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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

(TELECONFERENCE)

ZIGGURAT BUILDING  
707 3RD STREET  
BOARD ROOM 6-300  
WEST SACRAMENTO, CALIFORNIA 95605

DATE: WEDNESDAY, JUNE 23, 2021

TIME: 4:00 P.M.

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APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

GAYLE MILLER, Chief Deputy Director, Policy, Department of Finance  
ANA LASSO, Director, Department of General Services  
JEREMY SMITH, Appointee of Gavin Newsome, Governor of the State of California  
JUAN MIRELES, Director, School Facilities and Transportation Services Division, California Department of Education, designated representative for Tony Thurmond, Superintendent of Public Instruction

SENATOR CONNIE LEYVA  
SENATOR SCOTT WILK  
ASSEMBLYMEMBER PATRICK O'DONNELL  
ASSEMBLYMEMBER AUTUMN BURKE

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer  
BARBARA KAMPMEINERT, Deputy Executive Officer  
LISA JONES, Secretary  
MICHAEL WATANABE

Transcribed by: Melissa Reid,  
eScribers, LLC  
Phoenix, Arizona

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1                                   **TRANSCRIBED RECORDED PUBLIC MEETING**

2   **June 23, 2021**

3           MS. MILLER: We will call the meeting to order. Ms.  
4 Jones, will you call the roll, please?

5           MS. JONES: Certainly. Senator Wilk.

6           SENATOR WILK: Present.

7           MS. JONES: Senator Leyva.

8           Senator Roth.

9           Assemblymember O'Donnell.

10          Assemblymember Cunningham.

11          Assemblymember Burke.

12          Juan Mireles.

13          MR. MIRELES: Here.

14          MS. JONES: Jeremy Smith.

15          MR. SMITH: Here.

16          MS. JONES: Ana Lasso.

17          MS. LASSO: Present.

18          MS. JONES: Gayle Miller.

19          MS. MILLER: Here.

20          MS. JONES: Okay. We don't quite have a --

21          MS. MILLER: Do we have a quorum?

22          MS. JONES: We don't have a quorum yet.

23          MS. MILLER: Oh, aren't we -- oh, we're --

24          MS. JONES: There's only five.

25          MS. MILLER: Oh, I thought we were. Oh, you're

1 right. Shoot. I thought we had a quorum. All right.  
2 Okay. We'll give it one more minute.

3 I'm going to -- as a subcommittee, I'm going to  
4 quickly read the -- and hope that someone joins before we  
5 move to any action items.

6 ASSEMBLYMEMBER O'DONNELL: O'Donnell.

7 MS. MILLER: Oh, Mr. O'Donnell's here so we do have  
8 a quorum. Great.

9 MS. JONES: Thank you. Thank you.

10 MS. MILLER: Pursuant to Governor Newsom's executive  
11 order issued on March 12, 2020, this meeting is being  
12 conducted by way of teleconference. It's also being  
13 physically webcast from Room 6300 at 707 Third Street in  
14 West Sacramento, if anyone wants to provide public  
15 comment in person.

16 In order for the meeting to run efficiently, all  
17 participants will be muted during the meeting. If Board  
18 members or the public would like to make a comment,  
19 please use the raise hand feature in Zoom, which is under  
20 reactions if you're on the new version, or participants  
21 on the old version. If you are calling into the meeting  
22 and not using the Zoom app, unfortunately, you will not  
23 be able to provide public comment. The Zoom link is on  
24 our website for anyone that's interested.

25 The State Allocation Board meeting originally

1 scheduled for July 28th, as we previously announced has  
2 been canceled for the month of July and will resume in  
3 August. And upon completion of this public meeting, the  
4 State Allocation Board will meet in closed session, via a  
5 Zoom link that I think Ms. Jones is going to resend to  
6 the Board, for the purpose of conferring and receiving  
7 advice from legal counsel regarding pending litigation  
8 pursuant to Government Code Section 111.26(e)(1). And  
9 after that closed session, we will have a read-out for  
10 the meeting -- or from that closed session.

11 So first action item is the minutes. Are there any  
12 public comment on the minutes? Any corrections or  
13 changes from the Board? Seeing none, is there a motion?

14 ASSEMBLYMEMBER O'DONNELL: Moved by O'Donnell.

15 SENATOR WILK: Second.

16 MS. MILLER: Moved by O'Donnell. Seconded by Wilk.

17 And no public comment. Ms. Jones, will you call the  
18 roll, and we'll leave it open for members to add on.

19 MS. JONES: Great. Senator Wilk.

20 SENATOR WILK: Aye.

21 MS. JONES: Assemblymember O'Donnell.

22 ASSEMBLYMEMBER O'DONNELL: Aye.

23 MS. JONES: Juan Mireles.

24 MR. MIRELES: Aye.

25 MS. JONES: Jeremy Smith.

1 MR. SMITH: Aye.

2 MS. JONES: Ana Lasso.

3 MS. LASSO: Aye.

4 MS. JONES: Gayle Miller.

5 MS. MILLER: Aye. And Ms. Burke is here.

6 Ms. Burke, would you like to vote on the minutes?

7 MS. BURKE: Aye.

8 MS. MILLER: Great.

9 MS. JONES: Thank you.

10 MS. BURKE: Thank you.

11 MS. MILLER: So we'll leave that open, although that  
12 does have enough votes to pass. Next, we'll move onto  
13 the executive officer statement, please. Ms. Silverman.

14 MS. SILVERMAN: Yeah. We have a few things to share  
15 tonight. And just wanted to note on the party funding  
16 apportionment. So the Board took action in March to find  
17 nearly \$520 million in program grants, so that's great  
18 news for the program.

19 But I just want to give the update, was on  
20 June 11th, just an update to the item itself that the  
21 Board did receive -- or staff did receive over  
22 \$237 million in fund release requests. So that's great  
23 news. We are making a really big progression in the fund  
24 release request.

25 And we have released over \$204 million in fund

1 release requests. And so just a reminder, I know we're  
2 not going to have a July meeting, but we just want to  
3 remind districts that the fund release requests are due  
4 July 27th.

