REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 28, 2011

FIVE-YEAR REPAYMENT SCHEDULE

PURPOSE OF REPORT

To present two school district requests (Compton Unified: 50/73437-00-021, 50/73437-03-016, and 50/73437-03-019 and Shaffer Elementary: 57/64188-00-001) for a five-year repayment schedule.

DESCRIPTION

As a result of findings being submitted to the Board in the consent portion of this agenda, the school districts listed below are required to return Financial Hardship savings on School Facility Program (SFP) projects. The Districts have agreed to the findings and have requested a five-year repayment schedule, in both cases, as immediate payment of the entire liability would adversely affect the Districts' finances.

AUTHORITY

Education Code Section 17076.10(c)(2) states that "if the board determines that repayment of the full liability within 60 days after the board action would constitute a severe financial hardship, as defined by the board, for the school district, the board shall approve a plan of equal annual payments over a period of up to five years . . . "

Per SFP Regulation Section 1859.103, "the State's portion of any savings . . . must be used to reduce the SFP financial hardship grant of that project."

Per SFP Regulation Section 1859.106.1, "Upon adoption of the audit findings by the Board and in lieu of the collection procedures outlined in Education Code Section 17076.10(c)(1), a school district, county office of education, or charter school may request a repayment schedule of up to five years, in equal annual installments, if the total repayment of State funds within 60 days of the Board action would cause the school district, county office of education, or charter school to fall into fiscal distress. School districts, county offices of education, or charter schools requesting a repayment schedule must be in a severe hardship condition as evidenced by at least one of the following criteria:

(a) For a school district or county office of education, the district or county office of education is listed on the current CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education.

(b) For a school district or county office of education, the amount due to the State for one or more projects would cause the district or county office of education to be listed on the CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education report. Where the financial condition of a school district is involved, the county office of education must submit a letter to the OPSC on behalf of its representative school districts for consideration substantiating that the repayment will place the district on the CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education. Where the financial condition of a county office of education is involved, the CDE must submit a letter to the OPSC on behalf of the county office of education for consideration substantiating that the repayment will place the county

(Continued on Page Two)

AUTHORITY (cont.)

office of education on the CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education.

(c) For a charter school, the amount due to the State for one or more projects would cause the charter school severe financial hardship. The charter school's authorizing agency must submit a letter to the OPSC on behalf of the charter school for consideration substantiating that the repayment may result in the charter school being unable to meet its financial obligations for the current or subsequent two fiscal years.

The repayment schedule shall include interest at the same rate as that earned on the State's Pooled Money Investment Account on the date a repayment schedule is approved by the Board.

The repayment schedule will commence on July 1 of the fiscal year following the repayment schedule approval date.

BACKGROUND

Current statute and regulations require the total repayment of State funds within 60 days. In limited cases, the Board can authorize a repayment schedule if School Districts or County Offices of Education can demonstrate to the Board that repayment within 60 days would cause the entity to fall into fiscal distress.

In order to qualify for the repayment schedule, School Districts or County Offices of Education must meet one of the following criteria:

- The district or county office is listed on the current CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education.
- The district submits a county office of education letter to the Office of Public School Construction (OPSC) on behalf of the district substantiating that the repayment will place the district on the CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education.

Compton Unified: 50/73437-00-021, 50/73437-03-016, and 50/73437-03-019
The District met the criteria since it is listed on the current CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education.

On July 26, 2011, the OPSC issued close-out findings on three SFP projects as noted above. The findings determined that the District must return $447,298 in Financial Hardship savings. On August 11, 2011 and August 17, 2011, the District concurred with these findings and subsequently requested a five-year repayment plan pursuant to SFP Regulation Section 1859.106.1. The District has indicated that immediate payment of the full amount would subject it to severe financial hardship. The District has been placed on the most recent CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education report. Placement on the CDE report confirms that the District meets the criteria for a repayment plan as set forth in Regulation Section 1859.106.1(a).

(Continued on Page Three)

BACKGROUND (cont.)

Shaffer Elementary: 57/64188-00-001
On March 7, 2011, the OPSC issued close-out findings for the SFP project noted above. The findings determined that the District must return $30,544 in Financial Hardship savings. On April 11, 2011, the Lassen County Office of Education (COE), on behalf of the District, requested a five-year repayment plan pursuant to SFP Regulation Section 1859.106.1. The District also agreed to the project close-out item. The Lassen COE has indicated that immediate repayment will place the District on the current CDE List of Negative and Qualified Certifications of School Districts and County Offices of Education report. Potential placement on the CDE report as confirmed by the Lassen COE substantiates that the District meets the criteria for a repayment plan as set forth in Regulation Section 1859.106.1(b).

STAFF ANALYSIS/COMMENTS

Staffs has reviewed the requests and agree that both Districts meet the criteria of applicable of law and regulations. Staff supports both Districts request for a five-year repayment plan. The installment payments of the repayment plan would commence July 1 of the fiscal year following the date of Board approval, and include interest calculated at a rate equal to the current Pooled Money Investment Account (PMIA) rate.

RECOMMENDATIONS

1. Approve the Compton Unified School District's request for a five-year repayment schedule in order to repay $447,298 in Financial Hardship savings at the most current interest rate (equal to the current PMIA rate) at the time of Board approval. Require the annual payments to commence on July 1, 2012 and July 1 of each fiscal year thereafter, until July 1, 2016.

2. Approve the Shaffer Elementary School District's request for a five-year repayment schedule in order to repay $30,544 in Financial Hardship savings at the most current interest rate (equal to the current PMIA rate) at the time of Board approval. Require the annual payments to commence on July 1, 2012 and July 1 of each fiscal year thereafter, until July 1, 2016.

This Item was approved by the State Allocation Board on September 28, 2011.

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 28, 2011

SCHOOL DISTRICT DATA	
School District: ..... OAK GROVE ELEMENTARY	County:.....SANTA CLARA
Application Number(s): 57/69625-00-000	School Name(s):.....VARIOUS
Total District Enrollment:..... 11,535	Project Grade Level:…….. VARIOUS
Financial Hardship:……	NO

PURPOSE OF REPORT

1. To request the State Allocation Board (Board) find that a Material Inaccuracy has occurred, which resulted in a funding advantage for the Oak Grove Elementary School District (District).
2. To request to levy the statutory interest penalty and loss of self-certification penalty.

DESCRIPTION

Per statute and regulation, school districts must certify on the *Fund Release Authorization* that the district has at least 50 percent of the construction (that is detailed in the project plans) under contract. During an expenditure review of the five District projects, listed on Attachment C, it was discovered that the District falsely certified on the *Fund Release Authorizations*. In these instances, statute requires the Office of Public School Construction (OPSC) to notify the Board so that it may make a determination regarding Material Inaccuracy.

AUTHORITY

See Attachment A.

BACKGROUND

After the preliminary finding, Staff began a series of conference calls and written communications with the District representatives to gather additional information in order to validate the finding. Staff's research found the District did not enter into the required amount of binding contracts until a combined 2,436 days after the funds were released. The District has worked diligently with the OPSC in providing requested documents and taking the time to have several conference calls with the OPSC. This is the District's first potential finding of Material Inaccuracy.

