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STATE ALLOCATION BOARD
MILITARY BASE/DEPARTMENT
OF DEFENSE SUBCOMMITTEE

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA 95814

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APPEARANCES

SUBCOMMITTEE MEMBERS:

ESTEBAN ALMANZA, Chief Deputy Director, Department of General Services, designated representative for Fred Klass, Director, Department of General Services

KATHLEEN MOORE, Director, School Facilities Planning Division, California Department of Education, designated representative for Tom Torlakson, Superintendent of Public Instruction.

ASSEMBLY MEMBER JOAN BUCHANAN

ASSEMBLY MEMBER CURT HAGMAN

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer

BILL SAVIDGE, Assistant Executive Officer

REPRESENTATIVE OF DEPARTMENT OF DEFENSE, OFFICE OF ECONOMIC ADJUSTMENT PRESENT:

ROBERT HERTZFELD, Project Manager

P R O C E E D I N G S

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3 MS. MOORE: Good afternoon and welcome to the
4 State Allocation Board Subcommittee hearing on the
5 Department of Defense schools.

6 At the April 25th State Allocation Board meeting,
7 staff from the California Department of Education and the
8 United States Department of Defense Office of Economic
9 Adjustment presented a report to the Board regarding the
10 Department of Defense facilities program for base schools.

11 At the meeting, Patrick O'Brien, Director of the
12 Office of Economic Adjustment, indicated to the State
13 Allocation Board that four of the seven projects do not have
14 their 20 percent match and asked the State for assistance.

15 The State Allocation Board formed this
16 Subcommittee on the issue to report back to the full Board
17 regarding the possibility of providing the 20 percent match
18 requirement.

19 It's important to note that the Department of
20 Defense did a very comprehensive assessment of the
21 facilities and looked at the needs of the whole school which
22 is a different approach than how the School Facility Program
23 in California works in terms of a per pupil allocation.
24 Therefore the 20 percent match is a higher amount than what
25 the district share would typically qualify for under a

1 School Facility Program calculation.

2 I've been serving as the California liaison with
3 the Department of Defense and have met with the individual
4 school districts to discuss the needed improvements at each
5 of the schools.

6 This is a very unique situation and a viable
7 opportunity to leverage federal funds to support the
8 children of our military families who are in need of our
9 help with their school facilities throughout our state.

10 My hope is that we can come up with some viable
11 options to take advantage of this one time opportunity and
12 that's the purpose of the Subcommittee hearing today. We
13 have a staff report that staff has really looked at what our
14 possibilities are and I know we'll go over that, but first I
15 would just like to ask Robert Hertzfeld from the Office of
16 Economic Adjustment to give us a brief overview of the
17 program and then go to Ms. Silverman to talk about the staff
18 report and then we can discuss it, unless there's any
19 opening remarks that my fellow Subcommittee members would
20 like to make.

21 ASSEMBLY MEMBER HAGMAN: No. I'm good.

22 MS. MOORE: Okay.

23 MR. HERTZFELD: Thank you for your consideration
24 of our program on such a quick schedule. The staff of OPSC,
25 your staff, and Kathleen Moore and her staff at the

1 Department of Education has done a phenomenal job in a very
2 short amount of time, learning about our program and jumping
3 in to try to understand about how the programs can work
4 together well.

5 The program is a tremendous opportunity that came
6 about very quickly. Usual for the Federal Government in the
7 time that they're cutting substantial amounts of money and
8 we've been working on continuing resolutions and not being
9 able to get a budget.

10 It just shows the need and the demands and
11 Congress's intent that education and schools for our
12 military schools is the highest priority.

13 During the last budget reconciliation issue that
14 they had in April of 2001 when they cut all other parts of
15 the federal budget, they gave us \$250 million to start up a
16 program quickly to address the critical needs at the most
17 critical schools.

18 We started up the program rather quickly. In
19 September we had a program announcement of how we're going
20 to implement this program -- September of 2011, and we
21 invited the first 12 schools on our priority list of the
22 worse condition and capacity schools within our portfolio.

23 The proposals from that initial round were due in
24 January and we spent the last couple months reviewing those
25 proposals. In the first round of 12 schools, we've agreed

1 on a project scope for those projects.

2 In February of this year in the most recent budget
3 reconciliation bill, Congress gave us another \$250 million
4 to add to this program while cutting many other departments
5 of the Federal Government.

6 We had a program announcement where we invited
7 round two schools to come in for a similar session we had
8 last September and those proposals are due the end of this
9 month. We will start the review process.

10 So you can see we have \$500 million that we
11 quickly implemented into a program and trying to get it out
12 in the field in part because we're worried not only because
13 of the need, but we're worried that if we don't obligate the
14 money sooner rather than later, with the tremendous budget
15 problems that the Department of Defense is facing with the
16 sequestration in January that they may take the money away
17 if we haven't spent it and obligated it.

18 So it's critically important for us to try to get
19 the grants approved and obligated which is basically at a
20 different timeline than your normal system and that's why
21 we've asked for your assistance quickly and you've responded
22 and we really appreciate that.

23 Out of the top 24 which is the top \$500 million in
24 our program, 7 of those schools are in California. It is by
25 far and away the most out of any state in our portfolio.

1 Potentially we're looking at under the grant
2 requests almost 30 percent of that 500 million going to
3 schools in California. Out of the next top 33, which on our
4 list is considered -- in the report, you'll see we ranked
5 our schools by condition and capacity and yellow/yellow --
6 yellow for condition/yellow for capacity -- will take us
7 down to 39 schools.

8 In the most current budget resolution by the House
9 Appropriation Bill, they've appropriated another
10 \$270 million for our program. The administration had
11 requested 40.

12 That will take us down for another nine schools of
13 which four of them are in California.

14 So as you can see, this is a rather robust program
15 and California is up at the top of the list if we can
16 respond by dealing with some of these critical shortfalls in
17 the local communities about not being able to meet the
18 match. Thank you.

19 MS. MOORE: Thank you, Mr. Hertzfeld. And can you
20 just remain at the table in case there are questions that
21 come up during the course of our --

22 MR. HERTZFELD: Yes.

23 MS. MOORE: -- piece today that would be most
24 appropriately answered by yourself.

25 So with that, Lisa --

1 MS. SILVERMAN: Yeah. I'd like to --

2 MS. MOORE: -- and Juan, do you want to take us
3 through the staff report.

4 MS. SILVERMAN: Yeah. I'll go ahead and do an
5 introduction. As you know, we obviously did have an
6 opportunity to meet with the Department of Defense and
7 Department of Education prior to the last April Board
8 meeting and it gave us a better understanding of what the
9 program is going to offer, but we actually had a lot more
10 dialogue after that to try to get a grasp of what options
11 that we have for any programs that we can potentially fund
12 or match fund.