5 So we'll be actively engaged in contacting districts  
6 if you have not submitted your fund release requests. So  
7 come in for your cash. It's really important that we  
8 fund your project.

9 And then, the next item I wanted to share, was party  
10 funding apportionment filing round certification closed  
11 on June 10th, and why is that important? Because if the  
12 district had an unfunded approval, they were eligible to  
13 submit for the filing round.

14 I just wanted to share with the Board that we had  
15 over \$768 million in requests received. So that's great  
16 news for that fall bond sale. Again, these  
17 certifications are valid from July 1st through  
18 December 31st. So again, that's great news that we had a  
19 huge certification round.

20 And the last item I wanted to share, since Gayle did  
21 touch on that not having a July meeting. We want to give  
22 an update to the Board that we have two announcements in  
23 the virtual training, which is, again, exciting.

24 August 3rd, we'll be posting the financial hardship  
25 program update. And this is really important for

1 districts who may not have a program match and how do you  
2 become eligible?

3       So we'll go over the eligibility criteria and then  
4 we'll also go over and -- once you meet that criteria and  
5 what things to evaluate the amount of funds available.  
6 So again, this is an important training August 3rd. Join  
7 us. Sign up. We actually did send a web alert and sign  
8 up on our virtual training website. So again, really  
9 important, because about 12 percent of our program grants  
10 do go out for financial hardship districts that are  
11 eligible. So good program knowledge here.

12       And then, the second item we wanted to share, was  
13 September 9th. I know it's far away, but we just want to  
14 have a second announcement related to a site development  
15 worksheet and the new facility hardship cost estimates,  
16 since we did go through some evolution of changes with  
17 the facility hardship program grant and we provided some  
18 updates with respect to our cost worksheets.

19       We want to take some time and cover those topics,  
20 because it actually was a constituent request, so we want  
21 to honor those requests from our constituency. And so  
22 we'll be covering that topic September 9th at 10 a.m. to  
23 11:30. So again, please sign up for our virtual training  
24 web workshops and again, these are very good information  
25 to share with you in advance. And again, if you're not

1 available, please go to our resource page and sign up for  
2 all available workshops and actually go through it.

3 There's a lot of good information there. So again,  
4 we're really excited about these two announcement. And  
5 that's all I have to share.

6 MS. MILLER: Great. Thank you. And I just wanted  
7 to note that Mr. Tokofsky, I hope I'm pronouncing that  
8 correctly, he said thank you for all the work you do on  
9 the chat. And I agree with that. So thank you for that  
10 lovely comment. That was really kind of you to do.

11 Any questions for Ms. Silverman? And I would be  
12 remiss if I didn't Ms. Silverman on her appointment.  
13 We're very, very pleased. She, obviously, does a great  
14 job and is part of an amazing team. So we're thrilled.  
15 Thank you so much for all you do for the students and the  
16 state. We're very, very grateful.

17 Okay. Seeing no public comment, we will move on,  
18 please, to the consent agenda. Ms. Silverman?

19 MS. SILVERMAN: The consent agenda is ready for your  
20 approval.

21 MS. MILLER: Great. Any public comment? Seeing  
22 none. Any member of the Board have any questions?  
23 Seeing none. May we have a motion and a second for the  
24 consent agenda.

25 ASSEMBLYMEMBER BURKE: Moved.

1 MS. MILLER: Moved by Ms. Burke.

2 MS. LASSO: Second.

3 MS. MILLER: Seconded by Ms. Lasso. Thank you very  
4 much. Ms. Jones, will you call the roll, please?

5 MS. JONES: Yes, I will. Senator Wilk.

6 SENATOR WILK: Aye.

7 MS. JONES: Assemblymember O'Donnell.

8 ASSEMBLYMEMBER O'DONNELL: Aye.

9 MS. JONES: Assemblymember Burke.

10 ASSEMBLYMEMBER BURKE: Aye.

11 MS. JONES: Juan Mireles.

12 MR. MIRELES: Aye.

13 MS. JONES: Jeremy Smith.

14 MR. SMITH: Aye.

15 MS. JONES: Ana Lasso.

16 MS. LASSO: Aye.

17 MS. JONES: Gayle Miller.

18 MS. MILLER: Aye. So the consent calendar is  
19 adopted and we will leave that open, too, in case any  
20 other members joint.

21 Next, we'll move to the financial report from  
22 Ms. Silverman, please.

23 MS. SILVERMAN: Yes, on page 8, again, we've been  
24 sharing about the progression of cash going out to the  
25 program. So again, this is a result of the fund release

1 request received as a result of the spring bond sale. So  
2 the activity we wanted to report is \$152 million did get  
3 released to projects, again, associated with the spring  
4 bond sale.

5 And then, if we can advance to page 90 and 91, the  
6 Board took action today on 40 program grants for over  
7 \$49 million, and we also had one design grant for full  
8 day kinder, that we also wanted to share that was a  
9 highlight of the consent agenda today.

10 MS. MILLER: Great. Thank you, Ms. Silverman. Any  
11 questions on this item from the Board? Any public  
12 comment? Again, please use the raise hand feature in  
13 Zoom if you want to make a comment or have any questions.

14 Okay. Seeing none. That was an informational item.  
15 And we will now move on to the Tipton Elementary appeal.  
16 Ms. Kampmeiner, please.

17 MS. KAMPMEINERT: Thank you. Yes. The Tipton  
18 appeal is found on stamped page 109 of today's agenda.  
19 And this item is related to new construction eligibility.  
20 And it's actually similar to two prior appeals that the  
21 Board has heard for Pleasant View Elementary in February  
22 2019 and Pioneer in September 2020.

23 Just as a reminder, neither of those prior appeals  
24 were approved. But with respect to the current appeal,  
25 the district has three separate requests for the Board's

1 consideration. Unfortunately, staff cannot recommend  
2 approval of any of the requests, as we believe it would  
3 represent an unfair advantage to the district not  
4 extended to other districts that were experiencing  
5 similar eligibility circumstances, and we believe that is  
6 in conflict with the regulations that the Board adopted a  
7 few years ago.