Further Staff research reinforced that the District did not have 50 percent of its projects' construction under binding contract at the time that the certifications were made. Therefore, the District falsely certified the *Fund Release Authorizations* and received a funding advantage on the projects.

If the Board finds that the District has a Material Inaccuracy, the Board shall require the District to repay a statutory interest penalty. The total interest amount calculated for the five projects listed on Attachment C is $540,386.

(Continued on Page Two)

STAFF ANALYSIS / STATEMENTS

The Education Code (EC) provides as follows:

EC Section 17072.32 (*Premature Fund Release):* The essential element necessary to meet the criteria in this EC Section is to have "…*a binding contract for the completion of the approved project.*" The District submitted fund release requests using the *Fund Release Authorization* form, on which the District specifically checked the following certification:

"The District certifies it has entered into a binding contract(s) for at least 50 percent of the construction included in the plans applicable to the state funded project."

To confirm compliance with this SFP requirement, an accurate certification is necessary. The District falsely certified because it did not yet have 50 percent of the construction under contract.

EC Section 17070.51(a) (False Certification - Potential Material Inaccuracy): This EC Section requires that when eligibility or funding application related information is found to have been falsely certified by school districts, architects or design professionals, the OPSC shall notify the Board. Material Inaccuracy is further defined in the regulations that the falsely certified information allowed the school district to gain an advantage in the funding process.

There are three major issues for consideration by the Board:

1. Material Inaccuracy

   The District falsely certified on its *Fund Release Authorization* submittals. Under the law and regulations governing Material Inaccuracy, the term "falsely certified" is used. It is not necessary for the Board to determine that the certifications were knowingly false or intentionally misleading. The term in this context is the simple and common meaning: inaccurate or not true. This standard does not require a finding of any intent or specific knowledge on the part of a district. Staff recommends that the Board find that a Material Inaccuracy occurred for the District's projects.

2. Interest Penalty

   If the Board finds the District's projects have a Material Inaccuracy, EC Section 17070.51(b) requires that the District shall repay the funding received as a result of the false certification, which in this case is the interest calculated from the fund release date to the date when the District awarded a binding contract for at least 50 percent of the construction included in the plans. Since the funds were prematurely released to the District, the District received a funding advantage and the State lost interest on these funds during the period of time that the funds should have remained in the state bond fund accruing interest. The statutory interest penalty on these projects is $540,386.

   The interest calculation was based on the warrant amounts, the number of days of the premature fund release, and at the interest rate at the time of the warrant release. The number of days used in the interest penalty calculation is determined by the period between the fund release date and the date of the award of construction contract that meets the *Fund Release Authorization* threshold, which is when the District has binding contact(s) for at least 50 percent of the construction included in the plans.

(Continued on Page Three)

STAFF ANALYSIS / STATEMENTS (cont.)

3. Loss of Self-Certification Privileges

   In the event the Board makes a Material Inaccuracy finding, the law also requires that the District be prohibited from self-certifying project information on subsequent applications for a period of up to five years. The regulations require that the Board shall charge the District an amount of $100 per hour for the additional hours to process and review the District's subsequent applications for SFP funding. Based on the combined number of days of the funding advantage (2,436 days), and Staff's methodology for making these recommendations (Attachment B), Staff is recommending a loss of self-certification privileges for a period of five years, until September 28, 2016.

District's Position

The District agrees that a premature fund release occurred for these five projects, and it agrees to repay the amount owed. The District believes that the early fund release requests submitted by previous administrators were not intentional. The District requests that the Board act with leniency in determining the length of the loss of self-certification penalty. It would like to assure the Board that it is capable of self-certifying in the future since it has enacted additional procedures, which now require a careful review of all official documentation.

Staff Response to District's Position

The District acknowledges a premature fund release occurred on the five projects listed on Attachment C. Although, the error was made by a prior administration and may be unintentional, it resulted in an early release of funds giving the District a funding advantage over other districts. The premature fund release also resulted in 1) lost interest during the period of time these funds should have remained in the State bond fund accruing interest and 2) added additional debt service costs to the State.

The OPSC's intent is not to unduly penalize any one particular district; rather, the goal is to treat all school districts as fairly as possible. The recommendations in this item are consistent with Material Inaccuracy law, regulation, and past Board actions.

RECOMMENDATIONS

1. Find that a Material Inaccuracy occurred for each SFP Application Number listed on Attachment C.
2. Require the District to repay $540,386 as shown on Attachment C.

   Payment of the entire amount is due within 60 days of the Board action; or, payment is due in installments, with interest, within a period of no more than five years from the Board action.
3. Prohibit the District from self-certification on project information for a period of five years, until September 28, 2016. Specify that the District will be charged an amount of $100 per hour for the additional hours necessary to process and review the District's applications submitted during the timelines prescribed in SFP Regulation Section 1859.104.1(c)(2).

BOARD ACTION

In considering this Item, the State Allocation Board 1) found that a Material Inaccuracy occurred for each SFP application, project numbers 57/69625-00-015, 57/69625-00-017 through 020; 2) required the District to repay $540,386 and that payment of the entire amount would be due within 60 days of the Board action, or payment would be due in installments, with interest, within a period of no more than five years from the Board action; and 3) prohibited the District from self-certification on project information for a period of four years, three months, until December 28, 2015, and specified that the District would be charged an amount of $100 per hour for the additional hours necessary to process and review the District's applications submitted during the timelines prescribed in SFP Regulation Section 1859.104.1(c)(2).

ATTACHMENT A

AUTHORITY

Fund Release Criteria

EC Section 17072.32 states "For any project that has received an apportionment pursuant to Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school district that the school district has entered into a binding contract for completion of the approved project."

SFP Regulation Section 1859.90 states, "With the exception of an apportionment made pursuant to Sections 1859.81.1(e) or 1859.81.2, or of an Inactive Apportionment subject to Section 1859.96, the OPSC will release State funds that the Board has apportioned to the district after submittal, by the district, of the Form SAB 50-05, subject to the availability of financing provided by the Pooled Money Investment Board for bond-funded projects."

Material Inaccuracy Statute (Education Code Section 17070.51)

Statute provides that the Board may make a Material Inaccuracy finding and take appropriate actions to impose the school district's penalties as follows:

EC Section 17070.51 states, "(a) If any certified eligibility or funding application related information is found to have been falsely certified by school districts, architects or design professionals, hereinafter referred to as a material inaccuracy, the Office of Public School Construction shall notify the board.

(b) The board shall impose the following penalties if an apportionment and fund release has been made based upon information in the project application or related materials that constitutes a material inaccuracy.

(1) Pursuant to a repayment schedule approved by the board of no more than five years, the school district shall repay to the board, for deposit into the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, or the 2004 State School Facilities Fund, as the case may be, an amount proportionate to the additional funding received as a result of the material inaccuracy including interest at the rate paid on moneys in the Pooled Money Investment Account or at the highest rate of interest for the most recent issue of state general obligation bonds as established pursuant to the Chapter 4 (commencing with Section 16720), of Part 3 of Division 4 of Title 2 of the Government Code, whichever is greater.

(2) The board shall prohibit the school district from self-certifying certain project information for any subsequent applications for project funding for a period of up to five years following the date of the finding of a material inaccuracy or until the district's repayment of the entire amount owed under paragraph (1). Although a school district that is subject to this paragraph may not self-certify, the school district shall not be prohibited from applying for state funding under this chapter. The board shall establish an alternative method for state or independent certification of compliance that shall be applicable in these cases. The process shall include, but shall not be limited to, procedures for payment by the school district of any increased costs associated with the alternative certification process.