13 Obviously the State program is a different
14 program. Unlike the federal program, our shoes don't fit in
15 the same box. So trying to create some opportunities of
16 whether or not what shoes can fit in what box is kind of
17 what we've kind of laid out here and with that, I'll have
18 Michael Watanabe walk over the funding considerations.

19 MR. WATANABE: Okay. I'll start on page 4.
20 Before we get into the different kind of things our staff
21 has considered, let's start with the chart on page 4 and
22 kind of the issue we're trying to solve.

23 Based on our discussions with the district and the
24 Department of Defense, in that fourth column there at the
25 bottom, we're trying to -- the total projects for these

1 seven schools is about \$205 million. Just multiplying that
2 out by about 20 percent, you come to \$41 million.

3 In our discussions with the districts, two
4 districts have a little bit of contribution. San Diego has
5 indicated that through potentially a November bond they can
6 come up with their match for their project and the second to
7 last column, we've kind of taken their district's baseline
8 eligibility for our new construction and modernization and
9 kind of multiplied that out by the base grants and what
10 could they potentially be eligible for.

11 Now, as we pointed out, the Department of Defense
12 program and the School Facility Program fund in a different
13 way. So our staff, if an application were to come in, would
14 have to look at the scope to see if they can reach this full
15 potential. If not, the shortfall would actually be greater
16 for these districts.

17 Assuming they can totally qualify for all the
18 eligibility that we have on the books currently for them,
19 the last column there is indicating the shortfall we're
20 trying to solve at this point which is about 28.7 million.

21 On page 5, we have received one application for a
22 modernization project from Sierra Sands for their Burroughs
23 High Project. They're requesting about 4.9 million of State
24 funding.

25 What you'll see on the -- what we've got is an

1 Attachment D this morning is we've been able to update our
2 workload list that OPSC is processing in house and as it's
3 looking right now, this project would be outside available
4 bond authority, but we can go to that in a minute.

5 So under the considerations on page 5 that staff
6 looked at, the first idea we looked at was can we reserve a
7 bond authority. And Education Code actually defines an
8 apportionment as a reservation of funds for the use of
9 eligible new construction, modernization, and hardship
10 approved by the Board for an applicant school district.

11 In our discussions with legal counsel, just
12 straight reserving bond authority by providing these
13 apportionments would be in conflict with the statutory
14 definition of an apportionment.

15 Our program does have conceptual approvals to the
16 Facility Hardship Program, but there's no reservation of
17 bond authority. It's just an approval by the Board that you
18 meet the basic requirements of the program. You'd still
19 have to walk in in the future with a funding application to
20 receive an apportionment.

21 Another mechanism we have reserve bond authority
22 in our program is preliminary apportionments and currently
23 there are four programs within the School Facility Program
24 where we can actually reserve bond authority prior to the
25 project meeting all the other requirements of the program.

1 Those four programs are the Charter School
2 Facilities Program, the Joint-Use Program, the Critically
3 Overcrowded Schools Program, and the Career Technical
4 Education Facility Programs.

5 Three of those programs, preliminary
6 apportionments are defined in statute which allows us to
7 provide those. Under the Career Tech Educational Facility
8 Program, there's actually regulation allowing reservations
9 of funds prior to DSA and CDE approval.

10 The Education Code defines preliminary
11 apportionment as apportionment made for eligible applicants
12 in advance of full compliance with all the application
13 requirements otherwise required for a full apportionment.

14 So what we did is we looked at those statutes and
15 the regulations and thought about can we apply that to new
16 construction and modernization projects which is where these
17 Department of Defense projects would fall with.

18 Currently the Education Code is -- doesn't define
19 or contemplate them for preliminary apportionments for new
20 construction or mod, but right now they are outside the
21 current framework of the program.

22 On the top of page 6, we propose a couple ideas
23 that the Subcommittee could consider. We could pursue a
24 legislative change to the entire Leroy Greene Act, the
25 School Facility Program, and create a mechanism for

1 preliminary apportionments for these projects. Obviously
2 there would be time involved in that.

3 The second idea that we could possibly reach is we
4 can redefine what an apportionment is in regulations. Right
5 now apportionment's defined in regulation as the same
6 meaning as it is in statute, but somehow we could look at
7 the mechanics of changing that definition and that would be
8 within the Board's ability.

9 MS. MOORE: Michael, that's to change it to
10 include the possibility of a preliminary apportionment.

11 MR. WATANABE: Correct. Correct. The mechanics
12 of that would, you know, rather -- that would be a big
13 change because right now the word apportionment's used so
14 much in our, you know, 150 pages of regs, we'd have to do it
15 carefully, but we think that it provides a little bit of
16 room there to try that route if that's the desire.

17 There's a chart there on page 6. If we choose to
18 go the route of reserving bond authority, one of the
19 challenges is the time that would be involved to make that
20 happen.

21 As of our April Board meeting, we had
22 388.8 million remaining in modernization bond authority.
23 Based on the applications we received in house and what
24 school districts have requested, they request over
25 420 million in modernization funding.

1 That leaves about 32.1 million beyond the
2 authorized by the voters.

3 MS. MOORE: And, Michael, could you -- just while
4 we're here, could you say where Sierra Sands project falls
5 in that 32 million overage?

6 MR. WATANABE: They're on a -- on Attachment D --
7 let me get a page number for you.

8 MS. JONES: Page 59.

9 MR. WATANABE: Oh, page 59? They're the fifth
10 project down and that puts them approximately 18 million
11 beyond the authority.

12 MS. MOORE: So they're in the middle of this -- or
13 roughly in the middle of this -- little more than middle of
14 this 32--.

15 MR. WATANABE: Right. And keep in mind as we go
16 through our review process, we're looking at several hundred
17 projects here. The grants go up and down. They're not -- I
18 wouldn't say they're out of hope at this point yet and we
19 also do our -- you know, our closeout reviews too that
20 potentially return authority, so -- right now that's just
21 where they're at until we get a chance to process them.

22 I can go into the other considerations or we can
23 talk about that one.

24 MS. MOORE: No. Go ahead. Unless there's
25 questions. Any questions from Board members?

1 ASSEMBLY MEMBER HAGMAN: Not yet, but -- you know,
2 one of the things that may be in your briefing to us, I'm
3 just wondering about the apples and oranges match here. You
4 know, is there a certain -- I know the criteria to find out
5 if a school needs to be modernized is different than what
6 ours are, but even if we were able to somehow, you know,
7 come up with this -- the money matching, does it even fall
8 within our -- meet the State standards that we have to abide
9 by and what kind -- how does that match up with those
10 things.