8       But as a refresher on the general topic, when the  
9 Board was determining how to best move forward with the  
10 program back when Proposition 51 passed, regulations were  
11 adopted to require districts to demonstrate new  
12 construction eligibility which shows a need for added  
13 capacity. But eligibility at the time that the  
14 application is processed.

15       This was done because at that time Board members  
16 were concerned with using the new construction bond  
17 authority for projects that had been previously built and  
18 occupied and had been sitting on the applications  
19 received beyond the bond authority list for a number of  
20 years. There was concern that this would not be in  
21 keeping with what voters were expecting the bond  
22 authority to be used for. So at the time, the  
23 regulations were adopted. The Board did share with  
24 districts as part of that same consideration that they  
25 could appeal if there were unique circumstances related

1 to their eligibility that should be considered.

2 So in accordance with the Board's decision and the  
3 regulations, staff has been processing new construction  
4 funding requests based on eligibility that's available at  
5 the time of processing since that time point. The Tipton  
6 project was submitted to the applications received beyond  
7 bond authority list in November 22nd, 2016.

8 The scope of the project is construction of a  
9 classroom as well as a multipurpose building. And as it  
10 was submitted to the applications received beyond bond  
11 authority list, the district was also required to submit  
12 a Board certification, a Board resolution that  
13 acknowledged that the requirements of the program may be  
14 different. The project might be returned. And that if  
15 the district proceeded in advance of state funding that  
16 the state's not responsible.

17 The specifics of the resolution can actually be  
18 found on stamped page 111 of this agenda item. The  
19 notice to proceed for the contract was issued  
20 approximately December 2016. And the project was  
21 constructed and moving forward with a combination of  
22 local bond funds plus additional funds from the general  
23 fund and alone.

24 And the project was completed in 2018 and has since  
25 been occupied. The funding application for the project

1 was processed in 2019 and per the regulations, the  
2 funding was based on the new construction eligibility  
3 that was available as a result of enrollment projections  
4 from the 2018/'19 enrollment information.

5 And unfortunately, this information did not result  
6 in any new construction eligibility for the project. So  
7 it was returned -- the application was returned to the  
8 district. In January 2021, the district did submit the  
9 appeal request for the Board to consider alternate  
10 options for new construction eligibility.

11 The first ask was to base the funding off of new  
12 construction eligibility that was generated using the  
13 2014/2015 enrollment information. If this were approved,  
14 it would result in a little over \$2 million in state  
15 funding. And to get into a little bit of the specifics  
16 of that, the 2014/2015 enrollment information presumes  
17 the use of a three-year lock, which is a provision of the  
18 program, where small school districts can submit a new  
19 construction eligibility update and lock that eligibility  
20 in for a period of three years from the time in which the  
21 Board approves it.

22 However, '14/'15 is the only year in recent history  
23 that does demonstrate new construction eligibility for  
24 the district, but that was also a year in which, per the  
25 Board's prior direction, we were not processing new

1 construction eligibility or funding applications because  
2 we didn't have any bond authority. We were in between  
3 bonds and there was no known program that was coming to  
4 be at that time period.

5 Also, there was actually an enrollment update that  
6 was submitted in 2014/'15, so this would be a retroactive  
7 look at eligibility. The district's overall enrollment  
8 trends have actually shown a decline since that time  
9 point, so we're not seeing something in particular about  
10 the '14/'15 enrollment year that would point to a PSE  
11 that that is the correct year for the enrollment for the  
12 project that was submitted in 2016. It is a year that  
13 does demonstrate need for the project.

14 And so unfortunately, we don't believe that that's a  
15 more accurate year to use for enrollment. We also have  
16 concerns that that is inconsistent with the Board's  
17 regulations that were approved with Proposition 51. And  
18 it would be unfair to all other districts that have  
19 submitted eligibility updates and funding applications  
20 that have been processed since then.

21 The second request would be to allow the district a  
22 period of time, up to November 1st, 2024, to submit the  
23 new funding application and receive a new date in line.  
24 And use the eligibility that would be generated at the  
25 time point at such the district resubmitted the

1 application and in doing so, it would have to waive the  
2 requirement and regulation that funding applications be  
3 submitted prior to occupancy.

4       We see some challenges from both the regulatory  
5 standpoint and a legal standpoint on this. The  
6 requirement that applications be submitted prior to  
7 occupancy has been a regulation since 2004 and it's  
8 basically the line in the sand where it's considered okay  
9 to use new construction bond authority for a project  
10 where students have already materialized, as opposed to  
11 looking towards building towards the future, which is  
12 really more what the bone authority is aimed towards, is  
13 that future growth projection.

14       We actually have had at the Board, a couple of  
15 discussions about the correct time point for cutting off  
16 new construction eligibility application submittal and we  
17 have legal opinions that are referenced in the item here  
18 as far back as 2009 expressing concerns for funding  
19 projects after occupancy. So we don't think this is a  
20 viable option.

21       In addition to the legal and the regulatory  
22 challenges, it is still unfair to the other districts  
23 that would not be afforded that same option. It's  
24 contrary to the regulation and it potentially provides  
25 false hope because we don't really know what's going on

1 in the next few years with the program. So we have a lot  
2 of concerns with the second request.

3 With the third request, the district is asking that  
4 the Board allow them to base the funding for the project  
5 on the new construction eligibility that is generated  
6 using the 2020/2021 enrollment information. So the year  
7 that we're -- I guess, it technically just ended. I  
8 think we're kind of still in the tail end of it. But  
9 this current year, and this would result in not the  
10 \$2 million that the 2014 enrollment projection would, but  
11 about 770,000 give or take in state funding for the  
12 project.

13 In the past, we have been supportive of appeals that  
14 have been -- we started processing the application and  
15 then there wasn't enough eligibility to proceed with the  
16 application. The district submitted an appeal. We  
17 crossed over into that next appeal -- I'm sorry -- into  
18 that next enrollment year during the appeal processing.  
19 And new information became available. We have a number  
20 of those and they are included in a chart in the item  
21 here that we have recommended approval and the Board has  
22 approved those.

