that they can also have the benefit of this construction cost change.

With that, we're seeking your approval.

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

MR. DIAZ: Motion to approve.

MS. MILLER: Moved by Mr. Diaz.

SENATOR LEYVA: Second.

MS. MILLER: Seconded by Senator Leyva.

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

MS. JONES: Senator Wilk.

SENATOR WILK: Aye.

MS. JONES: Senator Leyva.

SENATOR LEYVA: Aye.

MS. JONES: Assemblymember Nazarian.

MR. NAZARIAN: Aye.

MS. JONES: Assemblymember O'Donnell.

ASSEMBLYMEMBER O'DONNELL: Aye.

MS. JONES: Assemblymember Cunningham.

ASSEMBLYMEMBER CUNNINGHAM: 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.
MS. JONES: That motion does carry.
MS. MILLER: Thank you very much. Next the index adjustment for the assessment for development.

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

But this item is asking the Board to adjust the level one assessment on development that can be applied, and on page 257 of the agenda, we have a chart there that shows the history, 2016, '18, and what the new change would be in 2020 as a result of the two-year change which is a 7.64 percent increase.
So that is last year's increase of 5.56 plus this year's increase of the 2.08 percent. And that would increase the developer fees to $4.08 for residential and $0.66 for the commercial.

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

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

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

SENATOR LEYVA: (Indiscernible)

MS. MILLER: Moved by Senator Leyva.

MR. DIAZ: Second.

MS. MILLER: Seconded by Mr. Diaz. Any public comment? May we take the roll, Ms. Jones.
MS. JONES: Senator Wilk.
SENATOR WILK: Aye.
MS. JONES: Senator Leyva.
SENATOR LEYVA: Aye.
MS. JONES: Assemblymember Nazarian.
MR. NAZARIAN: Aye.
MS. JONES: O'Donnell.
ASSEMBLYMEMBER O'DONNELL: Aye.
MS. JONES: Cunningham.
ASSEMBLYMEMBER CUNNINGHAM: 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.
MS. JONES: Motion carries.
MS. MILLER: Thank you. So we're on our last item in open session. Ms. Silverman.
MS. SILVERMAN: That's an information item
related to the K-12 local audits. We wanted to share with
the Board with the enactment of Education Code 41024 that
provided the responsibility of having every project funded
from this program audited and that resulted in projects
funded after April 1st of 2017.

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

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

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

So this is all great news and we also want to
commend the districts for getting an A so far on their audits. So that's also positive for the program and that folks are following the program requirements. So just wanted to give that update.

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

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

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

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

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

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

SENATOR LEYVA: Aye.

MS. JONES: Aye. And then Assemblymember Nazarian?

MR. NAZARIAN: Aye.

MS. JONES: And Cunningham.

ASSEMBLYMEMBER CUNNINGHAM: Aye.

MS. JONES: Great. That motion does carry.

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

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

MR. NAZARIAN: Aye.

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

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

(Whereupon, at 4:56 p.m., the proceedings were adjourned.)
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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 January 24, 2020.

Mary C. Clark
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