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CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

CALIFORNIA DEPARTMENT OF EDUCATION
1430 N STREET, ROOM 1101
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, JUNE 27, 2012
TIME: 4:03 P.M.

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APPEARANCES

MEMBERS OF THE BOARD PRESENT:

PEDRO REYES, Chief Deputy Director, Policy, designated representative for Ana Matosantos, Director, Department of Finance

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

CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of the State of California

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

SENATOR ALAN LOWENTHAL

SENATOR LONI HANCOCK

ASSEMBLY MEMBER CURT HAGMAN

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer
JUAN MIRELES, Deputy Executive Officer
BILL SAVIDGE, Assistant Executive Officer

REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES,
OFFICE OF LEGAL SERVICES PRESENT:

HENRY NANJO, Staff Counsel
JONETTE BANZON, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON REYES: As I indicated earlier, we're going to get started as a Subcommittee listening to the informational items and then when -- I expect two Senators to leave the Capitol momentarily and that will give us a quorum, but I have Mr. Hagman coming up, so we're one short. As soon as we have another member, we'll have a quorum and we can start voting on items.

10

Welcome, Mr. Hagman.

11

ASSEMBLY MEMBER HAGMAN: Picked a fun day, huh.

12

13

CHAIRPERSON REYES: I didn't pick it. This should have been taken care of 12 days ago. Just an observation.

14

Okay. So we're going to do nonvoting items.

15

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ASSEMBLY MEMBER HAGMAN: Got a new member here too.

17

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CHAIRPERSON REYES: Oh, yes. Introductions. We do have a new member of the Board, Cesar Diaz, to join us. He was actually ready for the May meeting, but we had to cancel due to a lack of quorum. Welcome.

20

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MR. DIAZ: Thank you very much.

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23

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CHAIRPERSON REYES: Good to have you. And also in announcements, we would like to congratulate our new Deputy Executive Officer for OPSC. Juan Mireles got his promotion, so congratulations, sir.

1 (Applause)

2 CHAIRPERSON REYES: Now that you have your
3 promotion, I'd appreciate it if you didn't send me emails at
4 10:00 o'clock at night or 11:00 again. You have that habit
5 of disrupting my calmness my home at times. No.

6 Okay. Ms. Silverman, would you please take us
7 through -- we can't -- we don't have a quorum, so I won't
8 even try to set up a quorum. We can't do the Minutes, so
9 can you go the Financials, please, and start with that.

10 MS. SILVERMAN: Do you want to cover the **Executive**
11 **Officer's Statement**?

12 CHAIRPERSON REYES: Yes, please.

13 MS. SILVERMAN: Okay. We have several things to
14 announce tonight. Obviously we didn't have the opportunity
15 to meet in May, so we had a few pending items that we rolled
16 over.

17 But the most -- obviously the most critical item
18 that we're bringing forward tonight is actually in Tab 14.
19 We actually are bringing priority funding apportionments,
20 that to resolve a general obligation bond sale that the
21 Treasurer's officer actually executed in April.

22 So we'll be bringing forward a significant amount
23 of funding items in Tab 14.

24 And we have a joint-use funding update. We
25 obviously had a discussion at the April Board meeting and

1 there was a conversation about how much money is available
2 for the Joint-Use Program. There is \$600,000 allotted for
3 the program and there was a conversation about what other
4 funds we could use in lieu of a finalization of 1A bonds
5 being available.

6 We obviously received a subsequent opinion from
7 the Attorney General's office. That's also tucked away in
8 Tab 16, but we do want to share with the Board as far as
9 being transparent, we are presenting three items tonight as
10 part of your Consent Agenda.

11 On pages 67 through 69, we're bringing forward
12 three fully funded joint-use projects and they will actually
13 have cash associated with those projects.

14 So that's great news. I know that's something
15 that the Senator has been championing for quite some time
16 and we're actually thrilled that we can bring those
17 opportunities forward.

18 The next item is to give the Board the update on
19 Comptom Unified and Selma Unified appeal request. We
20 actually had some ongoing requests for a legal opinion with
21 the Attorney General's office related to whether or not the
22 district can retain financial hardship funds.