(c) For school districts found to have provided material inaccuracies when a funding apportionment has occurred, but no fund release has been made, the board shall direct its staff to reduce the apportionment as necessary to reflect the actual nature of the project and to disregard the inaccurate information or material, and paragraph (2) of subdivision (b) shall apply.

(d) For those school districts found to have provided material inaccuracies when no funding apportionment or fund release has been made, the inaccurate information or materials shall not be considered, and paragraph (2) of subdivision (b) shall apply. The project may continue if the application, minus the inaccurate materials, is still complete."

(Continued on Page Two)

AUTHORITY (cont.)

Material Inaccuracy Regulations (SFP Regulation Sections 1859.2, 104.1, 104.2, and 104.3)

SFP Regulation Section 1859.2 (Definition of Material Inaccuracy), "Means any falsely certified eligibility or funding application related information submitted by the school districts, architects or other design professionals that allowed the school district an advantage in the funding process."

SFP Regulation Section 1859.104.1states "When the Board makes a finding that a Material Inaccuracy occurred for a SFP Project, the district shall be subject to the following penalties:
(a) If the Material Inaccuracy finding occurred prior to the apportionment, the district shall be:
(1) Prohibited from self-certifying the project information for a period of up to five years from the date the Board made the finding of Material Inaccuracy for the project. A prohibition from self-certification of project information may be less than five years as determined on a case-by-case basis by the Board.
(2) Required to file all projects pursuant to Section 1859.104.2 for the time period required in subsection (a)(1).
(3) Subject to the fee prescribed by Section 1859.104.3.
(b) If the Material Inaccuracy finding occurred after the apportionment but no funds have been released for the project:
(1) The Board shall reduce the project apportionment by the additional funding received beyond the amount the district was entitled to for the project.
(2) The school district shall be prohibited from self-certifying project information for a period of up to five years from the date the Board made the finding of Material Inaccuracy for the project. A prohibition from self-certification of project information may be less than five years as determined on a case-by-case basis by the Board.
(3) The school district shall be required to file all projects pursuant to Section 1859.104.2 for the time period required in subsection (b)(2).
(4) The school district shall be subject to the fee prescribed by Section 1859.104.3.
(c) If the Material Inaccuracy finding occurred after the apportionment and funds were released for the project, the district:
(1) Must repay the additional funding received beyond the amount the district was entitled to for the project with interest within five years from the date the Board made the finding of Material Inaccuracy. Interest shall be assessed as prescribed in Education Code Section 17070.51(b)(1).
(2) Shall be prohibited from self-certifying project information for a period of up to five years from the date the Board made the finding of Material Inaccuracy for the project. A prohibition from self-certification of project information may be less than five years as determined on a case-by-case basis by the Board.
(3) Shall be required to file all projects pursuant to Section 1859.104.2 for the time period required in subsection (c)(2).
(4) Shall be subject to the fee prescribed by Section 1859.104.3.
(d) The Board may direct that adjustments to the school district's New Construction or Modernization baseline eligibility be made pursuant to Sections 1859.51 and 1859.61 based on the determination of Material Inaccuracy. A school district filing a Project Information Worksheet with the best available information at the time of filing will not be subject to a Material Inaccuracy for that information."

Section 1859.104.2 states "If the Board has made a finding of Material Inaccuracy pursuant to Section 1859.104.1, the OPSC may request supporting documentation as it deems appropriate for any application filed after a finding of material inaccuracy for the time prescribed in 1859.104.1(a)(1), (b)(2) or (c)(2)."

(Continued on Page Three)

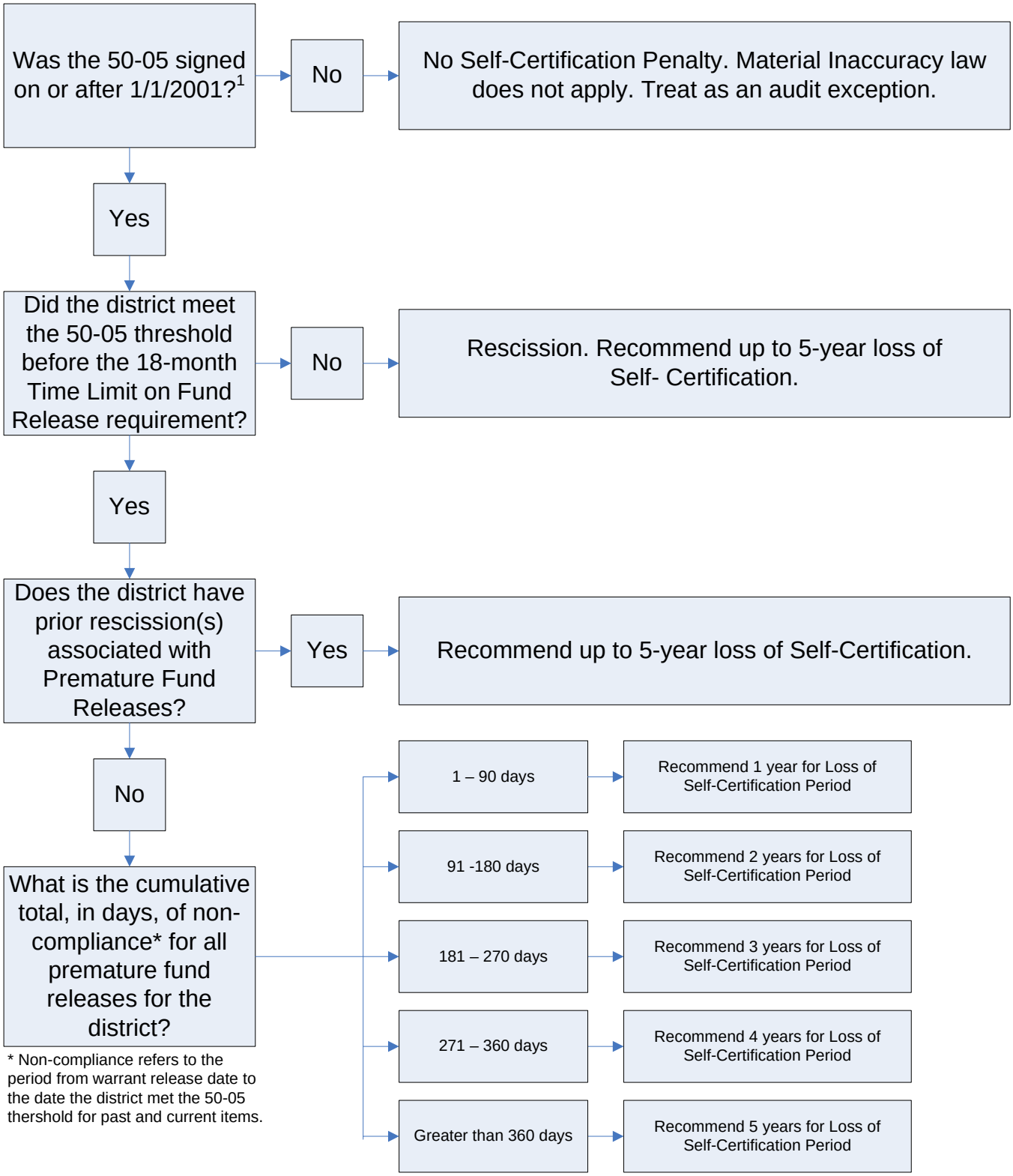
AUTHORITY (cont.)