23 So for instance, if we're processing in '18/'19, we  
24 received the appeal but the '19/'20 information became  
25 available because we were still processing the

1 application, we were comfortable that the time frames  
2 were sufficient in that it could still be reasonable to  
3 use that information.

4 But we do have concerns with the length of time  
5 between the '18/'19 enrollment information for Tipton  
6 compared to the request to use the '20/'21 enrollment  
7 information. Because that's not crossing over into the  
8 next year, that's actually a two-year jump. '20/'21  
9 enrollment data does minimally support some funding for  
10 the project.

11 But this application was revoked and sent back to  
12 the district in September of 2019. The appeal request  
13 came approximately 17 months later, in January 2021. And  
14 the district and the consultant have stated that they  
15 were in part waiting to see what happened with the  
16 '20/'21 enrollment information, amongst other things.  
17 But the '19/'20 enrollment information did not show  
18 sufficient eligibility for the project.

19 So '20/'21 is really the next year from '14/'15 that  
20 showed some sort of -- some sort of enrollment  
21 information that would support it. Now, there isn't  
22 necessarily a time limit on appealing pursuant to the  
23 Board's rules and procedures, but we have concerns that  
24 this would set a precedent that could be problematic,  
25 because there really is no end point. The district's

1 potentially just waiting until there's an advantageous  
2 time point at which to submit an appeal request, so we  
3 have some major concerns with that.

4         And, again, this is not consistent with using the  
5 information at the time of processing. It's not  
6 consistent with how other districts were treated. So it  
7 would be unfair to those other districts and result in an  
8 unfair advantage as well. So unfortunately, we do not  
9 find ourselves in a position of being able to recommend  
10 to the Board approval of any of the options that the  
11 district has put out there for consideration.

12         At this point, the project has been constructed and  
13 occupied through local funds for the district.  
14 Unfortunately, we don't think that it meets the criteria  
15 for the state funding right now.

16         But we do have the district and its representatives  
17 on our Zoom call today to address any questions or speak.  
18 So I'd be happy to answer any questions at the staff  
19 perspective or we can turn it over to the district at  
20 this point.

21         MS. MILLER: Great. Thank you so much,  
22 Ms. Kampmeinert. That was really helpful. I'm going to  
23 turn it over now to the Tipton School District. I think  
24 we have a couple of folks that want to speak. I'm going  
25 to let you decide the order. We have Ms. Bettencourt and

1 Mr. Alvarez and Mr. Reynolds. Whoever wants to begin it.

2 MS. BETTENCOURT: I'll go ahead and start. I would  
3 like to thank the Board for considering our appeal and  
4 OPSE for being so helpful with this. I was not the  
5 superintendent when this project was planned and  
6 constructed, but I would like to say that our community  
7 has greatly benefited as a result of this project. We're  
8 a small rural school district.

9 Tipton's a Provision 2 school and all of our  
10 students receive free breakfast and lunch. And we  
11 currently have 344 English language learners. Most of  
12 our students are Hispanic.

13 This new gym provides the necessary space to feed,  
14 assemble, and meet the physical education needs of our  
15 students. The school is the hub of our community and  
16 they don't have access to any other facilities other than  
17 our school.

18 We've been able to host a variety of events,  
19 trainings, family meals, sporting events, theater  
20 productions, community learning nights, to name just a  
21 few. Our previous facility was built in 1953 and I  
22 understand it was not fiscally responsible to bring the  
23 building up to code and provide the necessary services  
24 for our students going forward.

25 During the pandemic, this facility allowed our staff

1 to make meals for the community for 18 and under as well  
2 as providing a place for students to eat once they  
3 returned for in-person instruction following the six-foot  
4 guidelines. I know many schools are not able to do that  
5 and we are very fortunate to have this facility to do  
6 that.

7 We were able to use our bus drive thru for families  
8 to come and get meals with contactless delivery. The  
9 community finally passed a bond after three tries. This  
10 was something that the community, and one of our  
11 superintendents, actually two of them, tried to pass.  
12 And it did finally pass. And it was very important to  
13 our community to complete this project.

14 The school was hopeful that the funds would come in  
15 and support this project. The school did borrow money in  
16 order to complete it, as well as contributing from our  
17 general fund over several years for this project.

18 I represent the Board in asking and I know, I've  
19 worked with OPSE and I understand their stance on it. I  
20 wasn't in the process when this was being developed.

21 And I know the Board signed the resolution and they  
22 were hopeful that those funds would come and then the  
23 rules changed as to the eligibility. And that put our  
24 school district in a loss of not being able to have any  
25 funds to help our little school district.

1           And I understand, you know, the new rules and what  
2 has been decided. But we're just trying to appeal it in  
3 hopes that our school district would be able to receive  
4 something as far as contributing to this project. Thank  
5 you.

6           MS. MILLER: Thank you very much. Mr. Reynolds?

7           MR. REYNOLDS: Good afternoon. Again, thanks for  
8 the opportunity to be here in front of the Board. And  
9 this is a very unique project in that it really is a  
10 minimum essential facility project. The site did not  
11 have a gym and, of course, this new building also  
12 provides the additional support facilities for the  
13 cafeteria purposes also, which was just talked about.

14           But unfortunately, even though the district was  
15 successful with their, you know, \$3 million bond, the  
16 cost of a facility is much more than that. So the  
17 district was fortunate that it was able to save up money  
18 to cover most of those costs. It's debt, the loan it had  
19 to take out, is only \$1.2 million.

20           So it's only a small ask to try to make the district  
21 whole here. The impact of that loan is costing the  
22 district about \$90,000 a year. Again, not a large  
23 number, but considering what their amount they get from  
24 their LCFF formula, it's about 1.5 percent. So again, it  
25 is unfortunately going to cause money coming out of the

1 classroom, which we don't like to see.

2       So I am asking if you can possibly consider option  
3 three. I know that's only maybe \$700,000 or \$800,000,  
4 but that would cover a significant portion of the  
5 remaining debt. Any more than that is not really needed.

6       I'm not sure if you're aware, but again, due to the  
7 age of this school, the district was just awarded design  
8 money for a financial hardship modernization project. So  
9 again, they're going to be getting some money to help  
10 deal with the aging facilities also.