11 So I know modernization is something different
12 than what we may have, you know, those type of things --
13 more about the definitions and -- and go from there.

14 MR. MIRELES: It is different and the simple
15 version is that the definition of need under the School
16 Facilities Program for modernization is based on the ages of
17 the buildings.

18 If it's a permanent classroom, it has to be at
19 least 20 years -- 25 years or older. If it's a portable,
20 20 years or older to qualify for funding. That is really
21 it.

22 We also take into consideration the enrollment at
23 each school site. It's on a per site basis and that's
24 what's used right now under the Greene Act -- under our
25 program.

1 And Mr. Hertzfeld can speak more towards to the
2 federal standards in terms of defining need, but it's my
3 understanding it's based on the -- on not just the condition
4 but also the capacity. And I don't know if you'd like to
5 elaborate on federal determination on the need.

6 MR. HERTZFELD: Yes. Just our program looked at
7 capacity numbers and if it was -- excuse me -- a portable,
8 that was not counted in the -- as a -- for capacity
9 consideration.

10 So one of the major things that in California that
11 this program will be doing is basically eliminating or
12 transferring portables to permanent which as I understand is
13 one of the goals of the California standards, just you
14 haven't had the money to do that.

15 MS. MOORE: Well, our Critically Overcrowded
16 Schools and Overcrowded Relief Grant Programs were in place
17 for that type of purpose.

18 MR. MIRELES: Correct.

19 MS. MOORE: And I think didn't -- staff, you did
20 look at whether these seven school districts were eligible
21 in those programs and did not find eligibility there for
22 them; is that correct as well?

23 MR. MIRELES: That's correct.

24 MS. SILVERMAN: That's correct.

25 MS. MOORE: So I think really what -- in answering

1 to Assembly Member Hagman's question is that our -- in the
2 inbox thinking of our program -- or not the inbox thinking
3 but the inbox environment of our program, there's about
4 11 -- potentially 11 million in eligibility between the
5 projects that most likely could probably to some extent be
6 similar types of work because the work in these programs are
7 considered modernization programs.

8 There may not be -- it might not all be there, but
9 that's our greatest piece right there is the 11 million in
10 eligibility that would be perfected from the program.

11 And the one -- the timing issue for us -- and
12 again is the apples and oranges question -- is that the
13 Department of Defense requires the commitment up front and
14 actually sets aside the funding up front and in our program,
15 we say you must be out of Division of State Architect and we
16 set aside the funding at the end.

17 And so it's that issue of when could we
18 potentially commit to these districts if we want to and then
19 that's where Mr. Watanabe is giving that option of possibly
20 having a preliminary apportionment that really sets aside up
21 to 11 million in eligibility for these projects and makes
22 that commitment and then when they're ready with their DSA
23 approved plans, we would provide that funding.

24 And then you can go through -- I mean I think
25 that's where we are so far. And then whether there's any

1 possibility I think in any of our funds is the other
2 question was. Well, that -- what -- that leaves the rest
3 the 28 million I think in your last column, the shortage --
4 the funding shortage.

5 And is there anything in our program that can help
6 with that. And I know you've really exhausted that
7 investigation.

8 ASSEMBLY MEMBER HAGMAN: And we all want the same
9 goal here is to capitalize on this --

10 MS. MOORE: Yeah.

11 ASSEMBLY MEMBER HAGMAN: -- but also, you know, I
12 want to talk about the fairness of --

13 MS. MOORE: Yeah.

14 ASSEMBLY MEMBER HAGMAN: -- you know, do we put
15 these people in front of everybody else who's been waiting
16 patiently for years to come as well. I mean where do you go
17 from there.

18 MR. ALMANZA: Right now the only school district
19 that's in the queue is Sierra Sands?

20 MS. SILVERMAN: That's correct. That's correct.

21 MR. ALMANZA: And they're in the negative queue.

22 MS. SILVERMAN: Right. Right.

23 MR. ALMANZA: As far as available funding.

24 MS. SILVERMAN: Right. And so we -- in order for
25 us to move them over to the active workload list, we need to

1 have bond authority to do that at this point in time.

2 MR. ALMANZA: And what's the fed's drop-dead date
3 on financial commitment on the match?

4 MR. HERTZFELD: We're already holding up. We
5 basically are ready to move forward with a grant process for
6 one of the schools, but we can't because they don't have the
7 match. So --

8 MR. ALMANZA: So how long are you willing to
9 continue to wait? Weeks, months?

10 MR. HERTZFELD: There's not an easy answer to that
11 because the longer we wait --

12 MR. ALMANZA: Is six months okay?

13 MR. HERTZFELD: I don't think so with the way that
14 our money could get taken away.

15 MR. ALMANZA: Five months maybe? Four months?
16 Three months at the most? Your fiscal year ends in
17 September. Does that matter?

18 MR. HERTZFELD: It doesn't matter per se because
19 our dollars are what they call no-year money. However, with
20 the constraints, with the severe cuts in the Department of
21 Defense, the fear is that in January --

22 MR. ALMANZA: It'll be swept?

23 MR. HERTZFELD: -- they're going to go with the
24 meat slicer and slice out anything that has not been spent.
25 The quicker we can get to a grant agreement and a

1 commitment, they can't take the money away once we already
2 have it approved.

3 MR. ALMANZA: So we have till September at best?

4 MR. HERTZFELD: I would say July at best to be
5 honest with you.

6 MR. ALMANZA: Okay.

7 MS. MOORE: Our intent was to take this back
8 before the full Board in July because I thought that was --
9 I mean that was my understanding that there really -- that
10 the Department of Defense really needed that commitment by
11 that point for these projects.

12 MR. HERTZFELD: And the other thing that maybe I
13 didn't explain well enough is our money has to be spent in
14 order. The list that's attached to your package that ranks
15 schools, under our specific authority, we not supposed to
16 fund someone lower down on the list until we've funded the
17 schools higher up on the list because we need to make sure
18 that we're going in this rank order. So --

19 MS. MOORE: Now, the ones that are in this round
20 are -- they're in -- I think they're in order on our page 4
21 with Sierra Sands -- right -- Murray Middle School is the
22 first.

23 MR. HERTZFELD: Yes. Yes.

24 MS. MOORE: Forbes and Burroughs. These three
25 were in the first grouping of the 250 million and the

1 remaining four were in the second grouping of the
2 250 million. So the critical ones right now and -- well,
3 all of them are, but are the Murray, Forbes, and Burroughs,
4 and of those, really it was -- it's the Muroc Joint Unified
5 that really has no capacity for any part of their match and
6 they have -- well, excuse me.