Material Inaccuracy Regulations (SFP Regulation Sections 1859.2, 104.1, 104.2, and 104.3) (cont.)

SFP Regulation Section 1859.104.3 states that "If the Board has made a finding of Material Inaccuracy pursuant to Section 1859.104.1, the Board shall charge the district an amount of $100 per hour for the additional hours necessary to process and review the district's applications submitted during the timelines prescribed in Section 1859.104.1(a)(1), (b)(2) or (c)(2). The maximum hours subject to the fee per application is the greater of 50 hours or one percent of the enrollment of the district as reported in Part A, the continuation high pupils reported in Part C, and the special day class pupils reported in Part D of Form SAB 50-01. The Board will not make a release of funds for any project subject to the fee in this section until the fee has been remitted to the OPSC. All fees collected shall be deposited in the School Facility Fund and available for apportionment as directed by the Board."

ATTACHMENT B

Staff Methodology related to Loss of Self-Certification Period



[1] – Effective date of Education Code Section 17070.51

ATTACHMENT C

Oak Grove Elementary School District
Premature Fund Release Projects
SCHOOL FACILITY PROGRAM
State Allocation Board Meeting, September 28, 2011

Application Number	School Name	*Fund Release Authorization* Signed Date	Percentage of Construction under Contract	Met Threshold	State Total	Warrant Release Date	Number of Days Premature	General Obligation Bond Interest Rate	Statutory Interest Penalty
57/69625-00-015	Julia Baldwin Elementary	10/07/02	18%	06/16/04	$1,302,835	01/21/03	512	4.70%	$85,894
57/69625-00-017	Bernal Intermediate	10/07/02	15%	06/16/04	$2,582,955	01/21/03	512	4.70%	$170,291
57/69625-00-018	Alex Anderson Elementary	10/07/02	32%	05/05/04	$1,805,124	01/21/03	470	4.70%	$109,247
57/69625-00-019	Santa Teresa Elementary	10/07/02	20%	06/16/04	$1,498,823	01/21/03	512	4.70%	$98,816
57/69625-00-020	San Anselmo Elementary	10/07/02	21%	03/26/04	$1,375,088	01/21/03	430	4.70%	$76,138
					$8,564,825		2,436		$540,386
								***Total Interest due to the State*:**	**$540,386**

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 28, 2011

SCHOOL DISTRICT DATA	
School District: .....LAKE ELSINORE UNIFIED	County: ..... RIVERSIDE
Application Number(s): 50/75176-00-002	School Name(s):..... .COMMUNITY DAY
Total District Enrollment:..... 22,065	Project Grade Level:…….. VARIOUS
Financial Hardship:……..……..……..……..YES	
Last Approved Local Bond Measure:……..……..None	

PURPOSE OF REPORT

1. To request the State Allocation Board (Board) find that a Material Inaccuracy has occurred, which resulted in a funding advantage for the Lake Elsinore Unified School District (District).
2. To request to levy the statutory interest penalty and loss of self-certification penalty.

DESCRIPTION

Per statute and regulation, school districts must certify on the *Fund Release Authorization* that the district has at least 50 percent of the construction (that is detailed in the project plans) under contract. During an expenditure review of the Community Day School, Application Number 50/75176-00-002, it was discovered that the District falsely certified on the *Fund Release Authorization*. In these instances, statute requires the Office of Public School Construction (OPSC) to notify the Board so that it may make a determination regarding Material Inaccuracy.

AUTHORITY

See Attachment A.

BACKGROUND

After the preliminary finding, Staff began a series of conference calls and written communications with the District representatives to gather additional information in order to validate the finding. Staff's research found the District did not enter into the required amount of binding contracts until 11 days after the funds were released. The District has worked diligently with the OPSC in providing requested documents and taking the time to have several conference calls with the OPSC. This is the District's first potential finding of Material Inaccuracy.

Further Staff research reinforced that the District did not have 50 percent of their project's construction under binding contract at the time that the certifications were made. Therefore, the District falsely certified the *Fund Release Authorization* and received a funding advantage on the project.

If the Board finds that the District has a Material Inaccuracy, the Board shall require the District to repay a statutory interest penalty. The total interest amount calculated for this project is $11,394.

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BACKGROUND (cont.)

Prior Board Actions

At the December 2005 Board (See Attachment B), the District was allowed a one-time exception to use fees associated with the construction management (CM) contract to be counted toward the *Fund Release Authorization* submittal requirements. The District was required to repay the State $774,967 in interest penalties, due to the District receiving funds prematurely.

Due to a Board decision in 2007, CM fees are now counted toward the *Fund Release Authorization* submittal requirements, if it was signed before December 31, 2003. On the project in question, the District signed the *Fund Release Authorization* before December 31, 2003. Thus, OPSC has included the CM contract toward the submittal requirements. Although Staff has counted the CM contract fees toward the *Fund Release Authorization* submittal requirements, the District still has a premature fund release.

STAFF ANALYSIS / STATEMENTS

The Education Code (EC) provides as follows:

EC Section 17072.32 (*Premature Fund Release):* The essential element necessary to meet the criteria in this EC Section is to have "…*a binding contract for the completion of the approved project.*" The District submitted a fund release request using the *Fund Release Authorization* form, on which the District specifically checked the following certification:

"The District certifies it has entered into a binding contract(s) for at least 50 percent of the construction included in the plans applicable to the state funded project."

To confirm compliance with this SFP requirement, an accurate certification is necessary. The District falsely certified because it did not yet have 50 percent of the construction under contract.

EC Section 17070.51(a) (False Certification - Potential Material Inaccuracy): This EC Section requires that when eligibility or funding application related information is found to have been falsely certified by school districts, architects or design professionals, the OPSC shall notify the Board. Material Inaccuracy is further defined in the regulations that the falsely certified information allowed the school district to gain an advantage in the funding process.

There are three major issues for consideration by the Board:

1. Material Inaccuracy

   The District falsely certified on its *Fund Release Authorization* submittal. Under the law and regulations governing Material Inaccuracy, the term "falsely certified" is used. It is not necessary for the Board to determine that the certification was knowingly false or intentionally misleading. The term in this context is the simple and common meaning: inaccurate or not true. This standard does not require a finding of any intent or specific knowledge on the part of a district. Staff recommends that the Board find that a Material Inaccuracy occurred for the District project.

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STAFF ANALYSIS / STATEMENTS (cont.)

2. Interest Penalty

If the Board finds the District's project has a Material Inaccuracy, EC Section 17070.51(b) requires that the District shall repay the funding received as a result of the false certification, which in this case is the interest calculated from the fund release date to the date when the District awarded a binding contract for at least 50 percent of the construction included in the plans. Since the funds were prematurely released to the District, the District received a funding advantage and the State lost interest on these funds during the period of time that the funds should have remained in the state bond fund accruing interest. The statutory interest penalty on this project is $11,394.

