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CALIFORNIA STATE ALLOCATION BOARD

PUBLIC MEETING

DEPARTMENT OF GENERAL SERVICES
707 3RD STREET
SACRAMENTO, CALIFORNIA 95605

DATE: WEDNESDAY, SEPTEMBER 21, 2022

TIME: 4:13 P.M.

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APPEARANCES:

MEMBERS OF THE BOARD PRESENT:

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

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

TONY THURMOND, Superintendent of Public Instruction

SENATOR CONNIE LEYVA

SENATOR SCOTT WILK

SENATOR JOHN LAIRD

ASSEMBLYMEMBER PATRICK O'DONNELL

ASSEMBLYMEMBER MIA BONTA

ASSEMBLYMEMBER CHAD MAYES

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer

BARBARA KAMPMEINERT, Deputy Executive Officer

LISA JONES, Secretary

ANNA LASSO

MICHAEL WATANABE

EPHRIAM EGAN

Transcribed by: Michelle Serdynski-Oh,
eScribers, LLC
Phoenix, Arizona

--o0o--

1 **MR. SMITH:** Here.

2 **MS. JONES:** Anna Lasso?

3 **MS. LASSO:** Here.

4 **MS. JONES:** Gayle Miller?

5 **MS. MILLER:** Here.

6 We have a quorum. So pursuant to FB 189 from this
7 year, we are conducting this meeting via Zoom. It's also
8 being broadcast in room 4221 at 707 Third Street in West
9 Sac if you'd like to provide public comment in person.

10 In order for this meeting to run efficiently on
11 Zoom, as we all learned we still make mistakes, you're
12 going to be muted during the meeting. If you want to
13 make a comment, please use the raise hand feature, which
14 is sometimes under the reactions button, and we'll unmute
15 you when it's your turn to speak.

16 If you're calling into the meeting but not using the
17 Zoom app or not attending in person, unfortunately, you
18 will not be able to provide public comment. And number
19 two, the Board is meeting today in closed session, and
20 for board members we are bumping that leg back up at the
21 conclusion of our open session pursuant to Government
22 Code Section 1126(e) for the purpose of conferring with
23 and receiving advice from legal counsel on pending
24 litigation.

25 So with that, we will move to the minutes, please,

1 from August 15th, 2022.

2 Ms. Silverman?

3 **MS. SILVERMAN:** Yeah, the minutes are ready for your
4 approval.

5 **MS. MILLER:** Great.

6 Any public comment on the minutes?

7 (No audible response)

8 **MS. MILLER:** Seeing none, I will move approval. May
9 we have a second please?

10 **SENATOR LEYVA:** Second.

11 **MS. MILLER:** Great. Thanks, Senator Leyva.

12 Unfortunately, we do have to call the rolls because we're
13 on Zoom, so, Ms. Silverman, if you don't mind?

14 Is that right? Am I right about that? I -- every
15 board is different. Yeah? Yeah.

16 **MS. JONES:** Ms. Jones.

17 **MS. MILLER:** Sorry, not Ms. Silverman..

18 **MS. JONES:** That's okay.

19 Senator Wilk?

20 **SENATOR WILK:** Aye.

21 **MS. JONES:** Senator Leyva?

22 **SENATOR LEYVA:** Aye.

23 **MS. JONES:** Senator Laird?

24 **SENATOR LAIRD:** Aye.

25 **MS. JONES:** Assemblymember O'Donnell?

1 **ASSEMBLYMEMBER O'DONNELL:** Aye.

2 **MS. JONES:** Assemblymember Mayes?

3 **ASSEMBLYMEMBER MAYES:** Aye.

4 **MS. JONES:** Assemblymember Bonta?

5 **ASSEMBLYMEMBER BONTA:** Aye.

6 **MS. JONES:** Juan Mireles?

7 **MR. MIRELES:** Aye.

8 **MS. JONES:** Jeremy Smith?

9 **MR. SMITH:** Aye.

10 **MS. JONES:** Anna Lasso?

11 **MS. LASSO:** Aye.

12 **MS. JONES:** Gayle Miller?

13 **MS. MILLER:** Aye. The minutes are adopted.

14 We'll now moved to the executive officer's statement

15 please, Ms. Silverman?

16 **MS. SILVERMAN:** Yes, hi. We have a few updates we

17 wanted to share with the Board. And the first update we

18 wanted to highlight is the 23rd party funding

19 apportionment round that opened. And basically we

20 request certifications from districts if you have an

21 unfunded approval. And that round closed June 9th, and

22 we're happy to report that we did have a number of

23 requesting came through; over 193 requests came through

24 for over 620 million. And those certifications are valid

25 from July 1st through December 31st of 2022.