7 They have 232,000 from a previous savings on a mod
8 project that they could put towards their project.

9 MR. ALMANZA: So getting back to the reality
10 check, we need to commit funds by no later than the end of
11 July. So we've got a month. The only project in the queue
12 that can possibly meet that timeline is Sierra Sands and
13 that would require us putting them in front of everyone
14 else; is that right?

15 MS. SILVERMAN: That's correct. Currently because
16 they're on the negative side of the list, if there was a
17 will to move them up, then that means somebody on the active
18 workload list would have to get dropped in order to push
19 them in advance to get the authority committed to them since
20 they're already in the queue.

21 ASSEMBLY MEMBER HAGMAN: And since we're talking
22 about 20 percent, I know normal State projects, we do the
23 matching funds 50-50. But if the project comes below the
24 amount that we budgeted for that, then the school district
25 keeps the difference.

1 And do we have any kind of statistics on what --
2 because I know construction sites -- I mean everything's low
3 right now as far as building. Do we have any kind of
4 percentage what those have been looking like?

5 Could they design -- engineer for 80 percent, you
6 know.

7 MR. MIRELES: Unless the school district is a
8 financial -- qualifies as a financial hardship, then, yes,
9 they get to keep the savings as part of their project and
10 they can apply that towards other high capital outlay
11 projects.

12 ASSEMBLY MEMBER HAGMAN: Have you seen any kind of
13 numbers of what people have been doing lately coming in?

14 MS. SILVERMAN: No. We haven't really done a
15 study, although it was noted in an audit report that was
16 done for the program about a year and a half ago, there was
17 an estimate about 5 billion to \$6 billion in savings in
18 general related to the projects in the program.

19 ASSEMBLY MEMBER HAGMAN: And I contend that should
20 be one of the things we should change in the next funding
21 which we should be sharing in that savings, you know. We
22 don't get a dime of that back even though they cut back on
23 the spending on it.

24 MS. SILVERMAN: Bigger changes; right.

25 MR. SAVIDGE: So one of the things I wanted to ask

1 Mr. Hertzfeld was -- and part of what I think is a solution
2 that Mr. Watanabe looked at here and staff looked at is the
3 idea of a preliminary apportionment which would be that the
4 State could make a commitment of dollars potentially for a
5 project and then we get into the issue -- there's a timing
6 issue related to the commitment represented by a preliminary
7 apportionment and then actually getting cash for the
8 project. So -- and the preliminary apportionment avenue by
9 regulation change seems to be the most promising avenue to
10 me as I look at this.

11 How does that fit into the federal program in
12 terms of the expenditure of funds, commitment, the cash
13 flow, and -- how does it work with your program, Robert?

14 MR. HERTZFELD: It's a good question. We -- it's
15 a brand new program. We've suited up rather quickly.

16 The good thing is, is we don't have 20 years of
17 history of rules and regulations in practice, so we do have
18 some flexibility.

19 We are looking at trying to get a commitment and I
20 think we can structure the program to deal with
21 contingencies if -- you know, the preliminary allocation,
22 it's a commitment based upon the numbers coming in and
23 that's a lot better than having us sit and wait and not
24 being able to proceed.

25 MS. MOORE: So --

1 MR. HERTZFELD: It is much better to get a firm
2 commitment, but I think we could have flexibility if there
3 is good faith effort put on both sides, we could meet that
4 good faith.

5 I can't speak for the Department. I am not the
6 director, but I think we had some flexibility that we could
7 work on.

8 MS. MOORE: I think too what Mr. Savidge is asking
9 is similar in our program is the fact that we apportion
10 funds and then typically school districts will wait a year
11 to a year and a half when actual cash is available to follow
12 those funds. They're taken in priority order and asked, you
13 know, when they're ready and can go directly to
14 construction.

15 So in a similar vein, if our option were a
16 preliminary apportionment, that would set aside the
17 possibility of those funds happen let's say by July. It's
18 my understanding that the projects aren't ready to go, so
19 your actual cash following that could be a year to a year
20 and a half later and be -- and work within your system.

21 MR. HERTZFELD: Yes. The cast does not need to be
22 spent at the beginning of the process. Our grants typically
23 work on a per rata share basis.

24 MS. MOORE: Um-hmm.

25 MR. HERTZFELD: So that for every dollar of

1 project costs, we pay 80 cents, you pay 20 cents.

2 So it depends on the cash outlays --

3 MS. MOORE: Um-hmm.

4 MR. HERTZFELD: -- of -- for example, several of
5 the projects have about a year of design work to go through.
6 That's not where the major expense is.

7 The major expense is in the construction of it.
8 So I would say over the next year the cash outlay
9 requirement is not as great.

10 However, we do have to set our grants at the
11 beginning of the process.

12 MR. ALMANZA: But we would still -- even with the
13 preliminary funding commitment, that's still approval of
14 funding.

15 MR. MIRELES: Yeah. If I could follow up just a
16 little bit on the process. Another factor to consider is
17 let's say that the Subcommittee were to recommend to the
18 full membership that a preliminary apportionment process be
19 developed.

20 We're talking probably July SAB for the Board to
21 approve potentially regulations. Now, it doesn't mean that
22 the regulations become effective at that Board to even be
23 able to begin accepting or approving.

24 So you have Board approval. Then the regulatory
25 process -- and maybe Ms. Jones can help us. Even if it's an

1 emergency basis, if the Board approves it in July, how
2 quickly could the regulation become effective.

3 MS. JONES: Well, with full cooperation from the
4 control agencies, we could probably get it in effect within
5 about six to eight weeks and that's with full cooperation.

6 MR. ALMANZA: So probably not looking at having an
7 opportunity to approve funding till September.

8 MR. MIRELES: Earliest. If it's an emergency
9 track. It could be later if they're not on emergency track,
10 but, yeah, based --

11 MR. ALMANZA: So will the feds wait that long or
12 would you have already moved on?

13 MR. HERTZFELD: I can't answer that. I'm sorry.

14 MS. MOORE: So it would mean that in July you
15 would have an indication whether the Board supported it or
16 not.

17 I mean really in July if the Board says yes, we
18 support this, then we'll start the regulatory process for
19 this potential, it's an eight weeks' out in a good
20 situation.

21 And it may -- I mean that's something that you'll
22 have to consider in terms of would this meet the commitment
23 requirement and with the knowledge that the Board supported
24 it and it's now in its regulatory structure and then they
25 would have to bring back the apportionments.

1 MR. HERTZFELD: And because of the newness of the
2 program, we have flexibility and we really appreciate your
3 efforts and my instinct is -- would honor that.