23 And so we're still in the hold pattern, still
24 trying to wait for some outcomes there. And so we'll be
25 providing those items at a future Board date.

1 CHAIRPERSON REYES: Members, on this point, we've
2 had the AG taking a look at this thing for a while and I've
3 looked at some of the documents submitted by Compton. And
4 it's clear that we do not have a statute of limitations and
5 we have been relying on the fact that that bond money and is
6 the bond statute of limitations that applies.

7 With your permission, I'd like to just have those
8 items be moved forward to the next meeting and then direct
9 the Implementation Committee to go and work on regulations
10 to provide us with reasonable statute of limitations that
11 satisfy the AG's office because I don't want to be dealing
12 with this issue on an ongoing basis and there's going to be
13 a question of what is the appropriate statute of
14 limitations.

15 So I think we're better off if we at this point
16 deal with this too now but ask staff to go out and come up
17 with something. They're going to have -- through the
18 Implementation Committee, they're going to have input from
19 the different stakeholders and I don't know what the
20 reasonable is.

21 But, you know, 20 years does not seem reasonable
22 to me. I mean the IRS doesn't have me hold my documents for
23 that long, but so in all fairness to the school districts, I
24 think that, in the absence of a statute of limitations on
25 this program, we ought to come up with that regulation and

1 have staff come up with that.

2 Does that -- do I see people --

3 MR. ALMANZA: Yes.

4 CHAIRPERSON REYES: So bring those items forward
5 next month. I think we need to move on those. We shouldn't
6 have those districts out there pending and we should have,
7 Mr. Savidge, bring your troops together and come up with
8 something that makes sense that protects everybody and gives
9 some guideline to the affected parties.

10 I'm sorry I interrupted. Go ahead.

11 MS. SILVERMAN: No, no. That's great news. The
12 next item we would like to share is the gas pipeline
13 concurrence for facility hardship projects.

14 We actually had a discussion last spring sometime
15 related to a Marysville project and they actually had some
16 really health and safety concerns related to natural gas
17 pipelines that were near schools. So we were trying to
18 overcome some of the challenges of finding an entity that
19 would actually issue a state level concurrence.

20 Department of Conservation is who we relied on in
21 the past to provide some state level concurrence. But what
22 was actually raised in the last meeting that we brought this
23 issue forward is the district had relied on U.C. California,
24 Berkeley, Center of Catastrophic Risk Management to perform
25 a third-party review and give them a concurrence letter

1 obviously identifying that there were some serious gas
2 pipeline issues that would create some catastrophic event.

3 So in lieu of that, since we have no identified
4 government agency to assist in that area, we encouraged
5 districts to reach out to U.C. California, Berkeley, to
6 provide that report to us, to get us a concurrence letter.

7 So again we're providing an update on the path
8 that we recommend that districts seek.

9 CHAIRPERSON REYES: Okay.

10 MS. SILVERMAN: And then another item we want to
11 share is the High Performance Incentive Grant Program. The
12 regulations for adding that component to the Charter Program
13 has been enacted and so as of May 15th of this year, those
14 charter schools that actually want to seek a high
15 performance grant may do so.

16 And again high performance promotes a green or
17 high performance attributes including design, materials, and
18 promote energy efficiency and water efficiency, natural
19 lighting, improve indoor air quality, and recycle materials.
20 So it's a great program and we would encourage charters to
21 also access that program as well.

22 Another item again the transition to electronic
23 Board agenda. I know we've been speaking about this very
24 item for the last few months and again we are publishing the
25 agenda in electronic format and that translates for a lot of

1 energy savings and again saving staff time and reducing our
2 carbon footprint is a great thing and we also want to
3 transition that electronic meeting agenda for future
4 meetings at Implementation Committee and also some of the
5 Subcommittees that the State Allocation Board does host.

6 CHAIRPERSON REYES: Just for clarification, we'll
7 continue to have hard copies for the audience when we have
8 meetings; correct?

9 MS. SILVERMAN: That's correct.

10 CHAIRPERSON REYES: Okay. Thank you.

11 MS. SILVERMAN: So if I can direct you to the
12 following page 6A and we have three more items to provide an
13 update.