11       So if you -- you know, if you were generous and gave  
12 them the \$2.5 million, anything in excess of paying down  
13 that debt would just contribute towards their  
14 modernization project that's already in the design  
15 process now. So again, we're only asking the smaller  
16 amount in option three to help make this small district  
17 whole.

18       Again, they have a gym in their community. Up until  
19 then, they had to travel ten miles, all the way up to  
20 Tulare, where all the students progress to high school,  
21 to have access to gym facilities. Again, it was a much-  
22 needed project. New construction program is the only  
23 program that the state offers right now that will help  
24 fund necessary facilities like this.

25       And so it is an outside the box of what is normally

1 seen in the new construction projects. I thought that  
2 additional information might help you understand why this  
3 project occurred when it did.

4 It's fortunate they didn't wait because it's been  
5 invaluable, but mostly because they had that bond that  
6 finally passed and as you know, as you wait for projects,  
7 they get more expensive and those bond dollars do not  
8 grow over time. Thanks for listening.

9 MS. MILLER: Thank you, Mr. Reynolds. I do have a  
10 few questions. Any other questions from the Board,  
11 though? And I'm just going to do a couple of things.  
12 Senator Leyva, do you prefer to vote on the other items  
13 now or after the appeal? It's up to you.

14 SENATOR LEYVA: I can vote after the appeal. That's  
15 no problem. Thank you very much.

16 MS. MILLER: Great. Thank you very much. Any other  
17 questions? Well, I do -- I really do appreciate you  
18 being here and obviously we've spent a lot of time  
19 thinking of ways that we can help small school districts  
20 and we are hopeful there'll be another school bond.

21 I just want to clarify that the insolvency that --  
22 it seems that you're not necessarily, if you could just,  
23 please, clarify if insolvency is the potential. It  
24 doesn't sound like it is now, so if you could, please,  
25 clarify that for us. Ms. Bettencourt or Mr. Reynolds?

1 Can you hear me?

2 MR. REYNOLDS: Yeah. I heard you. I assumed that  
3 Stacey would want to address that issue, but in the item,  
4 it does show that the district is not insolvent. It does  
5 show that they are deficient spending and, of course,  
6 paying off this debt would help greatly reduce that. But  
7 I don't believe they had any negative certifications.

8 MS. MILLER: Okay. It looks like Ms. Bettencourt is  
9 agreeing with that.

10 MS. BETTENCOURT: Yeah. In regard to the County, we  
11 are deficit spending.

12 MS. MILLER: Okay. Got it. Thank you. Thank you  
13 for that. And then, I do think -- in terms of what  
14 enrollment we use, I think this is an important point,  
15 because it really could set a difficult precedent. So  
16 we've allowed one change in enrollment and I know  
17 Ms. Kampmeinert went over this. But I think the idea of  
18 the bond because it's in such great demand, it's  
19 difficult to sort of choose the time period by which we  
20 define enrollment.

21 And I know -- I completely understand where the  
22 district is coming from, but we've only allowed one  
23 change. But this appeal would actually lead to two years  
24 and then a subsequent appeal could ask for longer. So I  
25 just would never want to be outside the Prop 51 bond

1 authority.

2       And so I think it's -- I just would never want to be  
3 contrary to any regulations and I think this kind of  
4 precedent really could get us there. So for those  
5 reasons, we don't support the appeal.

6       Really, really would love for you to continue  
7 working with the staff and depending on the outcome of  
8 your appeal today, I think they've really proven to be  
9 huge advocates and we'll continue to work with you to  
10 make sure that you really maximize the potential for  
11 Tipton and hopefully there will be another bond in the  
12 future.

13       So I think that is really what we're hopeful for, is  
14 that we will be able to serve the state as all of these  
15 students and schools really do deserve to be served. So  
16 any additional public comment or questions? Seeing none.  
17 What is the will of the Board? So there's no motion. So  
18 the appeal won't be granted.

19       But I really do hope, Ms. Bettencourt, that you will  
20 please, please stay in touch with our team and really see  
21 how we can continue to work together. And I personally  
22 will make myself available and we are very, very  
23 committed to really helping small school districts in our  
24 state. So please, please be in touch and we would love  
25 to be able to continue to work with you and your

1 district.

2 And I know this has been a really trying year, so  
3 all my very, very best for the '21/'22 school year. I  
4 hope it's successful for all of you. And I admire  
5 everything you've done, like as a public school parent.  
6 Thank you. It's not easy.

7 MS. SILVERMAN: I will be reaching out to --

8 MS. MILLER: Great. Thank you, Ms. Silverman.

9 MS. SILVERMAN: -- right after the meeting and  
10 hopefully we can touch base and make some progress there.

11 MS. MILLER: Thank you. So I think we will now --  
12 very briefly, I'm going to ask Mr. Tokofsky -- and I hope  
13 I'm pronouncing that correctly -- wanted to make a public  
14 comment, I believe, on the consent agenda. So if you  
15 want to put your camera back on, sir, and feel free to  
16 make a public comment now.

17 MR. TOKOFSKY: How am I? Am I on screen and voice?

18 MS. MILLER: You're on voice. Oh, and now I see  
19 you. Yes. Please, go ahead. And could you just  
20 clarify -- please state your name for the record. Oh, my  
21 goodness. You're on --

22 MR. TOKOFSKY: What am I on?

23 MS. MILLER: Like, you're moving everywhere.

24 MR. TOKOFSKY: Well, that's fascinating. I'm much  
25 slower than I used to be.

1 MS. MILLER: I would say it was me, but I haven't  
2 had that much fun in a long time.

3 MR. TOKOFSKY: Okay. Well, you should not have so  
4 many cappuccinos then. My name is David Tokofsky, and as  
5 I used to pronounce to my immigrant students, toe, like  
6 on your feet, cough, like you have a cold, and ski, like  
7 you're going down a mountain. I guess, with the drought,  
8 probably a mountain in Colorado, not California.

9 But I'm speaking, first of all, to thank all of you  
10 for the great work you do and the great work that our  
11 school district leaderships across the state do on behalf  
12 of building a better state and building back better in  
13 every way we can. I just raise one question, and I'm not  
14 sure of the rules.