1 And so whenever we have, and we actually do have, an
2 opportunity to present as a result of the fall bond sale
3 some apportionments at the October Board. So we're
4 looking forward to activating those certifications and
5 activating the cash as a result of the fall bond sale.
6 So I look forward for some more great news to come in
7 October. Lots of money coming out, so it's great, great
8 news.

9 We also wanted to highlight that we've been working
10 at a very aggressive schedule to actually meet some
11 timelines and the commitments of bringing the California
12 preschool and transitional kindergarten full-day
13 kindergarten apportionments -- or grant approval, sorry.
14 We had received -- at the April filing round, we had
15 received over 417 applications for over \$1.5 billion. So
16 lots of interest in the program, which is great news.
17 And so we'll be looking forward to the Board to take
18 action on a small tranche today, but looking forward to a
19 much bigger tranche in October. So look forward to that
20 as well.

21 The next item I want to give an update on is the
22 stakeholder feedback related to the direct
23 apportionments. It was a great opportunity, last month
24 we had an August 2nd stakeholder meeting and which we
25 actually received some input as a result of that meeting.

1 So we initially had some plans to bring this item back to
2 the Board in August, but, again, taking in consideration
3 the feedback we received from our stakeholders, it was --
4 we're happy to share that we did incorporate some
5 feedback as well into that proposed regulation package.
6 And again, our goal is to introduce that later, and
7 Barbara will cover that topic.

8 And then as far as the joint agency workshop, we --
9 this is our third joint agency workshop, and so we're
10 happy to share that our workshop has been conducted with
11 the Department of Education, the Division of State
12 Architect. So this is our third workshop. We had over
13 340 attendees on September 9th. It's a free workshop.
14 And then again we actually partnered with the Department
15 of Forestry and Fire Protection, and also had a case
16 study from Fairfield-Suisun City.

17 So yeah,, it was a great opportunity to introduce on
18 how to build sustainable facilities and outdoor spaces.
19 So it was very widely attended and a lot of good interest
20 in building, again, sustainable facilities and outdoor
21 spaces. So we were happy and pleased with the outcome in
22 that, and we're happy that we were able to have some
23 panelists discussion, lots of good discussion there. So
24 looking forward to some more opportunities to work with
25 our partners.

1 And our last update, we wanted to highlight our next
2 Board meeting's October 26th at 4 o'clock. So see you in
3 Zoom.

4 **MS. MILLER:** Okay. Thank you so much and thanks for
5 all the work.

6 Any questions for Ms. Silverman?

7 (No audible response)

8 **MS. MILLER:** Seeing none, any public comment?
9 Again, please use your Zoom hand if you'd like to make a
10 comment on any item in the executive officer's report. I
11 don't see anyone, do you, Mr. Watanabe?

12 (No audible response)

13 **MS. MILLER:** Nope. Great.

14 So now we will move on to our consent agenda please,
15 Ms. Silverman.

16 **MS. SILVERMAN:** Consent agenda is ready for your
17 approval.

18 **MS. MILLER:** Great. Thank you.

19 Any questions?

20 (No audible response)

21 **MS. MILLER:** Seeing none, any public comment?
22 Seeing none, any --

23 **SENATOR LAIRD:** So moved.

24 **SENATOR WILK:** Second.

25 **MS. MILLER:** Thank you, Senator Wilk. Thank you,

1 Senator Laird.

2 Ms. Jones, will you take the roll please?

3 **MS. JONES:** I certainly will. Senator Wilk?

4 **SENATOR WILK:** Aye.

5 **MS. JONES:** Senator Leyva?

6 **SENATOR LEYVA:** Aye. Sorry.

7 **MS. JONES:** That's okay.

8 Senator Laird?

9 **SENATOR LAIRD:** Aye.

10 **MS. JONES:** Assemblymember O'Donnell?

11 (No audible response)

12 **MS. JONES:** Assemblymember Mayes?

13 **ASSEMBLYMEMBER MAYES:** Aye.

14 **MS. JONES:** Assemblymember Bonta?

15 **ASSEMBLYMEMBER BONTA:** Aye.

16 **MS. JONES:** Juan Mireles?

17 **MR. MIRELES:** Aye.

18 **MS. JONES:** Jeremy Smith?

19 **MR. SMITH:** Aye.

20 **MS. JONES:** Anna Lasso?

21 **MS. LASSO:** Aye.

22 **MS. JONES:** Gayle Miller?

23 **MS. MILLER:** Aye.

24 Mr. O'Donnell, did you -- I don't think we heard

25 you. If you can unmute and vote on the consent calendar?

1 **ASSEMBLYMEMBER O'DONNELL:** O'Donnell was an aye.

2 **MS. MILLER:** Great. Thank you very much. The
3 consent calendar is adopted.

