

STATE ALLOCATION BOARD1130 K Street, Suite 400
Sacramento, CA 95814**IMPLEMENTATION COMMITTEE MINUTES**

August 5, 2005

Capitol East End Complex
1500 Capital Avenue, Rooms 72.149B & 72.148C
Sacramento, CA**Members Present**

Mavonne Garrity, SAB	Beth Hamby, LAUSD
Dave Zian, OPSC	Blake Johnson, DOF
Margie Brown, CASBO (Alternate for John Palmer)	Kent VanGelder, CDE (Alternate for Fred Yeager)
Constantine Baranoff, SSD	Gary Gibbs, CBIA
William Cornelison, CCSESA	Eric Hall, CASH
Debra Pearson, SSDA	

Members Absent

Dennis Bellet, DSA	Dennis Dunston, CEFPI
Jay Hansen, SBCTC	Brian Wiese, AIA

The meeting was called to order at 9:40 a.m. with 11 members present and 4 members absent. The Chair acknowledged Margie Brown as an alternate for John Palmer, CASBO and Kent VanGelder as an alternate for Fred Yeager, CDE.

It was noted that the tentatively scheduled topic pertaining to the State Relocatable Classroom Program would potentially be addressed a future Implementation Committee meeting.

Due to an unclarified question from a committee member, the minutes from the July 8, 2005 meeting were left open.

FINANCIAL HARDSHIP EQUITY ISSUES

The Chair opened the discussion by stating that Mr. Dave Zian would be presenting the OPSC Staff policy recommendations regarding financial hardship equity issues. It was acknowledged that the OPSC Staff recommendations, as a result of the two former Implementation Committee meetings, are a positive step towards obtaining equity in the hardship program.

The financial hardship equity discussion began with Mr. Zian indicating that he would address each observation along with staff recommendations and proposed regulations.

In regards to Observation One, several concerns related to the grant inadequacy issue. The Chair stated that the committee and staff have limited ability to address the grant inadequacy issues and the State Allocation Board requested that an ad hoc committee be formed to address this specific issue. In relation to the special review to allow districts to overspend using local resources to complete a

project, there was concern that some financial hardship districts would be unable to secure any local funding in order to complete the project. There were also comments made that were not in favor of the State applying monies found in the annual reviews for current financial hardship projects. Essentially, some felt that applying these monies to current financial hardship projects may potentially impact the districts other projects that may have been funded with that revenue. However, it was clarified by the California Building Industry Association representative that the State may only recapture up to the maximum amount allowable by law for each project. From the State's perspective, the maximum amount that could be applied based on prospective revenue would be up to, but never exceed, the districts share that was funded by the State through financial hardship assistance.

The meeting moved forward to Observation Two with the majority of comments from the committee and audience echoing those comments made for Observation One. There were some questions as to whether or not the date of occupancy could be used instead of the date of the 100 percent expenditure report acceptance for each project. It was noted that staff would look into this possibility.

Comments associated with Observation Three were in favor of staff's recommendation to leave the current 60 percent threshold in place.

In regards to Observation Four, audience comments suggested that the term "bridge" be taken out of the proposed regulations and replaced with "interim" financing due to confusing debt instrument terminology. In addition, the committee and audience were concerned that the State would penalize districts that issue Refinancing Certificates of Participation (COP) for prior interim financing COPS. Staff related that for both past and future interim financing instruments, the State reimbursement will be recognized as being applied to the debt and the corresponding revised percentage of indebtedness determined. It was explained that staff recommendations distinguish between districts that had previously issued refinancing COPS and districts that, in the future, issue refinancing COPS.

Comments from the audience regarding Observation Five centered on the phase-in start date of September 1, 2005. Many felt that this date does not provide sufficient notice to begin the phase-in process. Furthermore, it was suggested that the date be pushed back to a later date. October 1, 2005 was agreed upon. There were several comments suggesting that a one year prior prohibition against prior encumbrances as being too long a period. Staff provided amended regulation language that clarified that the district will still be able to encumber funds for previously approved SFP non-financial hardship projects up to the district's share amount.

The Chair announced that the staff recommendations for proposed regulations would be brought back to the September 9, 2005 Implementation Committee meeting.

ADJOURNMENT AND ANNOUNCEMENT OF THE NEXT MEETING

The Chair announced that the next meeting would be held on Friday, September 9, 2005 at 9:30 a.m. and would be held at 1500 Capital Ave. Rms. 72.149B & 72.148C in Sacramento, California. The meeting was adjourned at 12:56 p.m.