4 MS. MOORE: So, Michael, is there any other -- or
5 Juan or Lisa, of -- or Bill -- of possibilities here? It
6 seemed like we had teased out the best possibility to assist
7 here. Is there any others?

8 MR. WATANABE: Yeah, that's correct. I can go
9 through the rest of the things we discussed, but none of
10 them turned out to be viable.

11 To your other question is there other ways to fund
12 these, we -- you know, besides the School Facility Program,
13 Deferred Maintenance Program, Emergency Repair Program, we
14 don't have any other cash proceeds to provide to the
15 districts and any other funding mechanisms through our
16 office.

17 MS. MOORE: So, Assembly Member Buchanan, we have
18 gone through looking our greatest possibility and that is
19 that there's about 11 million worth of eligibility in
20 various forms for some of the projects and that in order to
21 access that in this bond cycle, the greatest possibility we
22 would have is maybe a preliminary apportionment, but that
23 would require an infusion of authority coming back to the
24 program because right now we're how much into overage?
25 32 million in?

1 MR. WATANABE: In modernization, 32 million.

2 MS. MOORE: We're 32 million in projects in-house
3 that already exceed the modernization of which Sierra Sands
4 is one and Sierra Sands is about 18 million out of the money
5 at the moment.

6 But it doesn't consider, you know, rescissions and
7 actual project costs and those kinds of things. They're
8 very close -- Sierra Sands is very close and we don't know
9 if any other funding would come back to the program.
10 Particularly I think the Board's going to be considering
11 some of that in the future on projects.

12 And so that appears to be our greatest
13 possibility.

14 Fellow Board members have raised some issues
15 around fairness in that and I'm willing to entertain more
16 discussion on that if folks want to talk about that.

17 ASSEMBLY MEMBER BUCHANAN: So could I --

18 MS. MOORE: Or if you have --

19 ASSEMBLY MEMBER BUCHANAN: So we're 32 million
20 over. 18 million of that is with Sierra Sands, so that --

21 MS. MOORE: No. They're 18 million mark of the
22 32-.

23 ASSEMBLY MEMBER BUCHANAN: They're 18- of the 32-.

24 MS. MOORE: Not that amount of money. That's
25 where they come in.

1 ASSEMBLY MEMBER BUCHANAN: Right. I know, but --
2 okay. And --

3 MS. MOORE: And they're about 4.8-?

4 ASSEMBLY MEMBER BUCHANAN: -- is this project part
5 of that, is --

6 MS. MOORE: It could be part of it.

7 ASSEMBLY MEMBER BUCHANAN: Is that part of it?

8 So -- but that doesn't -- so that only reduces it by

9 1.8 million. For the 11.4-, that only reduces it 1.8-.

10 So if we're 32 million over and we need 11 and a
11 half, so we would have to have -- if we did add it to the
12 bond, we'd have to have roughly 45 million come back into
13 the program; correct?

14 MS. MOORE: So to reach them --

15 ASSEMBLY MEMBER BUCHANAN: If everyone who has
16 been apportioned funding takes that funding and completes
17 their projects, then we're 32- short. The only way we do
18 the 32- plus this 11 and a half is if we had 43-,
19 \$44 million come back into the program.

20 MS. SILVERMAN: Right. And --

21 ASSEMBLY MEMBER BUCHANAN: Okay.

22 MS. MOORE: That is correct.

23 ASSEMBLY MEMBER BUCHANAN: So -- and I know I
24 should know this because we went over it over -- I don't
25 know over how many meetings in our New Construction Sub, but

1 about how much is being returned to the program?

2 We had some monthly numbers back then. Do you
3 remember what they were?

4 MS. SILVERMAN: It's about -- on average about
5 2 million a month and it may be split between mod and new
6 construction. I think some of our challenges that we have
7 is, you know, we base our program -- I think we shared
8 earlier -- is based on eligibility and some of these
9 projects do have eligibility and others don't have
10 eligibility. And even if you do have a preliminary
11 apportionment, it's how do you establish that eligibility in
12 order to make up that match.

13 That's part of our challenge as well. Even though
14 if you had the ability to award a preliminary apportionment,
15 you still have to have eligibility.

16 ASSEMBLY MEMBER BUCHANAN: So when you say they
17 don't have eligibility, is that because of the age of the
18 buildings or --

19 MR. MIRELES: That's correct. Some of them have
20 already received funding under the program. So that uses up
21 their eligibility. They don't have remaining eligibility.
22 Others it could be that they just have buildings of age.
23 This is for modernization --

24 MS. MOORE: The 11 million that we're talking
25 about, however, is eligible --

1 MR. MIRELES: Correct.

2 MS. MOORE: -- I mean that's potential
3 eligibility.

4 MR. MIRELES: Yes.

5 MS. MOORE: Not saying that they -- that projects
6 come up to that they --

7 MR. MIRELES: Yes. Right.

8 MS. MOORE: -- amount, but that's what staff has
9 gleaned as the potential eligibility.

10 The 28 million on the other side of that isn't
11 eligible and that's a greater problem that we have and I
12 think what we're trying to do is maximize the closest to our
13 program that we can and that's the 11 million.

14 If you want to take on the 11- plus 28-, that's
15 more -- that's a greater issue and -- that we have.

16 MR. SAVIDGE: Can I go back to the timing issue --

17 MS. MOORE: Yes.

18 MR. SAVIDGE: -- because I'm looking at the
19 timeline provided by the district for one of the Camp
20 Pendleton projects, San Onofre, and if you look on page 45,
21 they're not planning to commence construction until June of
22 2015.

23 And so I guess I'd suggest that some of this in
24 terms of talking about bond authority would probably fit
25 within a new bond if we did a 2014 State bond.

1 So it may be that when we look at where the need
2 for authority lies, some of it may be in a future bond and
3 both of the Camp Pendleton have that similar time frame for
4 their projects, so 2015 start of construction.

5 ASSEMBLY MEMBER BUCHANAN: Well, you could put all
6 of it into a future bond if you wanted to.

7 MS. SILVERMAN: Um-hmm.

8 MR. SAVIDGE: That's right.

9 ASSEMBLY MEMBER BUCHANAN: Right. I mean you
10 could create a DOD category and put this in and then take
11 advantage of it for all the schools.

12 If we have -- if we were able to find the
13 11 million, is that -- is the -- then the -- I'm trying to
14 look at how much we're going to bring in.