15 One, is when a charter school, in the case of the  
16 one in LA Unified, which was called Camino Nuevo, is  
17 asked to have their loan absorbed by another charter in a  
18 bid process, one, shouldn't charters that are affiliated,  
19 or what some people call dependent charters, be just as  
20 eligible to bid in that competition and be informed so  
21 that all types of charters could bid?

22 And two, prior to that, is there a requirement to  
23 bid and to have three bidders to replace the original  
24 charter and three qualified bidders to be bidding in  
25 order to move forward with the occupation of a building

1 under the Department of Finance rules, as well as the  
2 Office of Public School Construction?

3 I hope that wasn't obtuse or too long, but the  
4 question is to make sure if there are three competent  
5 bidders required by either Department of Finance or the  
6 Office of Public School Construction to make sure that is  
7 true. And most importantly, in our state we have  
8 independent charters and we have charters that are  
9 affiliated with school district.

10 And I believe in statute, they are both LEAs and  
11 both should be eligible to pursue revenues.

12 MS. MILLER: Great. Thank you. I'm going to turn  
13 it to Ms. Kampmeinert. Because I think you're talking on  
14 the consent item, but I don't know if we're completing  
15 that with the regs item. So Ms. Kampmeinert, I'm --

16 MR. TOKOFSKY: It could carry over. I'm trying not  
17 to conflate it, because I don't know what the reg changes  
18 are.

19 MS. MILLER: Yeah. So Ms. Kampmeinert, do you want  
20 to comment on that and answer the question? And  
21 Mr. Tokofsky, can I ask that you turn your camera off,  
22 please?

23 MR. TOKOFSKY: Sure. Am I moving too much?

24 MS. MILLER: Yes. And I don't think it's my coffee.  
25 Thank you. I really do appreciate that.

1 MR. TOKOFSKY: Okay.

2 MS. MILLER: Thank you very much, sir.

3 MS. KAMPMEINERT: Yes. I can address the questions.

4 With regard to affiliated charters or dependent charters,  
5 the proposed regulatory amendments do not disallow  
6 affiliated charters from participating and be a successor  
7 charter school. The program itself allows for both  
8 affiliated charters and nonaffiliated charters to  
9 participate in the charter school facilities program.

10 So regarding successor charter entities, the same  
11 rules would apply. We did not put anything into the  
12 regulations to require a certain number of bidders. The  
13 regulations, and I'll get into this in a little bit too,  
14 but the regulations that are proposed for the Board's  
15 consideration today are aimed at being statewide.

16 And we have a lot of different circumstances with  
17 charter schools across the state. We have some areas  
18 that have a lot of charter schools and you may have  
19 strong competition for facilities. And we may have cases  
20 where there might only be one or two other charter  
21 schools that exist in the school district that ends up  
22 having the facility.

23 So if we put a number of bids on this, then we may  
24 end up in a situation where there is not a successor  
25 charter school. And then we would have to move on to the

1 next provision of law, which reverts the property to the  
2 school district to determine if they want the facility.

3 So that's why we do not have a set number of bidders  
4 proposed in the regulation amendments, and it is not in  
5 the current regulations either.

6 MR. TOKOFSKY: Thank you.

7 MS. MILLER: So the question about how many are  
8 required to apply, that's in neither the consent, nor the  
9 regulatory item; is that correct? That's not  
10 prescriptive in terms of how many applicants there have  
11 to be.

12 MS. KAMPMEINERT: Correct. In the consent item, we  
13 are basically ratifying the process for the selected  
14 charter school that the LA Unified School District had  
15 already vetted that process and there were folks that  
16 applied to that and scored. And so the California School  
17 Finance Authority has found that charter school entity  
18 financially sound.

19 LA Unified School Board has determined that that is  
20 the successor charter school based on the RFP process  
21 that the district and the state, which encompasses both  
22 OPSE SAB and the California School Finance Authority, so  
23 all were involved in ensuring that it was a fair,  
24 transparent process. But LAUSD is ultimately the RFP  
25 holder on that.

1           So what we asked the Board to do in the consent  
2 calendar was just to ratify that decision so that we can  
3 start receiving the loan payments from Alliance, who is  
4 the new charter school. Because Camino Nuevo was no  
5 longer in operation. So it's transferring that project  
6 over to the successor charter school.

7           So that was the reaction and consent that we needed  
8 by the Board.

9           MS. MILLER: Thank you for that. So I think,  
10 Mr. Tokofsky, in terms of the Alliance decision, it's an  
11 issue to take up actually with the school board because  
12 the state agencies judge financial soundness and ability  
13 to repay the loans, but we don't actually determine the  
14 successor school.

15           I hope that distinction makes sense. So this is an  
16 example of how the charter school system works,  
17 especially for financing, works within the state system  
18 and in the local school board system.

19           So there's a delineation of what we can and can't  
20 do. So your question around how many have to apply to be  
21 a successor charter school is not within the State  
22 Allocation Board's jurisdiction. I hope that's helpful.

23           I know sometimes different branches of government  
24 and different levels of government can be confusing. But  
25 I'm happy to also take this offline and make sure that we

1 clarify it to the best of our ability. But for now,  
2 that's the --

3 MR. TOKOFSKY: Absolutely. The two of you have done  
4 a great job of explaining things. If the local school  
5 board, which I was a member of for three terms, 12 years,  
6 144 months, believed that they had to have more than one,  
7 that's their own decision, not SAB or the Finance  
8 Authority.

9 And two, if somebody told them they had to do more  
10 than one from either agency, that's not correct. What's  
11 correct is what you just said. And two, there's nothing  
12 precluding a charter that is affiliated or the district  
13 for assuming this \$10 million loan themselves, rather  
14 than passing it from one charter to another. Is that  
15 correct?

16 MS. KAMPMEINERT: May I make a clarification on  
17 that?

18 MS. MILLER: Yeah. Please.

19 MR. TOKOFSKY: Sure.

20 MS. KAMPMEINERT: So the next step is that a  
21 successor charter takes over now with an affiliated  
22 charter school. The district is providing the financial  
23 backing on that.