4 Next we'll move to the financial reports please?

5 **MS. SILVERMAN:** Yes. On page 99, we wanted to give
6 the Board a highlight on the fund releases that we've
7 been disbursing. And again, we wanted to highlight back
8 in August we actually had a fund release of 197.7
9 million. So that's great news. Money is going out the
10 door for those much-needed projects approvals. So that's
11 a highlight we wanted to share there.

12 And then as far as the status of funds on page 102,
13 the summary of the status of funds, so the Board did take
14 action on the consent agenda, and that included over 48
15 projects for close to \$104 million. We also have one
16 rescission that is also noted for \$1.1 million. And so
17 since that project didn't move forward, those bond
18 proceeds will go back to the fund of origination.

19 And to that extent, if you have any questions, I'm
20 more than happy to take any questions.

21 **MS. MILLER:** Great.

22 Any questions?

23 (No audible response)

24 **MS. MILLER:** It's really good news. Any public
25 comment on the financials, anyone wishing to comment for

1 any reason?

2 (No audible response)

3 **MS. MILLER:** Seeing none, this is not an action
4 item, and we will now move to the appeal of the Central
5 Union Elementary School District. And I'm noting, before
6 Ms. Silverman explains it, that the district
7 superintendent, Tom Addington, is unable to attend today,
8 but he did send a letter to all of the members supporting
9 staff's recommendation on this appeal.

10 Ms. Silverman?

11 **MS. SILVERMAN:** Yes.

12 On page 119, we wanted to share this unique
13 opportunity. And I know in some respects, I know we talk
14 about appeals. And this one actually the Board has an
15 opportunity to take some action there. And so Central
16 Union Elementary School District is seeking financial
17 hardship status for the Neutra Elementary School, because
18 the actual request -- they don't actually meet the
19 program requirements, so with that, again, we're actually
20 seeking the Board approval.

21 They actually had a similar appeal, but it was
22 simpler. And the district appeal was approved back in
23 December of 2018, and it was for an Acres Elementary
24 School project. And again, the Board did approve that
25 project, and they actually had requested an accelerated

1 processing of their existing project. I think it was
2 actually seeking financing from the federal government.

3 So at this time, we're seeking the Board to
4 reinstate their project. Staff did review their project
5 back in January of 2022 for that financial hardship
6 request. We did determine that they were max -- they
7 were leveling the maximum developer fee under law, but it
8 doesn't meet the requirements under the threshold that
9 they didn't have sixty percent bonded indebtedness. In
10 fact, they had zero percent bonded indebtedness. The
11 district hadn't passed a bond in a few -- two years, and
12 they also had a debt capacity of 8.5 million, which is in
13 excess of the current threshold of 5 million.

14 So they have a unique opportunity. They have a
15 Department of Defense Public Schools on Military
16 Installation grant in front of them that would give them
17 an opportunity to renovate their existing facility. The
18 federal grant program actually provides eighty percent of
19 the total cost. And the district is seeking state match
20 assistance in which they need to contribute over
21 twenty -- nearly twenty percent of the project cost.

22 So they anticipate a cost for that project is \$40
23 million. And again, the federal government would commit
24 to 32 million. So they're seeking the difference. And
25 so since they're unable to pass the bond, we also wanted

1 to recognize that over eighty-five percent of the student
2 population occupies nontaxable areas, meaning they have
3 students -- most of their students are being educated at
4 the military institution on base or they're actually on
5 tribal lands. So again, fifteen percent of their student
6 population is being served. However, that's a very
7 minimal amount being served in the general tax area.

8 So since they have this limited capacity to pass a
9 bond, we also wanted to highlight that they also have
10 lots of local economic challenges in which their
11 community, their median household income is \$25,000. So
12 again, it's really challenging for them to seek a bond
13 from the constituents in their community.

14 So right now they're actually requesting for the
15 Board to reinstate their design grant because staff did
16 return back their application or the request for design
17 for financial hardship since it didn't meet the criteria.

18 So at this time they're actually seeking a separate
19 design that would allow them to contribute with their
20 state match by seeking this hardship request for design
21 funds because they're actually currently going through
22 the process of finalizing their grant request through the
23 federal government at this time.

24 So time is of the essence in order for them to get
25 this commitment. But they do definitely need staff's --

1 they need the Board's support in order to approve this
2 design request. And they actually have a commitment from
3 our -- from the State Allocation Board with respect to
4 this grant request for designs.

5 So the prior appeal, the Board has taken action on
6 similar appeals: Muroc Unified. And again, as I stated
7 earlier, there was also a request that was granted back
8 in 2018 by the Board because they did have the other --
9 they presented other evidence, and the Board did approve
10 that.

11 So at this time our recommendation is to not only
12 reinstate their design grant, but also consider providing
13 them financial hardship status for the full construction,
14 when they submit their full construction grant at the
15 next phase because we definitely think that there is no
16 change in the status at that point in time, so we think
17 it's prudent for the Board to actually grant that request
18 as well.