The interest calculation was based on the warrant amount of $8,044,366 and using 11 days at the interest rate at the time. The number of days used in the interest penalty calculation is determined by the period between the fund release date and the date of the award of construction contract that meets the *Fund Release Authorization* threshold, which is when the District has binding contact(s) for at least 50 percent of the construction included in the plans.

3. Loss of Self-Certification Privileges

In the event the Board makes a Material Inaccuracy finding, the law also requires that the District be prohibited from self-certifying project information on subsequent applications for a period of up to five years. The regulations require that the Board shall charge the District an amount of $100 per hour for the additional hours to process and review the District's subsequent applications for SFP funding. Based on the number of days of the funding advantage (11 days), and Staff's methodology for making these recommendations (Attachment C), Staff is recommending a loss of self-certification privileges for a period of one year, until September 28, 2012.

District's Position

The District does not dispute a premature fund release occurred for SFP Application Number 50/75176-00-002, but contends the District submitted the *Fund Release Authorization* under the assumption that entering into a binding contract with the construction manager was sufficient.

The District maintains special consideration should be given to the District because this project should have been included in the appeal presented to the Board on December 2005. The SFP projects heard by the Board had identical circumstances and dates. During the appeal, the Board accepted the District's explanation and required the District to repay interest due from the premature fund releases. Because the premature fund release was unintentional, the District does not believe it should lose its self-certification privileges.

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STAFF ANALYSIS / STATEMENTS (cont.)

Staff Response to District's Position

The District acknowledges a premature fund release occurred on SFP Application Number 50/75176-00-002. Although, the error was made by a prior administration and may be unintentional, it resulted in an early release of funds giving the District a funding advantage over other districts. The premature fund release also resulted in 1) lost interest during the period of time these funds should have remained in the State bond fund accruing interest and 2) added additional debt service costs to the State.

In preparation for the December 2005 SAB item, Staff worked extensively with the District. The District was asked to review all of their projects with premature fund release issues. The District did not identify this project as having an issue.

The law and regulations require that districts be prohibited for self-certifying project information for a period of up to five years in the event the Board makes a Material Inaccuracy finding and be charged an amount of $100 per hour for the additional hours to process and review subsequent applications for SFP funding.

RECOMMENDATIONS

1. Find that a Material Inaccuracy occurred for the SFP Application Number 50/75176-00-002, which resulted in an early release of funds.

2. Require the District to repay $11,394 as shown on Attachment D.

   Payment of the entire amount is due within 60 days of the Board action; or, payment is due in installments, with interest, within a period of no more than five years from the Board action.

3. Prohibit the District from self-certification on project information for a period of one year, until September 28, 2012. Specify that the District will be charged an amount of $100 per hour for the additional hours necessary to process and review the District's applications submitted during the timelines prescribed in SFP Regulation Section 1859.104.1(c)(2).

BOARD ACTION

In considering this Item, the State Allocation Board required the District to repay $5,098 in interest to the State and that there was no finding of a Material Inaccuracy or loss to self-certification.

ATTACHMENT A

AUTHORITY

Fund Release Criteria

EC Section 17072.32 states "For any project that has received an apportionment pursuant to Section 17072.30, funding shall be released in amounts equal to the amount of the local match upon certification by the school district that the school district has entered into a binding contract for completion of the approved project."

SFP Regulation Section 1859.90 states, "With the exception of an apportionment made pursuant to Sections 1859.81.1(e) or 1859.81.2, or of an Inactive Apportionment subject to Section 1859.96, the OPSC will release State funds that the Board has apportioned to the district after submittal, by the district, of the Form SAB 50-05, subject to the availability of financing provided by the Pooled Money Investment Board for bond-funded projects."

Material Inaccuracy Statute (Education Code Section 17070.51)

Statute provides that the Board may make a Material Inaccuracy finding and take appropriate actions to impose the school district's penalties as follows:

EC Section 17070.51 states, "(a) If any certified eligibility or funding application related information is found to have been falsely certified by school districts, architects or design professionals, hereinafter referred to as a material inaccuracy, the Office of Public School Construction shall notify the board.

(b) The board shall impose the following penalties if an apportionment and fund release has been made based upon information in the project application or related materials that constitutes a material inaccuracy.

(1) Pursuant to a repayment schedule approved by the board of no more than five years, the school district shall repay to the board, for deposit into the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, or the 2004 State School Facilities Fund, as the case may be, an amount proportionate to the additional funding received as a result of the material inaccuracy including interest at the rate paid on moneys in the Pooled Money Investment Account or at the highest rate of interest for the most recent issue of state general obligation bonds as established pursuant to the Chapter 4 (commencing with Section 16720), of Part 3 of Division 4 of Title 2 of the Government Code, whichever is greater.

(2) The board shall prohibit the school district from self-certifying certain project information for any subsequent applications for project funding for a period of up to five years following the date of the finding of a material inaccuracy or until the district's repayment of the entire amount owed under paragraph (1). Although a school district that is subject to this paragraph may not self-certify, the school district shall not be prohibited from applying for state funding under this chapter. The board shall establish an alternative method for state or independent certification of compliance that shall be applicable in these cases. The process shall include, but shall not be limited to, procedures for payment by the school district of any increased costs associated with the alternative certification process.

(c) For school districts found to have provided material inaccuracies when a funding apportionment has occurred, but no fund release has been made, the board shall direct its staff to reduce the apportionment as necessary to reflect the actual nature of the project and to disregard the inaccurate information or material, and paragraph (2) of subdivision (b) shall apply.

(d) For those school districts found to have provided material inaccuracies when no funding apportionment or fund release has been made, the inaccurate information or materials shall not be considered, and paragraph (2) of subdivision (b) shall apply. The project may continue if the application, minus the inaccurate materials, is still complete."

(Continued on Page Two)

AUTHORITY (cont.)

Material Inaccuracy Regulations (SFP Regulation Sections 1859.2, 104.1, 104.2, and 104.3)

SFP Regulation Section 1859.2 (Definition of Material Inaccuracy), "Means any falsely certified eligibility or funding application related information submitted by the school districts, architects or other design professionals that allowed the school district an advantage in the funding process."

SFP Regulation Section 1859.104.1states "When the Board makes a finding that a Material Inaccuracy occurred for a SFP Project, the district shall be subject to the following penalties:
(a) If the Material Inaccuracy finding occurred prior to the apportionment, the district shall be:
(1) Prohibited from self-certifying the project information for a period of up to five years from the date the Board made the finding of Material Inaccuracy for the project. A prohibition from self-certification of project information may be less than five years as determined on a case-by-case basis by the Board.
(2) Required to file all projects pursuant to Section 1859.104.2 for the time period required in subsection (a)(1).
(3) Subject to the fee prescribed by Section 1859.104.3.
(b) If the Material Inaccuracy finding occurred after the apportionment but no funds have been released for the project:
(1) The Board shall reduce the project apportionment by the additional funding received beyond the amount the district was entitled to for the project.
(2) The school district shall be prohibited from self-certifying project information for a period of up to five years from the date the Board made the finding of Material Inaccuracy for the project. A prohibition from self-certification of project information may be less than five years as determined on a case-by-case basis by the Board.
(3) The school district shall be required to file all projects pursuant to Section 1859.104.2 for the time period required in subsection (b)(2).
(4) The school district shall be subject to the fee prescribed by Section 1859.104.3.
(c) If the Material Inaccuracy finding occurred after the apportionment and funds were released for the project, the district:
(1) Must repay the additional funding received beyond the amount the district was entitled to for the project with interest within five years from the date the Board made the finding of Material Inaccuracy. Interest shall be assessed as prescribed in Education Code Section 17070.51(b)(1).
(2) Shall be prohibited from self-certifying project information for a period of up to five years from the date the Board made the finding of Material Inaccuracy for the project. A prohibition from self-certification of project information may be less than five years as determined on a case-by-case basis by the Board.
(3) Shall be required to file all projects pursuant to Section 1859.104.2 for the time period required in subsection (c)(2).
(4) Shall be subject to the fee prescribed by Section 1859.104.3.
(d) The Board may direct that adjustments to the school district's New Construction or Modernization baseline eligibility be made pursuant to Sections 1859.51 and 1859.61 based on the determination of Material Inaccuracy. A school district filing a Project Information Worksheet with the best available information at the time of filing will not be subject to a Material Inaccuracy for that information."