15 MS. MOORE: 11 million -- the total value --

16 ASSEMBLY MEMBER BUCHANAN: Right.

17 MS. MOORE: -- of the projects is 205 million.

18 ASSEMBLY MEMBER BUCHANAN: Right. But that also
19 includes the ones that aren't eligible; correct?

20 MS. MOORE: That is correct.

21 ASSEMBLY MEMBER BUCHANAN: So you'd have to -- so
22 you've got --

23 MS. MOORE: I think it's -- let's see. It's -- of
24 the projects that are eligible --

25 ASSEMBLY MEMBER BUCHANAN: You've got roughly

1 \$100 million in projects that are eligible; right?

2 MS. MOORE: So 10 percent.

3 ASSEMBLY MEMBER BUCHANAN: Right.

4 MS. MOORE: Well, that doesn't -- no. It'd have
5 to be if it was -- yeah. That's right.

6 ASSEMBLY MEMBER HAGMAN: I thought of another
7 question. Maybe you guys could just get back to me later on
8 this.

9 We talked earlier about how these projects are
10 coming under what we've been granting. A lot of them have
11 been. According to the audit a year and a half ago and just
12 by street smarts, all the bids are coming in a lot less.

13 Is there something we could do as a Board to say
14 we want to collect half that money back for some of the
15 ongoing projects we have right now, our 50 percent match
16 returned?

17 MS. SILVERMAN: The mechanism we have in place for
18 the Financial Hardship Program is for financial hardship,
19 the savings come back to the program if they don't apply it
20 to a future project. So that's one mechanism. But as far
21 as your 50-50 --

22 ASSEMBLY MEMBER HAGMAN: Do we have the authority
23 to do that though? I'm not -- I know what the current thing
24 is, but --

25 MS. SILVERMAN: That's within our authority, but

1 to ask for savings to come back on the 50-50 program, that's
2 a bigger change.

3 ASSEMBLY MEMBER HAGMAN: Is it doable though?

4 MR. MIRELES: It would require a legislative
5 change. It's in statute.

6 ASSEMBLY MEMBER HAGMAN: Makes no sense. Who
7 would put that into law.

8 MR. SAVIDGE: Oh, and for the modernization
9 program, I -- having spent the last 13 years modernizing
10 schools, there's no savings in the modernization program at
11 school districts.

12 ASSEMBLY MEMBER BUCHANAN: Right.

13 MR. SAVIDGE: The funds -- and we're talking here
14 all about modernization. None of these are new
15 construction.

16 The funds that we receive -- districts receive
17 from the State are not really totally adequate to modernize
18 the schools and districts are typically making contributions
19 in excess of their 60 percent share.

20 ASSEMBLY MEMBER BUCHANAN: Could I -- so on Sierra
21 Sands here when I look at the list, the estimated grant
22 amount is 4.9 million. The share that they need, the
23 20 percent match, why is it 4.9 million on this sheet and
24 7.6 million on --

25 MS. MOORE: That's what they applied for.

1 MR. WATANABE: Their calculated 20 percent is the
2 6.4 million.

3 ASSEMBLY MEMBER BUCHANAN: Right.

4 MR. WATANABE: Their potential grant -- or
5 eligibility modernization is 7.6 million. They've only
6 requested half their grants on this current funding
7 application.

8 ASSEMBLY MEMBER BUCHANAN: Okay. And can that
9 funding application be modified at all to request the full
10 7.6-?

11 MR. WATANABE: They'd have to submit another
12 application.

13 ASSEMBLY MEMBER BUCHANAN: They'd have to submit
14 another one.

15 Is the 4.9- roughly, is that a subset of the 7.6-?

16 MR. WATANABE: Yes.

17 ASSEMBLY MEMBER BUCHANAN: So if I subtract 4.8-
18 or whatever from it, we'd need \$6.6 million to be able to
19 bring in \$100 million in federal funds?

20 MS. MOORE: Considering that Sierra would get
21 funded?

22 ASSEMBLY MEMBER BUCHANAN: Well, if you assume
23 that -- I mean if they've got an application --

24 MS. MOORE: Right.

25 ASSEMBLY MEMBER BUCHANAN: -- there for the 4. --

1 I put down 4.8-, but 4.9- --

2 MS. MOORE: Um-hmm.

3 ASSEMBLY MEMBER BUCHANAN: -- and that's a subset
4 of the 7.6- --

5 MS. MOORE: That's correct.

6 ASSEMBLY MEMBER BUCHANAN: -- right? Then I could
7 take the 11.4-, subtract out the 4.8- --

8 MS. MOORE: Correct.

9 ASSEMBLY MEMBER BUCHANAN: -- which means I need
10 6. -- we need \$6.6 million.

11 MS. MOORE: Correct.

12 MR. ALMANZA: But again our greatest challenge
13 is --

14 ASSEMBLY MEMBER BUCHANAN: I know.

15 MR. ALMANZA: -- they need a funding approval next
16 month. So there are a lot of things that have to happen in
17 the next 30 days.

18 ASSEMBLY MEMBER BUCHANAN: You'd have to change
19 the regulation and give approval all at the same meeting is
20 what you'd have to do.

21 Now, at our meeting when we set up this
22 Subcommittee, it was also -- two other things as I recall
23 were mentioned. One was that there are times when the
24 Federal Government, due to hardship situations, will waive
25 the 20 percent. Is that a possibility at all?

1 MR. HERTZFELD: This is a brand new program.

2 ASSEMBLY MEMBER BUCHANAN: Right.

3 MR. HERTZFELD: So we don't have experience in
4 implementing. However, when this program was originally set
5 up, the demand was a 50 percent match.

6 We in essence negotiated it with our controller
7 that because of the special circumstances of the locations of
8 military schools where --

9 ASSEMBLY MEMBER BUCHANAN: Right.

10 MR. HERTZFELD: -- it's difficult to raise bond
11 issues, we lowered it to 20-. The commitment was that we
12 would use all but extraordinary measures and that to go less
13 than that would take extreme circumstances.

14 ASSEMBLY MEMBER BUCHANAN: Could you describe --

15 MR. HERTZFELD: So we haven't issued any waivers
16 yet. There's -- out of the first 12, there have been two
17 that have said that they would have difficulty in raising
18 that 20 percent.

19 One of them was in the State of Louisiana where
20 the State of Louisiana has put forth an effort like you're
21 talking about doing now with making a commitment to reach
22 that match.

23 ASSEMBLY MEMBER BUCHANAN: Okay.

24 MR. HERTZFELD: The other state is going through
25 the process right now. We have not issued a waiver and they

1 are trying to find the funds in a similar way that you have.

2 So --

3 ASSEMBLY MEMBER BUCHANAN: So if we --

4 MR. HERTZFELD: The clear answer is we haven't had
5 any waivers and we've been told to use that authority
6 sparingly if at all.