14 Again reminding folks out there in the community,
15 upcoming priority in funding certification period starts
16 July 1st. Again that's really important, realizes a 30-day
17 certification round. That period ends August 9th and that
18 applies to those folks who actually have projects on the
19 unfunded list and you again submit a certification and those
20 projects that are actually going to be approved in Consent
21 Agenda as an unfunded approval today will also qualify for
22 the certification round.

23 So again we need to receive that fiscal
24 certification request by August 9th.

25 MS. MOORE: Lisa, you mean July 11th; correct?

1 MS. SILVERMAN: Yes. It starts July 11th and ends
2 August 9th.

3 CHAIRPERSON REYES: Thank you.

4 MS. SILVERMAN: And the Overcrowded Relief Grant
5 funding cycle, just to highlight that we have an open cycle
6 that actually terminates July 31st and so we want to
7 encourage those folks who have an overcrowded relief project
8 and they are qualified to submit an application, please do
9 so by July 31st.

10 And then we have several items we want to update
11 the Board. We have numerous working groups and Subcommittee
12 meetings that are in progress and just wanted to share with
13 the Board, the Audit Work Group meeting is going to be held
14 July 3rd. So we welcome those folks who want to participate
15 in that venue. It would also be webcast as well.

16 The Rules and Procedures Subcommittee meeting,
17 we'll host that August 15th, a time to be determined. And
18 again we'll -- we want to raise to the Board's attention
19 that there was discussion about overall program review and
20 we were really trying to center that meeting around July.
21 However, we were having some challenges with some of our
22 members being present. So we have not determined what date
23 we'll bring that item forward.

24 And that's what I have.

25 CHAIRPERSON REYES: Okay.

1 MS. MOORE: I have a comment.

2 CHAIRPERSON REYES: Ms. Moore.

3 MS. MOORE: Lisa, on the Overcrowded Relief Grant,
4 you indicated it was the final application funding cycle
5 ending July 31st and I'm sure you'll bring those
6 applications forward.

7 At the same time, will you also bring the
8 possibility of another funding cycle forward to the Board?

9 MS. SILVERMAN: I think that's -- that's what we
10 agreed to have that follow-up conversation after we wrapped
11 up that filing cycle.

12 CHAIRPERSON REYES: Ms. Moore, if you can get
13 closer to the mic, I'm getting signals.

14 MS. MOORE: Thank you. Just asking that when you
15 bring forward the final funding round for Overcrowded Relief
16 Grant that we also have the option to extend another funding
17 round as part of that discussion.

18 MS. SILVERMAN: We'll certainly do that.

19 CHAIRPERSON REYES: Okay. Thank you. Okay. So
20 next.

21 MS. SILVERMAN: Okay. Let's move forward to
22 Financials.

23 CHAIRPERSON REYES: Before we do that, are there
24 any -- excuse me -- are there any comments from the public
25 on that? Okay. Move on, please.

1 MS. SILVERMAN: So Tab 5 is just an update on the
2 **Status of Fund Releases**. Obviously the purpose of this
3 report is to present an ongoing activity of general
4 obligation bonds this program has been receiving since April
5 2009.

6 And I'll just quickly grab your attention to --
7 turn to page 88. We've actually been quite successful over
8 the last few years disbursing funds and so we wanted
9 highlight the 30-day activity for May -- actually did result
10 in \$34 million being disbursed in the program.

11 And if I can slide you back one more page, on
12 page 87, if you look in that lower category, we did want to
13 introduce a new column or a new bracket to share with the
14 Board -- is we are introducing the April 2012 bond proceeds
15 in the lower column there, again highlighting to the Board
16 that we will be providing 90 days certification to those
17 projects to access the cash and we'll be providing updates
18 on a regular basis.

19 So again the goal is to highlight that even though
20 we show a full disbursement of -- excuse me -- full
21 complement of the funds being available, but the drawdown
22 should be rather quickly once we actually approve those
23 projects tonight.

24 And we want to move forward to the Status of
25 Funds? Do we have any other questions on some of the other

1 reports?