19 So at this time we are recommending that the Board
20 approve the district's appeal for financial hardship
21 status under other evidence for the application related
22 to the Neutra Elementary School project and approve the
23 reinstatement of the unfunded approval for that design
24 grant, that's a part of attachment D, and also approve of
25 financial hardship status under other evidence for their

1 future full grant for consideration.

2 So with that, I'll open it to any questions.

3 **MS. MILLER:** Thank you, Ms. Silverman. And we can
4 do this all in one motion, right, by supporting the
5 appeal?

6 **MS. JONES:** Mm-hmm.

7 **MS. MILLER:** Great. Thank you very much.

8 Any questions for Ms. Silverman?

9 (No audible response)

10 **MS. MILLER:** We really appreciate the resolution and
11 working so hard.

12 So as I mentioned, Superintendent Addington is not
13 on this call today, but anyone else wishing to comment
14 for any reason?

15 **SENATOR LEYVA:** I would move the appeal.

16 Thank you, Senator Leyva.

17 Do we have a second?

18 **ASSEMBLYMEMBER BONTA:** Second.

19 **MS. MILLER:** Great. Thank you, Ms. Bonta.

20 Ms. Jones, will you take the role please?

21 **MS. JONES:** I certainly will.

22 Senator Wilk?

23 **SENATOR WILK:** Aye.

24 **MS. JONES:** Senator Leyva?

25 **SENATOR LEYVA:** Aye.

1 **MS. JONES:** Senator Laird?

2 **SENATOR LAIRD:** Aye.

3 **MS. JONES:** Assemblymember O'Donnell?

4 **ASSEMBLYMEMBER O'DONNELL:** Aye.

5 **MS. JONES:** Assemblymember Mayes?

6 **ASSEMBLYMEMBER MAYES:** Aye.

7 **MS. JONES:** Assemblymember Bonta?

8 **ASSEMBLYMEMBER BONTA:** Aye.

9 **MS. JONES:** Juan Mireles?

10 **MR. MIRELES:** Aye.

11 **MS. JONES:** Jeremy Smith?

12 **MR. SMITH:** Aye.

13 **MS. JONES:** Anna Lasso?

14 **MS. LASSO:** Aye.

15 **MS. JONES:** Gayle Miller?

16 **MS. MILLER:** Aye. The appeal is granted.

17 Next, we will move to -- again to Ms. Silverman to
18 the California Preschool Transitional Kindergarten and
19 Full-Day Kindergarten grant applications.

20 **MS. SILVERMAN:** Yeah, we're excited about moving
21 this forward. So we wanted to present to the State
22 Allocation Board the California Preschool grants, again
23 Transitional Kindergarten and Full-Day Kindergarten grant
24 applications. And I know it's a long term, and we're
25 happy and excited to present that.

1 So attachment B is what staff is presenting, eleven
2 projects for over \$33 million. And again, with the
3 passage of AB 130 back in July of 2021, that provided
4 \$490 million to be appropriated for this particular
5 program.

6 The one caveat is with the passage of that, they
7 actually expanded to include California preschool and
8 transitional kindergarten to the existing program. So
9 that's great news. We can expand our reach to early
10 learners. And then most recently, we also wanted to
11 highlight that AB 181, that was chaptered on June 30th of
12 2022, that actually provided an additional \$100 million
13 for the existing filing round.

14 So I know Barbara will touch on that next. And so
15 again, to have \$100 million also allocated to the
16 existing filing round, we're hoping the Board will take
17 action on that.

18 And then also introduced that there was \$550 million
19 also as part of that Budget Act that was passed. So that
20 would be bringing additional funds to the '23-'24 budget
21 year. So again, that's great news.

22 And as I shared with you earlier, we wanted to again
23 highlight that we had over \$1.5 billion in applications
24 for 418 requests. Again, this is great news. Obviously
25 shows and demonstrates a need for the program.

1 And to the extent any districts that do receive this
2 apportionment today, just reminders that in order for the
3 district to act on that apportionment, we need to have a
4 fund release request, and, again, they have -- if they're
5 not seeking advance design funds, then they can -- they
6 need to come in within 180 days of the apportionment.
7 And those folks who are seeking advance design release,
8 they have twelve months to perfect. So again, we'll be
9 sending reminders for those districts that are in that
10 tranche, in that bucket.

11 And again, just a reminder that there's final
12 expenditure reports that are due after the project is
13 completed. And there's also a final savings report
14 that's also due within the program.