7 ASSEMBLY MEMBER BUCHANAN: And if we made a motion
8 to include this in a future bond -- so I mean we wouldn't be
9 able to have assurances of the money for two years, would
10 that satisfy the DOD? I mean these -- they're going to have
11 to go through planning and approval processes before they
12 can even go out to bid.

13 MR. HERTZFELD: It's better than not and we would
14 appreciate the best efforts and that would certainly show
15 best efforts and intent.

16 ASSEMBLY MEMBER HAGMAN: Well, following on that
17 too, I mean I'm reading the little summaries of the
18 financials and school districts are not in the best
19 financial shape to begin with, to say the least on it. But
20 some of them have gone out in the past. They haven't --
21 some others haven't in the last decade -- gone out for a
22 bond and this is specific to say we're getting a new school
23 and 20 cents on the dollar too.

24 ASSEMBLY MEMBER BUCHANAN: Right.

25 ASSEMBLY MEMBER HAGMAN: I think that would give

1 them some time too to try to muster up the local will, so to
2 speak, if they have the capacity. Some even have capacity
3 for bonding but don't want to, you know, use it at this
4 point.

5 ASSEMBLY MEMBER BUCHANAN: Well, they can use
6 the -- I mean the beauty of this program is they can use the
7 State School Facilities Program as the match and they don't
8 need a local bond to actually fix these schools.

9 ASSEMBLY MEMBER HAGMAN: For a future bond, yes,
10 but --

11 ASSEMBLY MEMBER BUCHANAN: Right.

12 ASSEMBLY MEMBER HAGMAN: -- I'm saying even now --

13 ASSEMBLY MEMBER BUCHANAN: Future bonds, yeah.

14 ASSEMBLY MEMBER HAGMAN: -- I still would like to
15 see if they --

16 ASSEMBLY MEMBER BUCHANAN: Right. Yeah.

17 ASSEMBLY MEMBER HAGMAN: -- you know, get some
18 other on the base too.

19 MS. MOORE: I think that the future bond issue is
20 a great possibility for those that don't qualify for our
21 current bond issue, but our current bond monies that are --
22 we know are fastly depleting, there's an 11 million
23 possibility there particularly I think with the first -- you
24 know, with Muroc Sierra Sands and -- Sierra Sands projects.
25 So they're in the first grouping of projects.

1 MR. WATANABE: Just a quick point of
2 clarification. We were able to get ahold of Sierra Sands
3 last week and find out the project scope of the project
4 that's in-house beyond authority. It's -- that project is
5 actually a reimbursement project on the district. It's not
6 part of the Department of Defense project.

7 So they -- if they already get funded on that
8 project, that 4.9 million would be reimbursed in the
9 district and that 4.9 million they already spent would be
10 used for the 6.4 million they need.

11 MS. MOORE: So it's a roundabout way to make their
12 match.

13 MR. WATANABE: So they don't quite need as much,
14 yeah.

15 MS. MOORE: Yeah.

16 ASSEMBLY MEMBER BUCHANAN: Right. Which reduces
17 our -- what we have to find to \$6.6 million.

18 MS. MOORE: Are there other comments from the
19 Board?

20 MR. ALMANZA: Well, the federal grants that I'm
21 familiar with on the matching funds, they're usually pretty
22 strict about verifying the match. So what we're talking
23 about here is a promise.

24 MR. HERTZFELD: Yes.

25 MR. ALMANZA: When can you let us know if your

1 grant officials would be okay with that?

2 MR. HERTZFELD: We ask for a commitment to the
3 dollars. We have not actually gone into their specific bank
4 accounts and asked for it.

5 And again we started up this program real quickly
6 and we literally had the program announcement last
7 September. Out of the 12 that we invited, we've given one
8 grant so far that has gone through the entire process and
9 that was in the City of El Paso, Texas, of which they had
10 substantial bond authority and a large program and so we
11 didn't go in and do an underwriting for them to see whether
12 they had the dollars in the bank.

13 But again we're relatively new in implementing
14 this program.

15 ASSEMBLY MEMBER BUCHANAN: So you're saying -- do
16 you think a resolution would suffice or not?

17 MR. ALMANZA: Maybe. A letter of commitment of
18 some sort without actually approving funding.

19 MR. HERTZFELD: I don't know. The honest answer
20 is the -- a commitment at this stage, it -- well, the
21 problem is, is we have to give our grant and we give a grant
22 of an amount not to exceed.

23 Once we give that grant, we can't give more money.

24 ASSEMBLY MEMBER BUCHANAN: Right.

25 MR. HERTZFELD: So that's part of the problem.

1 One potential option is we can narrow down the scope so that
2 scope is the same, but I do not know. We don't have prior
3 experience in doing this.

4 So I would have to raise this back with the rest
5 of our review committee.

6 ASSEMBLY MEMBER BUCHANAN: So let me ask Bill a
7 question. I mean my experience when you get in to planning
8 is that by the time you spend your six to nine months with
9 an architect, you -- you know, you -- let's say it's six
10 months, but sometimes it's longer than that -- then you
11 actually -- you know, your school board approves the plan.
12 You go and you do your working drawings which is another six
13 months.

14 You come up to DSA which is another four to six
15 months. I mean before you're even ready to -- this is when
16 everything goes smoothly.

17 You know, then you go out to bid and your
18 project's usually out to bid for at least a month, sometimes
19 six weeks, and you award the bid. And after you award the
20 bid, you have to -- there are certain things you have to
21 verify and everything. So it's usually another month to six
22 weeks before you get shovels in the ground.

23 So if you take all that, you know, you're almost
24 two years down the road before you actually are building.

25 And so that's why, you know, I'm wondering if

1 there's some way -- we're talking about \$6.6 million. If
2 there's not a way that we can have a resolution by this
3 Board to include a Department of Defense carve-out in the
4 next bond and be able to then -- because, you know, and
5 you're -- and the difference between us and the Department
6 of Defense is they fund up front, we fund on the match.

7 So it seems to me that there ought to be a way
8 that we could make this work.

9 MR. SAVIDGE: Yeah. I think you're right.

10 MS. MOORE: That -- oh, I'm sorry.

11 MR. SAVIDGE: That's okay. I think the timing of
12 many of these projects is just as you say putting a lot of
13 the work really starting a couple years out. So I think it
14 may be a combination of a commitment by the Board and the
15 State to assist in the projects and then developing the
16 language that might go into the next bond or a carve-out of
17 some kind that could work for that.

18 And as Ms. Silverman mentioned too, I think the
19 issue of the eligibility question probably needs to get
20 addressed within that. That's going to be a key component
21 also.