Section 1859.104.2 states "If the Board has made a finding of Material Inaccuracy pursuant to Section 1859.104.1, the OPSC may request supporting documentation as it deems appropriate for any application filed after a finding of material inaccuracy for the time prescribed in 1859.104.1(a)(1), (b)(2) or (c)(2)."

(Continued on Page Three)

AUTHORITY (cont.)

Material Inaccuracy Regulations (SFP Regulation Sections 1859.2, 104.1, 104.2, and 104.3) (cont.)

SFP Regulation Section 1859.104.3 states that "If the Board has made a finding of Material Inaccuracy pursuant to Section 1859.104.1, the Board shall charge the district an amount of $100 per hour for the additional hours necessary to process and review the district's applications submitted during the timelines prescribed in Section 1859.104.1(a)(1), (b)(2) or (c)(2). The maximum hours subject to the fee per application is the greater of 50 hours or one percent of the enrollment of the district as reported in Part A, the continuation high pupils reported in Part C, and the special day class pupils reported in Part D of Form SAB 50-01. The Board will not make a release of funds for any project subject to the fee in this section until the fee has been remitted to the OPSC. All fees collected shall be deposited in the School Facility Fund and available for apportionment as directed by the Board."

ATTACHMENT B

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, December 15, 2005

SCHOOL DISTRICT DATA	
School District: LAKE ELSINORE UNIFIED	County: RIVERSIDE
Application Number: VARIOUS	School Name: VARIOUS
Financial Hardship: YES	

PURPOSE OF REPORT

To present audit findings for School Facility Program (SFP) projects.

BACKGROUND

The District received SFP adjusted grants from Proposition 1A for a number of its modernization and new construction projects. The SFP law requires that once a district receives an apportionment for a new construction or modernization project, the district has a maximum of 18 months to meet the criteria to have the funds released. The essential element necessary to meet the criteria is to have "*...a binding contract for the completion of the approved project*" (Education Code Section 17072.32). The Attachment represents fund release requests submitted by the District using the standard *Fund Release Authorization* on which the District specifically checked the following certification:

> *"The District certifies that it has entered into a binding contract(s) for at least 50 percent of the construction included in the plans applicable to the State funded project."*

DESCRIPTION

As a result of information presented at an Office of Public School Construction (OPSC) SFP audit workshop, the District came forward to advise the OPSC that it may have prematurely requested fund releases for some of the District's projects that included construction management (CM) contracts. The District stated it thought the CM was essentially acting as a General Contractor committed to complete the projects and therefore qualified to meet the *Fund Release Authorization* submittal requirements. The District also indicated that it requested the fund releases for the projects under that belief after consulting with its legal counsel.

In the event the District's position is not recognized by the State Allocation Board, the first three projects shown on the Attachment would require rescission as a result of exceeding the 18-month time limit on having funds released. However, $774,967 in interest would remain due for 11 of the 13 projects due to premature fund releases. The District is in agreement with the potential audit interest exception and recently acted in good faith by submitting a check (the first of five payments) in the amount of $154,993 to the OPSC.

AUTHORITY

Education Code Section 17072.32 in part states that the essential element necessary to meet the criteria of a fund release is to have "... a binding contract for the completion of the approved project". Education Code Section 17076.10 (c) states that a repayment of funds shall be made when it is determined during an audit that the District failed to expend (or receive) SFP funds appropriately.

SPECIAL
000396

(Continued on Page Two)

STAFF COMMENTS

Staff has not accepted CM fees for purposes of meeting the fund release requirement. Although the District incorrectly certified on 13 separate *Fund Release Authorizations*, Staff believes that the District acted in good faith on the advice of its legal counsel and requested the fund releases based on a misunderstanding that CM fees could be applied to meet the fund release requirement. Based on this, Staff is requesting that the SAB allow for a one-time waiver and use of the reported CM fees to be counted toward the *Fund Release Authorization* submittal requirements. Staff believes, and the District is in agreement, that the proposed interest penalty of $774,967 is equitable and will compensate the State for time that the District had the funds prematurely.

RECOMMENDATIONS

1. Allow the District a one-time exception to use the fees associated with the CM contract to be counted towards the *Fund Release Authorization* submittal requirements.

2. Require the District to repay $774,967 of interest owed to the State from the 11 projects. Provide that the interest repayment shall be made in five annual installments (the first payment of $154,993 was received October 3, 2005) with the second payment due by January 1, 2007. Interest will continue to accrue on the unpaid balance until the final payment is made.

This Item was approved by the State Allocation Board on December 15, 2005.

ATTACHMENT

Lake Elsinore Unified School District

SCHOOL FACILITY PROGRAM

State Allocation Board Meeting, December 15, 2005

APPLICATION NUMBER	SCHOOL NAME	F.H.	TOTAL GRANT (Less Site Funds)	APPORTIONMENT DATE	STATE WARRANT DATE	*STATE WARRANT AMOUNT	**TOTAL INTEREST TO BE RETURNED TO THE STATE
Open Audits (using CM contract to meet required threshold).							
57/75176-00-003	MACHADO ELEM	YES	$2,220,986.00	8/23/2000	11/3/2000	$1,915,481.00	$0.00
57/75176-00-004	WILDOMAR ELEM	YES	$2,468,190.00	8/23/2000	11/3/2000	$2,128,740.00	$143,141.96
57/75176-00-005	ELSINORE ELEM	YES	$1,072,399.00	8/23/2000	11/3/2000	$925,304.00	$0.00
Open Audits							**$143,141.96**
50/75176-00-001	ORTEGA CONT HIGH	YES	$13,299,878.00	9/27/2000	10/20/2000	14,754,555.00	$68,242.04
50/75176-00-003	CANYON LAKE MIDDLE	YES	$22,097,352.00	1/24/2001	2/22/2001	17,188,646.00	$70,170.17
50/75176-00-006	ELSINORE MIDDLE	YES	$8,452,512.00	12/8/1999	2/24/2000	7,787,472.00	$247,766.21
50/75176-00-011	COTTONWOOD ELEM	YES	$11,181,426.00	1/24/2001	2/22/2001	8,968,566.00	$36,612.88
50/75176-00-017	ELISINORE HIGH	YES	$603,608.00	12/18/2002	1/17/2003	1,356,708.00	$3,109.46
Not 100% Complete - Interest to be assessed after audit in the future.							**$425,900.76**
57/75176-00-001	ELISINORE HIGH	YES	$6,282,186.00	12/18/2002	1/17/2003	5,452,930.00	$13,330.85
50/75176-00-004	ELISINORE HIGH	YES	$35,133,792.00	12/18/2002	1/17/2003	36,380,613.00	$88,940.13
50/75176-00-007	MACHADO ELEM	YES	$4,370,322.00	12/18/2002	2/7/2003	4,071,256.00	$12,441.31
50/75176-00-008	WILDOMAR ELEM	YES	$4,972,458.00	12/18/2002	2/7/2003	4,671,470.00	$47,347.08
50/75176-00-009	ELSINORE ELEM	YES	$4,627,828.00	12/18/2002	2/7/2003	4,327,940.00	$43,865.27
							$205,924.64
					Total Interest to be Returned:		**$774,967.36**