15 So at this time, we're asking the Board to grant the
16 attachment B, and take action on those eleven projects
17 for over \$33 million. And again, just to highlight that,
18 the apportionment request and for those folks who have
19 advance design release, again, they should adhere to the
20 regulation in 1860.16(f), the school district must submit
21 a valid fund release request in order to come through the
22 program, and that must be -- it must happen within twelve
23 months. So with that, we're seeking the Board approval
24 on that.

25 **MS. MILLER:** Great. So hopefully everyone will

1 comply because we're super excited to be issuing these
2 grants. So I don't know, whoever can be the first to
3 make the motion to --

4 **SENATOR LEYVA:** I'll move.

5 **MS. MILLER:** Moved by Senator Leyva.

6 **SENATOR LAIRD:** Second.

7 **SENATOR LEYVA:** Childcare. Childcare. Childcare.

8 **MS. MILLER:** Yeah, I know. This is really amazing
9 that we're seeing this happen. Is there a second?

10 **SENATOR LAIRD:** Second.

11 **ASSEMBLYMEMBER BONTA:** Second.

12 **MS. MILLER:** Great. Thank you, Senator Laird.

13 And then any public comment? Sorry, I forgot to
14 ask. I know there's a lot of excitement, and I hope many
15 of you will not have to suffer through what is a two-hour
16 kindergarten tape with your children. Oh man, was that
17 hard? Anyone? Any public comments?

18 (No audible response)

19 **MS. MILLER:** Okay. Well, in the name of parents
20 everywhere, Ms. Jones, will you take the roll?

21 **MS. JONES:** Yes.

22 Senator Wilk?

23 **SENATOR WILK:** Aye.

24 **MS. JONES:** Senator Leyva?

25 **SENATOR LEYVA:** Aye.

1 **MS. JONES:** Senator Laird?
2 **SENATOR LAIRD:** Aye.
3 **MS. MILLER:** Senator Laird, we didn't hear you.
4 **SENATOR LAIRD:** Aye.
5 **MS. MILLER:** Thank you.
6 **MS. JONES:** Thank you.
7 Assemblymember O'Donnell?
8 (No audible response)
9 **MS. JONES:** AssemblyMember Mayes?
10 **ASSEMBLYMEMBER MAYES:** Aye.
11 **MS. JONES:** Assemblymember Bonta?
12 **ASSEMBLYMEMBER BONTA:** I and Lago (ph.) say aye.
13 **MS. JONES:** Juan Mireles?
14 **MR. MIRELES:** Aye.
15 **MS. JONES:** Jeremy Smith?
16 **MR. SMITH:** Aye.
17 **MS. JONES:** Anna Lasso?
18 **MS. LASSO:** Aye.
19 **MS. JONES:** Gayle Miller?
20 **MS. MILLER:** Aye.
21 **MS. JONES:** Did you happen to hear Assemblymember
22 O'Donnell vote?
23 **MS. MILLER:** I didn't, but let's --
24 **ASSEMBLYMEMBER O'DONNELL:** O'Donnell's an aye.
25 **MS. MILLER:** Thank you, Mr. O'Donnell.

1 **MS. JONES:** Great. Thank you. Yay.

2 **MS. MILLER:** That is approved and really, really,
3 excited to see this coming to fruition. I know, Senator
4 Leyva, it was years of struggle.

5 Okay. So now in keeping with childcare and making
6 sure that we have facilities, we're going to Ms.
7 Kampmeindert to talk about the preschool and transitional
8 K and full day kindergarten facilities grant program
9 amendments.

10 **MS. KAMPMEINERT:** Yeah, thank you. So we have on
11 page 163 an item for the Board's consideration to amend
12 the regulations for this program. As Lisa mentioned, we
13 did get some additional funding for the California
14 Preschool Transitional Kindergarten and Full-Day
15 Kindergarten Facilities grant program with the passage of
16 AB 181.

17 Along with that bill, there were a few changes.
18 The -- well, actually one change of note, and that is
19 that now the community colleges are eligible to
20 participate in the preschool portion of this program. So
21 the bulk of the regulation changes includes references to
22 add the community colleges into the eligibility for the
23 program and allow them to participate in our next filing
24 round.

25 We also took the opportunity to do a little

1 technical cleanup in the regulations, including just
2 general cleanup, and then also specifying some square
3 footage amounts that have become a question that have
4 been with the program since the inception that had become
5 a question for stakeholders. So we thought we'd put it
6 in the regulations to make it a little more clear.

7 And then also we wanted to add in reference to the
8 additional dollars that were made available for the
9 program. So that is now included in there talking about
10 the particular filing rounds and the dates associated
11 with the dollars provided and things of that nature.

12 So that is the regulation package that we've got
13 included there. And it does include both the regulation
14 text themselves, along with the funding application and
15 the expenditure report on the attachments. So we are in
16 part asking the Board to approve this regulation package
17 for us to file it on an emergency basis and then to make
18 it permanent.