24 MR. TOKOFSKY: Right.

25 MS. KAMPMEINERT: So in that sense, a district can

1 be making the loan payments, but they're doing so for  
2 that affiliated charter school. We cannot skip that step  
3 where a successor charter has an opportunity for the  
4 facility and goes straight to the district just taking  
5 the facility for standard non-charter purposes.

6 MR. TOKOFSKY: Correct.

7 MS. KAMPMEINERT: So I just wanted clarification on  
8 that.

9 MS. MILLER: Yeah. It's more like a --

10 MR. TOKOFSKY: An affiliated charter is an LEA.

11 MS. MILLER: It's a little -- it functions more like  
12 a sublease would more than --

13 MR. TOKOFSKY: In statute, it doesn't distinguish  
14 between a charter that is independent and a charter that  
15 is affiliated. And so they both would have equal weight  
16 of assuming the loan and if a formerly known as a  
17 dependent charter, a charter that's affiliated has a  
18 district that could absorb a \$10 million loan, in the  
19 case of LA Unified, which has \$7 or \$8 billion, they  
20 could have assumed that loan themselves.

21 MS. MILLER: So I think I'm going to refer you,  
22 Mr. Tokofsky -- and we're happy to help you with this --

23 MR. TOKOFSKY: Okay.

24 MS. MILLER: -- to LAUSD for some of these  
25 questions. Because again, this is outside of our

1 jurisdiction, so I would hate to answer the question for  
2 the district.

3 MR. TOKOFSKY: Yeah. I will speak to your former  
4 colleague, Jackie Goldberg.

5 MS. MILLER: Uh-huh. Yeah.

6 MR. TOKOFSKY: And let her know what I've learned  
7 from you two or three great people and I want to welcome  
8 my former teacher to your Board, Ana Lasso.

9 MS. MILLER: She was your teacher?

10 MR. TOKOFSKY: She taught me everything about urban  
11 studies.

12 MS. LASSO: Mr. Tokofsky's too kind.

13 MS. MILLER: We're all very happy to have Ms. Lasso  
14 here. Okay. So we're going to quickly open up the roll.  
15 Senator Leyva on the items. And then, we're going to,  
16 Mr. Tokofsky and anyone else, the charter school  
17 regulation item that's up next.

18 So on the minutes, how would you like to vote?

19 ASSEMBLYMEMBER BURKE: Aye.

20 MS. MILLER: Thank you. So the minutes are adopted  
21 on the consent calendar?

22 ASSEMBLYMEMBER BURKE: Aye.

23 MS. MILLER: The consent calendar is adopted. And  
24 that's it, right, Ms. Jones?

25 MS. JONES: Yes.

1 MS. MILLER: Okay. Great. So now we will move on.

2 MS. JONES: Thank you.

3 ASSEMBLYMEMBER BURKE: Thank you.

4 MS. MILLER: Now, we'll move on to the amendments to  
5 the charter school's facility programs. Ms. Kampmeinert?

6 MS. KAMPMEINERT: Yes. A good timely discussion on  
7 the public comment here, because the purpose of this item  
8 is actually to provide a little bit of clarity around the  
9 process of selecting a successor charter school.

10 So on page 144 of your agenda, we have an item that  
11 is proposing regulatory amendments to the charter school  
12 facilities program section of the regulations. And is  
13 aimed at providing some additional steps and processes to  
14 be used in the event that a charter school facility that  
15 was funded under the charter school facilities program is  
16 no longer being used for charter school purposes by the  
17 original applicant, and it needs to take that next step  
18 in the process.

19 Now, if statute and regulations outline that that  
20 first charter school has certain rates with respect to,  
21 you know, when they need to vacate their facilities, but  
22 at the point at which it's determined that they no longer  
23 need the facilities, the next step is that a successor  
24 charter school has the opportunity to take over the  
25 project in the facilities on equal terms as the original

1 charter school and start using the facilities for charter  
2 school purposes.

3       So we have had these regulations in place for a  
4 number of years, going back to the beginning years of the  
5 program, back with Proposition 47, so we're in the 2002  
6 time frame. The regulations followed in the next couple  
7 of years. But the program overall it's been around  
8 for -- what we are at here -- 18-ish years.

9       And we haven't had many of these come up where we've  
10 needed to use the regulations to finding new charter  
11 school to take over the facilities but, obviously, with  
12 the age of the program we may see that happen  
13 periodically. And we did have this Camino Nuevo project  
14 that came up in LA Unified that did start some  
15 conversations with school districts.

16       We had another one that may be pending as well. So  
17 we had some contact with the school districts and there  
18 was some discussion, a very collaborative process where  
19 districts have started asking, you know, we could use a  
20 little more guidance on how we do this. And the state  
21 agreed that that would be a good thing to have some  
22 transparency in this process.

23       So we were working through the Camino Nuevo,  
24 realizing that we had some places in the regulations that  
25 we could clarify and we went out to stakeholders in

1 February of this year and then actually back in May at  
2 our last Board meeting, that same day, had a second  
3 stakeholder conversation with some proposed regulations  
4 to identify a process that would give some additional  
5 clarity.

6       And on page 145, we've got some bullet points there  
7 on what the proposed regulations do and they provide,  
8 basically, an overview of the notification process that  
9 should occur and the selection process. They clarify and  
10 identify the entity that is responsible for doing that  
11 notification for interested charter schools, and that is  
12 the school district.

13       It indicates that the charter schools that are  
14 eligible to operate and that are at the appropriate grade  
15 levels in that particular school district should be  
16 notified of this opportunity. We did also outline in the  
17 minimum requirements to be considered a successor charter  
18 school, because there are some provisions in law and in  
19 the program itself that there's requirements that need to  
20 be met in order to participate in the program.

21       And that does include things such as serving  
22 classroom-based students, being found financially sound  
23 by the California School Finance Authority. We did also  
24 provide some examples of allowable requirements, because  
25 there may be a case -- as I just mentioned, there might

1 be a case where you've only got one or two schools and  
2 maybe only one of them wants the facility.