*Warrant amount does not include Separate Site, Design Funds, or LCP Fund Releases.

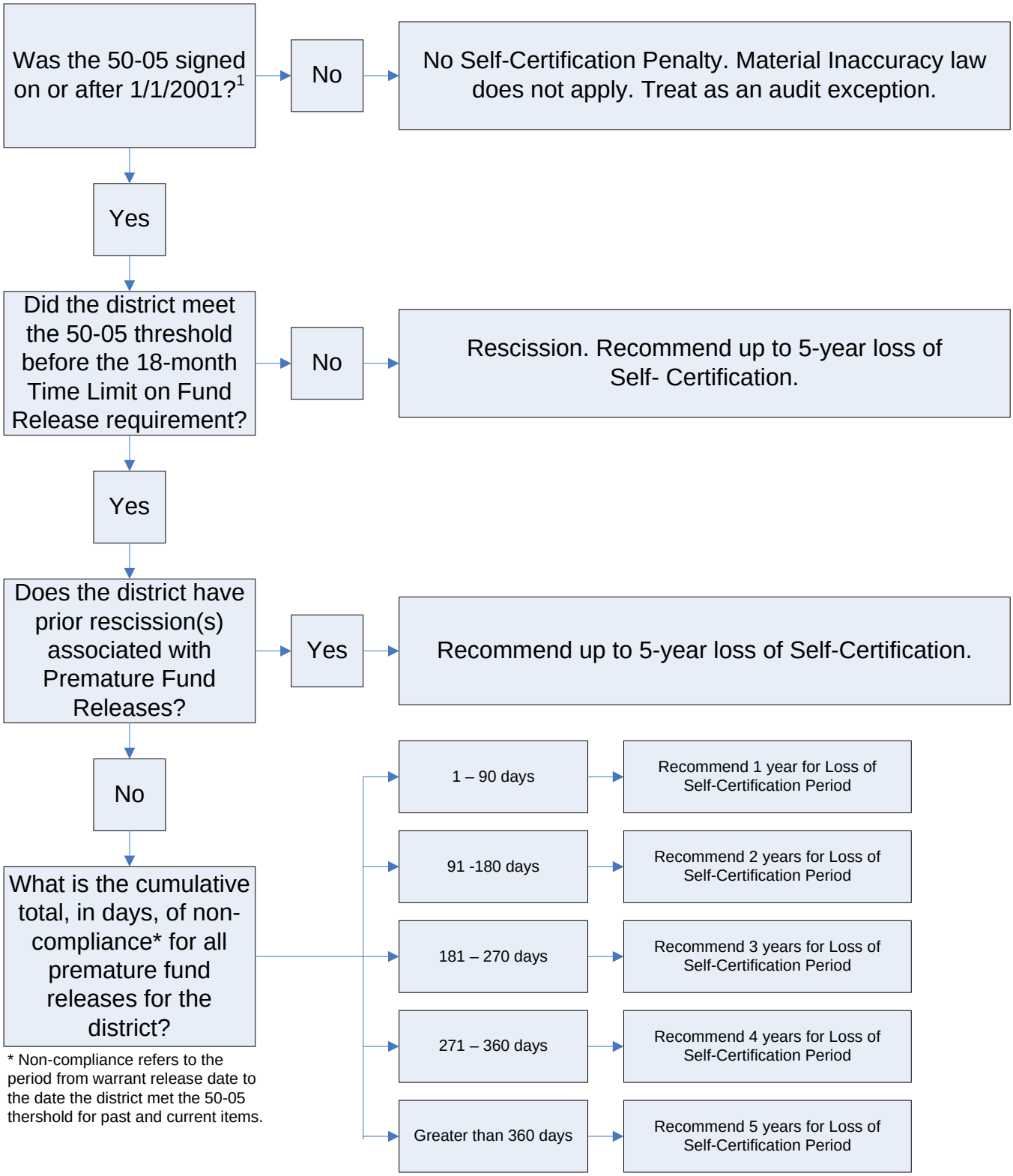
**Interest is calculated at the Pooled Money Investment Board (PMIB) rate the State was earning at the time the warrant was issued to the District until the Fund Release Authorization submittal requirements were met.

ATTACHMENT B

SPECIAL 000398

ATTACHMENT C

Staff Methodology related to Loss of Self-Certification Period



[1] – Effective date of Education Code Section 17070.51

ATTACHMENT D

Lake Elsinore Unified School District
Premature Fund Release Project
SCHOOL FACILITY PROGRAM
State Allocation Board Meeting, September 28, 2011

Application Number	School Name	*Fund Release Authorization* Signed Date	Percentage of Construction under Contract	Met Threshold	State Total	Warrant Release Date	Number of Days Premature	General Obligation Bond Interest Rate	Statutory Interest Penalty
50/75176-00-002	Community Day School	10/03/02	14%	01/28/03	$8,044,366	01/17/03	11	4.70%	$11,394

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 28, 2011

OVERCROWDING RELIEF GRANT PROGRAM

PURPOSE OF REPORT

To seek Board direction on the allocation of remaining Overcrowding Relief Grant (ORG) program bond authority.

DESCRIPTION

Staff is seeking Board direction on how to proceed with approximately $287.4 million in remaining bond authority available for the ORG program. The Board has the option to continue allocating ORG funds by declaring additional funding cycles. This item includes a summary of all funding approvals to date and a preview of the funding applications received for the eighth cycle as of the filing deadline on July 29, 2011.

AUTHORITY

Education Code (EC) Section 101012 states, "(a)The proceeds from the sale of bonds, issued and sold for the purposes of this chapter, shall be allocated in accordance with the following schedule:
….
(7) The amount of one billion dollars ($1,000,000,000) shall be available for providing new construction funding to severely overcrowded schoolsites pursuant to Article 14 (commencing with Section 17079) of Chapter 12.5 of Part 10.
….
(d) (1) The Legislature may amend this section to adjust the funding amounts specified in paragraphs (1) to (8), inclusive, of subdivision (a), only by either of the following methods:
(A) By a statute, passed in each house of the Legislature by roll call vote entered in the respective journals, by not less than two-thirds of the membership in each house concurring, if the statute is consistent with, and furthers the purposes of, this chapter.
(B) By a statute that becomes effective only when approved by the voters.
(2) Amendments pursuant to this subdivision may adjust the amounts to be expended pursuant to paragraphs (1) to (8), inclusive, of subdivision (a), but may not increase or decrease the total amount to be expended pursuant to that subdivision.
(e) Funds available pursuant to this section may be used for acquisition of school facilities authorized pursuant to Section 17280.5."