19 Along with that extra \$100 million we got, however,
20 we do have an additional request for the Board as part of
21 this item, and that is related to the filing dates for
22 the fourth filing round, which is scheduled in 2023.
23 Back at the January 2022 meeting, the Board had set that
24 fourth filing round to begin in April of 2023. With that
25 extra 100 million dollars, we could use a little extra

1 time to process those applications and still keep them on
2 track for a fall 2023 apportionment item to the Board.
3 So we are asking that the Board change the dates of that
4 fourth round to February 1st, 2023, through March 2nd,
5 2023. And that round will now be 350 million, a little
6 over 350 million, as opposed to the original 252 million.
7 So we're very excited we're going to be able to offer
8 some additional awards with that filing round.

9 So with that, we are seeking the Board's approval
10 for the staff recommendations as outlined on page 166 of
11 this item.

12 **SENATOR LEYVA:** So moved.

13 **MS. MILLER:** Thank you very much.

14 Any public comment?

15 (No audible response)

16 **MS. MILLER:** Seeing none, do we have a second?

17 **ASSEMBLYMEMBER O'DONNELL:** O'Donnell seconds.

18 **MS. MILLER:** Thank you, Mr. O'Donnell.

19 May we take the roll please, Ms. Jones?

20 **MS. JONES:** Yes.

21 Senator Wilk?

22 **SENATOR WILK:** Aye.

23 **MS. JONES:** Senator Leyva?

24 **SENATOR LEYVA:** Aye.

25 **MS. JONES:** Senator Laird?

1 **SENATOR LAIRD:** Aye.

2 **MS. JONES:** Assemblymember O'Donnell?

3 Assemblymember Mayes?

4 **ASSEMBLYMEMBER O'DONNELL:** Aye.

5 **ASSEMBLYMEMBER MAYES:** Aye.

6 **MS. JONES:** Assemblymember Bonta?

7 **ASSEMBLYMEMBER BONTA:** Aye.

8 **MS. JONES:** Juan Mireles?

9 **MR. MIRELES:** Aye.

10 **MS. JONES:** Jeremy Smith?

11 **MR. SMITH:** Aye.

12 **MS. JONES:** Anna Lasso?

13 **MS. LASSO:** Aye.

14 **MS. JONES:** Gayle Miller?

15 **MS. MILLER:** Aye. The amendments are adopted.

16 Thank you very much, everyone.

17 Next, again to Ms. Kampmeinert for the emergency

18 regulations to allocate money from non-bond sources.

19 Ms. Kampmeinert?

20 **MS. KAMPMEINERT:** Yes, thank you.

21 So page 193 of the agenda, we do have another

22 regulation package for the Board's consideration, another

23 topic where this is a fun challenge to tackle because we

24 have the general fund dollars. So as part of the '22-'23

25 Budget Act, we have another 1.3 billion for the school

1 facility program with additional amounts identified in
2 future budget years. So we have access to general fund
3 dollars, which is, as you all know, not the typical
4 method for funding projects in this program. We had the
5 250 million last year, which was a great surprise, and
6 now we've got the 1.3 billion.

7 And what that does, however, is it provides us with
8 an opportunity to look at the way that we are bringing
9 approvals for the Board's consideration and making
10 apportionments to school districts because, as you know,
11 for the past thirteen years, we've been operating under a
12 version of the priority funding model where school
13 districts that have new construction and modernization
14 projects come forward with their application, we process
15 it and confirm it meets requirements, and then we present
16 it to the Board in the consent calendar for an unfunded
17 approval.

18 School districts then have two opportunities each
19 year to certify to a fund release request. Basically,
20 they say if you were to offer me cash and provide an
21 apportionment for this project, I will be able to access
22 that cash within ninety days and submit my fund release
23 request, which also entails being under contract for
24 fifty percent of the work in the project.

25 And then we get those certifications. We use those

1 to inform others at the state, the State Treasurer's
2 Office, Department of Finance, what our need is for the
3 next bond sale. So then the bonds are sold twice a year
4 and we come back with those same projects and have an
5 apportionment allocated once we have the cash to back up
6 the apportionment.

7 Well, now with the general fund proceeds, we have
8 access to the cash. So we do not need to wait for bond
9 sales to use this general fund money. So there's no need
10 for the multiple step process to make apportionments.
11 And this is actually how it used to work back before the
12 fiscal crisis in 2008: we would take items to the Board
13 once for an apportionment, the Board had different ways
14 of accessing cash back then, we actually borrowed it from
15 the pooled money investment account, and then when bonds
16 were sold it replenished that account. That mechanism
17 hasn't been available to us since the fiscal crisis
18 though, so we've actually been doing priority funding for
19 longer than we've had access to the cash through the
20 other mechanism. But districts didn't have to do the
21 certification. They just got their apportionment and
22 then they could ask for their cash when ready.