3 But then, there could be a case where you have a  
4 larger number of charter schools that are interested in  
5 taking over the facility. So we've outlined some  
6 preference points categories. There are some preference  
7 points from the state side of things, because the statute  
8 does have preferences on who should receive the charter  
9 school facilities program funding.

10 So we've added that in there, as well as some room  
11 for districts to also have preference points that meets  
12 the school district's needs as well. And outlined just a  
13 collaborative process where the state and the school  
14 district are working together to ensure that the process  
15 that results meets the program criteria, so that we can  
16 move through in a transparent way, get a new charter  
17 school in there as quickly as possible.

18 And someone that's going to be able to take over  
19 this loan for, you know, the life of the project. And  
20 make good use of the facilities. We got great feedback  
21 at the stakeholder meetings and from the districts, both  
22 at the meeting and then we had some letters that came  
23 afterwards.

24 And we did provide some charts to the Board in this  
25 item to discuss what we did incorporate into the

1 regulations and what we did not. One of the things that  
2 we did incorporate, is if there are two smaller charter  
3 schools that wanted to take the facility together as sort  
4 of a joint partnership and so we did add some language in  
5 the regulations to clarify that, yes, that could happen.

6 And basically, those preference points would be used  
7 if there were to happen. And then, you will see a number  
8 of things that we were not able to incorporate. I will  
9 say the majority of those are statutory.

10 We had some barriers there where, you know, all the  
11 ideas make sense. We hear them, but we had some barriers  
12 with the statute that we couldn't trump in the  
13 regulations. So as it stands, basically, the district is  
14 still going to do the process to notify potential  
15 successor charters and to run the selection process with  
16 the preference points.

17 But determining what preference points are  
18 allowable, that's done in collaboration with the state,  
19 both the state and the district have a role in the  
20 statute, and so we largely mirrored that here in the  
21 regulations. With that, it is the only section of the  
22 regulations that we've changed.

23 This doesn't change the order of who gets the school  
24 next. All it does is provide clarity on how do you pick  
25 that next charter school. With that, we have the

1 regulations ready for the Board's approval and request  
2 the Board to approve them and authorize the executive  
3 officer to file them and make them permanent.

4 We went with a regular track on these, as opposed to  
5 emergency. It's the path that made the most sense. And  
6 with that, I'd be happy to answer any questions.

7 MS. MILLER: Great. Thank you for that. And for  
8 all the work you did in seeking input and incorporating  
9 input. Any questions or comments from the Board on the  
10 regulatory changes? Any public comment? Anyone wishing  
11 to comment for any reason, please use the raise hand  
12 feature in the Zoom app. Seeing none.

13 Do we have a motion to adopt the regulatory  
14 amendments in Attachment B and authorizing the EO to file  
15 the regulations with OAL?

16 SENATOR LEYVA: So moved.

17 MS. MILLER: Great. Thanks, Senator Leyva.

18 ASSEMBLYMEMBER BURKE: Second.

19 MS. MILLER: Thanks, Ms. Burke. Ms. Jones, will you  
20 call the roll, please?

21 MS. JONES: Yes, I will. Senator Wilk.

22 SENATOR WILK: Aye.

23 MS. JONES: Senator Leyva.

24 SENATOR LEYVA: Aye.

25 MS. JONES: Assemblymember O'Donnell.

1 Assemblymember Burke.

2 ASSEMBLYMEMBER BURKE: Aye.

3 MS. JONES: Juan Mireles.

4 MR. MIRELES: Aye.

5 MS. JONES: Jeremy Smith.

6 MR. SMITH: Aye.

7 MS. JONES: Ana Lasso.

8 MS. LASSO: Aye.

9 MS. JONES: Gayle Miller.

10 MS. MILLER: Aye.

11 MS. JONES: And that motion carries.

12 MS. MILLER: Okay. Mr. O'Donnell, did you want to  
13 vote on the reg changes for charter schools?

14 ASSEMBLYMEMBER O'DONNELL: Aye.

15 MS. MILLER: Thank you.

16 MS. JONES: Thank you.

17 MS. MILLER: Great. Thank you. Ms. Silverman, do  
18 you want to present our workload and dates?

19 MS. SILVERMAN: Yes. I wanted to check in to see if  
20 they have any questions related to the workload list and  
21 then our next meeting is in August.

22 MS. MILLER: Great. Any public comment? Any  
23 questions? So at this time, the State Allocation Board  
24 will meet in closed session. (Indiscernible) and I  
25 actually both bumped up the link, so you can just click

1 on those link.

2 And we're meeting in closed session for the purpose  
3 of conferring with and receiving advice from legal  
4 counsel regarding pending litigation pursuant to  
5 Government Code Section 11126(e) (1). And I will return  
6 to the public meeting link upon conclusion of closed  
7 session, and I'll report any updates from closed session.

8 So with that, we'll recess this open session.  
9 Please leave this Zoom link and enter the one we just  
10 bumped up. Thanks, everyone.

11 (Whereupon, a recess was held)

12 MS. MILLER: We met in closed session via Zoom for  
13 the purpose of conferring with and receiving advice from  
14 legal counsel regarding pending litigation pursuant to  
15 Government Code Section 11126(e) (1).

16 And there was no -- there was no action taken and  
17 nothing to report. And at this time, we will adjourn the  
18 meeting. Thank you, everyone. And please look at our  
19 website for details on our next meeting date and time and  
20 location in August.

21 Thanks, everyone. And have a great day. Take care.

22 MS. JONES: All right. You, too.

23 MS. MILLER: Thank you.

24 (End of recording)

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TRANSCRIBER'S CERTIFICATE

TRANSCRIBER'S CERTIFICATE

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COUNTY OF SACRAMENTO        )

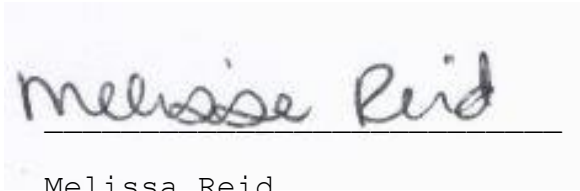
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