22 MS. MOORE: Well, to me if you're talking about a
23 next bond, the issue is greater than 6 million because that
24 6 million --

25 ASSEMBLY MEMBER BUCHANAN: Right.

1 MS. MOORE: -- we're dealing right now with
2 6 million of eligible costs --

3 ASSEMBLY MEMBER BUCHANAN: Right.

4 MS. MOORE: -- but if we had our druthers and
5 we're trying to really help --

6 ASSEMBLY MEMBER BUCHANAN: Sure.

7 MS. MOORE: -- it's those other projects that
8 don't have that --

9 ASSEMBLY MEMBER BUCHANAN: Right.

10 MS. MOORE: -- because of varying circumstances.
11 So that's a -- it's a more than the 66 million I think --

12 ASSEMBLY MEMBER BUCHANAN: Right.

13 MS. MOORE: -- for a future bond.

14 What I was hoping and maybe I'll just try it with
15 my colleagues here. If there's some support for, that we
16 look at this 11 million and that we look at the possibility
17 of a regulatory change for a preliminary apportionment which
18 then means that we have a commitment on that cost.

19 The cash to follow it doesn't it -- will be at the
20 end of this program. We know that cash is being metered
21 out. We're mostly likely going to be metering out cash two
22 years from now on this program. They'd be at the bottom of
23 the cash list -- but that they had -- that that somehow we
24 incorporate them into the list.

25 We know the 4.8 million or whatever it is of

1 Sierra Sands' reimbursement that goes towards our 20 --
2 they're pretty close and if we have to consider money
3 returning to the program, that -- they're the easiest one to
4 assist with I think because they're so close to the edge of
5 being able to be funded.

6 The other ones that are not are their eligibility;
7 they don't have a reimbursement project; they're starting
8 this off right now for the remaining whatever -- what,
9 remaining 6 million I think you said.

10 If the Board would entertain at bringing to the
11 full Board the possibility of a preliminary apportionment
12 for that piece and then I think for future pieces going
13 forward because not only are there these districts that
14 don't have -- that I think fall into the new bond category
15 now, there's going to be future projects that fall into the
16 new bond category as DOD starts getting more funding and
17 going down their list. Because didn't you say there are
18 seven more --

19 MR. HERTZFELD: Four out of the next seven are in
20 California.

21 MS. MOORE: Four more California schools. On
22 their next tranche of the list. And so --

23 ASSEMBLY MEMBER BUCHANAN: I think that's
24 perfectly fine to bring it to the full Board as an option,
25 but I think the option should include a DOD category

1 because --

2 MS. MOORE: Of a future bond?

3 ASSEMBLY MEMBER BUCHANAN: Yeah. Because if we
4 can use that as a match and we can go forward with, you
5 know, having the 41 million and adding additional projects,
6 you know, and you're looking at a four to one match because
7 they're paying 80 percent, I think that makes sense. So --

8 MS. MOORE: So the --

9 ASSEMBLY MEMBER BUCHANAN: -- I don't know if that
10 takes, you know, a commitment, a regulation change or
11 whatever, but it just seems to me that --

12 ASSEMBLY MEMBER HAGMAN: It's just the way we
13 write the bond.

14 ASSEMBLY MEMBER BUCHANAN: Yeah. And it's not --
15 I mea we've carved out bigger -- larger amounts than that.

16 MS. MOORE: Assembly Member Hagman.

17 ASSEMBLY MEMBER HAGMAN: No. I think that's a
18 good path to go on. I'm also -- going through some of these
19 numbers.

20 I think first of all -- can you tell me what the
21 average of the last couple funding rounds where we've gone
22 to the more expediency -- you know, I remember we had a lot
23 of money coming back and do we have a certain percentage
24 that's been averaging out? Because we got a lot of money on
25 the streets right now too and it's hard for me to sit there

1 and say I'm going to bump these guys up even though they're
2 a worthy cause when everybody else has played by the rules
3 as well.

4 But we do generally get projects that don't go
5 through sometimes or -- you know, we saw a lot of that come
6 back before, but I don't know about this new program. You
7 know, can we put them in -- you know, we have this funding
8 round that's closed and we got the money out and we just
9 keep them on a waiting list and they've already earned their
10 position so that speak.

11 But out of that next money, couldn't they be
12 coming back even? Do we --

13 MS. SILVERMAN: Well, the challenge with the
14 priorities in funding is -- you're right. We have over a
15 99 percent success rate and so we award projects -- bonds to
16 those projects on that waiting list.

17 So they come in with the mechanism I can commit, I
18 can turn around the project in 90 days to access the cash.
19 That's one thing. That's cash. But if they don't succeed
20 in coming in for that fund release request, they lose the
21 cash, but they don't lose their authority because they get
22 placed on the bottom of the unfunded list.

23 So there is no mechanism to get that authority
24 back for other projects in line. So in essence even though
25 they didn't get awarded the cash, they still get placed back

1 on the unfunded list but on the bottom of the unfunded list
2 so there is no one that's losing their authority for another
3 project.

4 MS. MOORE: However, we are considering that very
5 item at our next State Allocation Board meeting.

6 MS. SILVERMAN: That's correct.

7 MR. MIRELES: Correct.

8 MS. SILVERMAN: That's correct. So there could be
9 a mechanism put in place if the Board chooses --

10 ASSEMBLY MEMBER BUCHANAN: Right.

11 MS. SILVERMAN: -- to go down that path in the
12 future.

13 ASSEMBLY MEMBER BUCHANAN: Right. Because what
14 happens is those projects, they may not be ready to start
15 for five years, but they take up authority for other
16 projects that could do.

17 MS. MOORE: Well, then if I may, would my
18 colleagues support the request to staff to bring back these
19 two options, which aren't mutually exclusive, but two
20 options to the full Board in July, one concerning a
21 preliminary apportionment regulatory change and one, a
22 potential for -- a recommendation for future bond funds.

23 The preliminary apportionment affects the
24 11 million. The future bond funds could affect 11- plus 28-
25 according to your chart.

1 And in the intervening time, Mr. Hertzfeld, if you
2 could also kind of check back with your people and see how
3 they may react to that so that we're prepared at our July
4 meeting to do so.

5 Does anyone have concerns around that?

6 ASSEMBLY MEMBER BUCHANAN: Nope.

7 MR. ALMANZA: That's about as good as we could do.

8 ASSEMBLY MEMBER BUCHANAN: That's right.

9 MS. MOORE: Okay. That's unanimous. And unless
10 there is further discussion that needs to happen, I can open
11 up for public comment of the Subcommittee. Okay.

12 Hearing none, then I will close the Subcommittee
13 hearing and see everyone in July.

14 ASSEMBLY MEMBER BUCHANAN: Thank you.

15 (Whereupon, at 3:04 p.m. the proceedings were recessed.)

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