23 At that time, however, districts had eighteen months
24 to access their cash. And so one of the things when the
25 Board shifted to the priority funding model, cash was

1 scarce, cash was in demand for many programs, not just
2 our program, but all sorts of programs, cash is still in
3 demand, so we wanted to honor the Board's decisions to
4 ensure that when we are making apportionments backed by
5 cash that there is still a timeliness for the fund
6 releases to come in from school districts. So we are
7 presenting these regulations, an amendment to the
8 regulations, that we used to use, but instead of allowing
9 for eighteen months for a district to come in for a
10 release of funds after they receive an apportionment,
11 we're proposing six months for the districts that provide
12 their matching share, so the nonfinancial hardship
13 districts; and we're proposing twelve months from the
14 date of apportionment for those districts that qualify
15 for financial hardship because for some financial
16 hardship districts, they are reliant upon the
17 apportionment from the State before they can really get
18 into the contracting process and commit to those funds.
19 So we feel that it would be fair to offer them some
20 additional time on the fund release request.

21 So that's what you see in the regulation packages, a
22 shift to that. And we did take this before stakeholders,
23 like Lisa mentioned in her executive officer statement,
24 we took this back in August, and didn't get a ton of
25 comments, but we did get some feedback after that because

1 we had been pursuing a slightly different version of this
2 approach, which leads me to the second piece of this.

3 We had originally been proposing to finish out the
4 bond proceeds first under the existing priority funding
5 model, and then shift over to direct apportionments for
6 general fund, but that had the potential to take projects
7 slightly out of order. So projects that received their
8 unfunded approval today or in the past few months would
9 potentially not be receiving cash until the spring bond
10 sale, whereas if the regulations went into effect for the
11 general fund dollars, those projects could start getting
12 cash right away in November, January, February, et
13 cetera. So that was a concern to stakeholders, so we
14 have -- we've reworked our thought process on that, and
15 what we are recommending instead -- and we've checked in
16 with the State Treasurer's Office and Department Finance
17 to ensure that this is not going to impact the bond sales
18 that would be available to us next year, but we're
19 recommending that the Board use the regulations that were
20 put in place last year for the 250 million to waive that
21 certification period where the districts ask for the cash
22 during a 30-calendar day period, in this case it would be
23 the certification period between November and December of
24 this year, to waive that, so that will allow the
25 districts to ask for the cash now, and then we can use

1 the general fund dollars and provide apportionments using
2 the general fund in October and our November/December
3 meeting of this year, rather than waiting until the
4 spring bond sale for those projects.

5 And if districts did not want to participate with
6 the earlier availability of cash, if they'd already
7 received their unfunded approval, that's fine, we'll just
8 wait until the spring bond sale occurs and take care of
9 them. So that will keep the projects in line. We'll use
10 that general fund cash in the next couple months, and
11 then if the Board approves the regulation package, we
12 expect the direct apportionment regulations to be in
13 effect so that we can start taking those new
14 apportionments straight through that direct apportionment
15 model towards the end of this year, November/December.
16 And when we get the spring bond sale proceeds, OPSC will
17 handle that and the background districts won't need to
18 care whether they're getting bond sale proceeds or
19 general fund dollars, we'll just keep moving forward with
20 the apportionment.

21 So we are recommending that the Board do exercise
22 its option to waive that filing period, either way,
23 whether the regulations are approved or not, because we
24 do have that cash that we can use right now to get the
25 cash out the door to the school districts.

1 Our understanding with the change and making sure
2 that everybody is getting their cash in the order in
3 which they are processed is that it does address the
4 concern from stakeholders, so we are proposing this
5 regulation package for your consideration as well as our
6 fourth recommendation, which would be to waive that
7 thirty-calendar day filing provision. If the Board does
8 approve the regulation amendments are shown on
9 attachments B-1 and B-2, we would file on an emergency
10 basis and we're requesting that the Board authorize these
11 to also be made permanent and direct us to begin making
12 apportionments at the earliest available meeting once the
13 regulations have been approved by OAL using -- and we
14 would be using those general fund dollars right now.

15 With that, I'd be happy to answer any questions.

16 **MS. MILLER:** Great. Thank you. Any questions?

17 (No audible response)

18 **MS. MILLER:** Congratulations again on this budget
19 action that we all took last year. And this -- these
20 proceeds we anticipate will get us through 2024, at which
21 time we hope there will be another bond.

22 So any public comment, any questions?

23 (No audible response)

24 **MS. MILLER:** Thank you for all the work on making
25 sure that this is seamless for the districts to the OPSC

1 staff. And a huge thank you to the education unit at
2 finance for working through a lot of these logistics.