SFP Regulation Section 1859.184 states, "(a) The Board shall accept approved applications for Overcrowding Relief Grants as follows:
(1) For the funding made available for this purpose for the first funding cycle, the School District shall submit an approved application by January 31, 2008.
(2) The Board shall accept approved applications on a semi-annual basis thereafter.
The Board shall apportion Overcrowding Relief Grants based upon the highest density of the eligible schools that have submitted an approved application. Any School District that does not receive an Overcrowding Relief Grant due to low school density and insufficient funds may request that its application remain with the OPSC for consideration in the following semi-annual funding cycle.
(b) The Board shall apportion the Overcrowding Relief Grants as follows:

(Continued on Page Two)

AUTHORITY (cont.)

(1) For the first funding cycle, up to a maximum of $500 million for all approved applications that are received by January 31, 2008.
(2) For the second funding cycle, up to a maximum of $300 million for all approved applications that are received by July 31, 2008, plus any remaining funds not apportioned during the previous funding cycle.
(3) Approved applications that are received by January 30, 2009 shall be apportioned any remaining funds not allocated at the previous funding cycles, plus an additional $200 million.
(4) Approved applications that are received by July 31, 2009 shall be apportioned any remaining funds not allocated at the previous funding cycles.
(5) Approved applications that are received by January 29, 2010 shall be apportioned any remaining funds not allocated at the previous funding cycles.
(6) Approved applications that are received by July 30, 2010 shall be apportioned any remaining funds not allocated at the previous funding cycles.
(7) The Board may accept applications every six months that are received by the last business day of January and July until the Overcrowding Relief Grant funds are exhausted.

The approved applications for Overcrowding Relief Grants filed after July 31, 2008 must provide a narrative that demonstrates that the project will relieve overcrowding at the eligible school, by increasing useable outdoor space for uses such as play areas, green space, or outdoor lunch areas.

A School District may submit an approved application to request an Overcrowding Relief Grant from the funding provided under Proposition 1D for a project that has been occupied, if the construction contract for the project was signed after Board approval of these regulations. The School District must have obtained all project approvals required for a new construction funding application prior to the construction contract date."

BACKGROUND

The ORG Program enables districts to reduce the number of portable classrooms on eligible overcrowded school sites by replacing them with permanent classrooms. An overcrowded school site is defined as having a school site pupil population density that is equal to or greater than 175 percent pupil density recommended by the California Department of Education (CDE). This program does not require new construction eligibility and is based upon eligibility determined by CDE. Portables replaced using ORG Program funds must be removed from the eligible school site and from K-12 grade classroom use within six months of the date of occupancy of the new ORG funded permanent classrooms.

On February 28, 2007, the Board approved SFP Regulation Section 1859.184. This section established three initial ORG funding cycles with the possibility for a fourth cycle if funds remained. In June of 2008, the Board approved regulations creating a fourth and fifth funding cycle. In January of 2010, the Board approved amended regulations, which established the sixth funding cycle and provided the Board with the option to establish subsequent filing rounds as needed. These regulations became effective on June 23, 2010.

(Continued on Page Three)

BACKGROUND (cont.)

As a result of concerns raised at the August 4, 2010 Board meeting, the Board asked Staff to discuss the ORG Program at a future Implementation Committee meeting in order to obtain input regarding the Program. Following Implementation Committee discussions in October and November of 2010, the Board approved the seventh and eighth ORG funding rounds at the December 2010 meeting. Staff was directed to bring back an item detailing the demand for additional rounds in order to help determine the future need for the ORG program following the eighth funding cycle. The eighth funding cycle closed on July 29, 2011.

STAFF ANALYSIS/STATEMENTS

Since the ORG Program began, seven funding cycles have been processed and approved by the Board as follows:

FUNDING CYCLE	FILING DEADLINE	ELIGIBLE APPLICATIONS APPROVED	PORTABLES REPLACED	APPROVED TOTAL
1	01-30-2008	5	88	$ 39,953,524
2*	07-31-2008	12	155	$ 94,592,307
3	01-30-2009	21	368	$ 215,665,924
4	07-31-2009	15	183	$ 74,445,502
5	01-29-2010	20	266	$ 117,954,151
6	07-30-2010	6	39	$ 10,203,431
7**	01-31-2011	7	80	$ 32,195,709
	Totals	**86**	**1179**	**$ 585,010,548**

* Includes one appeal item approved at the August 26, 2009 Board meeting. Based on the application received date the application would have been processed as part of the second funding cycle.
**Includes one appeal item approved at the August 24, 2011 Board meeting. Based on the application received date the application would have been processed as part of the seventh funding cycle. One additional project is currently being processed as an appeal that will be presented at a future Board meeting.

Since the program was implemented in August 2007, 86 projects have received Board approval resulting in 1,179 portable classrooms being replaced with permanent classrooms.

The filing deadline for the eighth ORG funding cycle was July 29, 2011. Staff is currently processing the applications for presentation at a future Board meeting. Below are the preliminary numbers:

APPLICATIONS RECEIVED	PORTABLES TO BE REPLACED	PRELIMINARY TOTAL REQUESTED
20	235*	$ 118,220,744*

*These numbers are preliminary and subject to change during the application review process.

Approximately $287.4 million in bond authority will remain in the program once the eighth funding cycle is approved.

(Continued on Page Three)

STAFF ANALYSIS/STATEMENTS (cont.)

Staff is presenting the Board with the options below for the future allocation of ORG bond authority.

OPTIONS

Option 1: Continue ORG Funding by Declaring Additional Filing Periods

SFP Regulation Section 1859.184 prescribes when ORG applications will be accepted and apportioned.

If the Board wishes to continue the program, a maximum of two funding cycles can be held each year until bond authority is depleted. SFP Regulation Section 1859.184 states that funding cycles could be held every six months. Filing periods would run from August 1st through January 31st and from February 1st through July 31st. The filing deadline for the 9th cycle could be January 31, 2012, should the Board decide to declare additional ORG funding cycles.

If the Board wishes to continue funding the ORG through additional filing rounds, Staff is seeking direction on the implementation of future cycles. Below are some of the possible options for holding future filing rounds:

- The Board can elect to approve each future funding cycle prior to the opening of the next funding cycle.
- The Board can approve multiple future funding cycles, not to exceed two per calendar year.
- The Board can direct staff to process funding cycles for Board approval on a continuous basis until all available funding is disbursed.

Option 2: Take No Action

The Board could elect to take no action at this time. According to EC Section 101012, $1 billion in bond authority is allocated for the ORG program, and adjusting this amount would require legislative action.

RECOMMENDATION

Seek Board direction.

BOARD ACTION

In considering this Item, the State Allocation Board approved two more filing cycles (January and July 2012), with the intent of revisiting the issue of remaining ORG Program funding in a year.

THE PROJECT INFORMATION WORKSHEET ITEM WAS POSTPONED TO THE DECEMBER 2011 STATE ALLOCATION BOARD MEETING