3 Anyone wishing to comment for any reason?

4 (no audible response)

5 **MS. MILLER:** Seeing none, may we have a motion for
6 approval of both the -- it's up to the committee, but
7 either -- I would recommend a motion for approval of the
8 emergency regulations and approval of the process, as
9 lined out by Ms. Kampmeinert.

10 **ASSEMBLYMEMBER O'DONNELL:** O'Donnell will move.

11 **SENATOR LEYVA:** I move.

12 **MS. MILLER:** Great. Moved by Mr. O'Donnell,
13 seconded by Senator Leyva.

14 May we have a roll please, Ms. Jones?

15 **MS. JONES:** Yes.

16 Senator Wilk?

17 **SENATOR WILK:** Aye.

18 **MS. JONES:** Senator Leyva?

19 **SENATOR LEYVA:** Aye.

20 **MS. JONES:** Senator Laird?

21 **SENATOR LAIRD:** Aye.

22 **MS. JONES:** Assemblymember O'Donnell?

23 **ASSEMBLYMEMBER O'DONNELL:** Aye.

24 **MS. JONES:** Assemblymember Mayes?

25 **ASSEMBLYMEMBER MAYES:** Aye.

1 **MS. JONES:** Assemblymember Bonta?

2 **ASSEMBLYMEMBER BONTA:** Aye.

3 **MS. MILLER:** Juan Mireles?

4 **MR. MIRELES:** Aye.

5 **MR. MORALES:** Jeremy Smith?

6 **MR. SMITH:** Aye.

7 **MS. JONES:** Anna Lasso?

8 **MS. LASSO:** Aye.

9 **MS. JONES:** Gayle Miller?

10 **MS. MILLER:** Aye. So the regulations for -- to
11 allocate money from nonbond sources are approved.

12 And with that, Ms. Silverman, the 90-day workload?

13 **MS. SILVERMAN:** Yeah. We have the workload report
14 that's part of the agenda. I'm not sure if we have any
15 questions related to that.

16 **MS. MILLER:** Any questions? Any public comment?

17 (No audible response)

18 **MS. MILLER:** Seeing none, we are now -- Mr.
19 Watanabe, bumped up the closed session link. We're going
20 to meet in closed session upon conclusion of our meeting,
21 which is now, under Government Code Section 11126(e) for
22 the purpose of conferring with and receiving advice from
23 legal counsel to provide the Board an update regarding
24 active litigation, and to discuss whether there is
25 significant exposure to litigation against the Board.

1 And upon conclusion, I will report out from this
2 meeting, if necessary. So I will come back to this
3 meeting. Before we adjourn into public session, or to
4 closed session, excuse me, is there anyone that wants to
5 make any final public comment for anything not on the
6 agenda?

7 (No audible response)

8 **MS. MILLER:** Seeing none, I anticipate we'll be back
9 on this open Zoom link in about ten minutes. So if
10 you're on it and would like to stay on it, please feel
11 free, and the Board will go to a closed link, and we'll
12 be right back. Thank you very much, everyone. Have a
13 great day.

14 (Whereupon, a recess was held)

15 **MS. MILLER:** (audio starts mid-sentence) --
16 Government Code Section 11126(e) for the purpose of
17 conferring with legal counsel on litigation, and in
18 compliance with the court's order in the San Bernardino
19 City Unified School District case, the Board sets aside
20 its decision from the June 26, 2019 meeting, denying the
21 district's appeal to retain excess hardship funding for
22 the Middle College Project. The Board now grants the
23 appeal, and the district will be entitled to retain the
24 savings of hardship funding for that project. This
25 action relates only to financial hardship savings, and

1 the Board is acknowledging that there is a disagreement
2 on the amount of site relocation funds.

3 Savings do not include site relocation costs. OPSC
4 will move forward with completing the audit and
5 accounting for that project, which will include the
6 district's retention of the hardship savings. Staff will
7 additionally be directed to come back to the October SAB
8 meeting to address implications for districts that have
9 paid hardship savings. In addition, staff will be
10 directed to address the hardship savings regulation.

11 So there is -- with no -- seeing no public comment.
12 Seeing none, Mr. Watanabe?

13 (No audible response)

14 Great. Thank you, everyone. Really appreciate it.
15 The next meeting of the State Allocation Board is October
16 26th on Zoom. And we appreciate everyone's time, and
17 especially OPSC's work, and especially OPSC legal, and
18 the Attorney General legal.

19 Thank you, everyone. Really appreciate your time
20 this afternoon. Take care and have a great evening.
21 Bye.

22 **MS. JONES:** Bye. You too.

23 (End of recording)

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I have subscribed this certificate at Phoenix, Arizona, this 29th day of September, 2022.



Michelle Serdynski-Oh
eScribers, LLC

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