2 CHAIRPERSON REYES: Any comments from the public
3 on this? Move forward.

4 MS. SILVERMAN: Okay. If I can direct your
5 attention to Tab 6 which is our financial reports on our
6 **status of our existing bond authority.**

7 So we wanted to highlight to the Board, we have
8 two columns here we wanted to share as far as unfunded
9 approvals. This month in the top category in
10 Proposition 1D, which is highlighted in orange, we're
11 actually processing \$54.1 million in unfunded approvals.

12 And we also are processing in the green category
13 which is Proposition 55, \$47.8 million in new construction
14 projects and we're not presenting any unfunded approvals in
15 Proposition 47 -- had no activity this month there.

16 So in total we actually are processing over a
17 two-month period over \$101.9 million to this Board. We also
18 wanted to highlight in the miscellaneous adjustment column,
19 we actually are processing \$1 million and those are just
20 conversions for charter projects and that represents 3 and a
21 half million dollars between Proposition 1D and
22 Proposition 47.

23 And if I can get your attention to the following
24 page, page 93.

25 MS. MOORE: Oh, I just have a comment.

1 CHAIRPERSON REYES: Please.

2 MS. MOORE: So this is now reflective of the
3 transfer of the Critically Overcrowded School funding of the
4 last meeting; correct?

5 MS. SILVERMAN: That's correct.

6 MS. MOORE: And that is why we are not out of new
7 construction -- not out yet of new construction funding;
8 correct?

9 MS. SILVERMAN: That's correct. When we
10 transferred the Critically Overcrowded School funds in
11 Proposition 55 -- reverts to new construction, but it has to
12 stay within that bond program. So that's why it still
13 remains in Proposition 55.

14 MS. MOORE: Thank you.

15 CHAIRPERSON REYES: Okay.

16 MS. SILVERMAN: And the subsequent page is an
17 activity of Proposition 1A and that's where we actually are
18 providing some consent approvals tonight under those
19 particular categories and we'll have a further discussion
20 about what we do with remaining money in that program,
21 whether or not we actually fully fund other projects in the
22 Joint-Use Program.

23 But we also wanted to highlight, in the Emergency
24 Repair Program, we are actually providing approvals off that
25 unfunded list which is really important. I know we had some

1 unmet need in this program for quite some time and we
2 actually have \$200,000 in cash that we'll be matching with
3 those projects on the estimated unfunded list for Emergency
4 Repair Program. So those folks who are actually receiving
5 that award will actually have the ability to have the funds
6 released tomorrow. So that's great news in that program.

7 I have -- we can go through other items or we
8 can --

9 CHAIRPERSON REYES: Any questions?

10 MS. SILVERMAN: -- do the short version tonight.

11 CHAIRPERSON REYES: Okay. Thank you. Any
12 comments from the public on that? Yes. Step up, please.

13 MR. GONZALEZ: Good afternoon. Richard
14 Gonzalez --

15 MS. JONES: Push the button.

16 MR. GONZALEZ: Oh, it's not on. All right. Good
17 afternoon. This is Richard Gonzalez. I'm with Richard
18 Gonzalez & Associates.

19 One of the things that I was hoping to hear -- it
20 was great to hear that there was actual cash of \$200,000 in
21 the Emergency Repair Program, but I also understand there's
22 actual cash on hand in other programs too and there's
23 nothing reported on any of the agenda items that reflects
24 actual cash available to the State Allocation Board.

25 Is that something that we should be tracking or

1 make available since we are trying to fund as many projects
2 as possible during these priorities in funding rounds?

3 CHAIRPERSON REYES: Okay. Thank you.

4 Mr. Hagman, you had a question in Item 7.

5 ASSEMBLY MEMBER HAGMAN: Thank you, Mr. Chair.

6 And I'm just reviewing it as we're talking and we've had
7 discussions before on this Board of modernization. You
8 know, we were forcing schools at one point to build
9 portables that were basically replacing 30-year bond money
10 with portables that don't last 30 years.

11 And one of the requests from this particular
12 school district is to replace -- instead of rebuild two
13 buildings is to replace it with permanent portable
14 buildings. Now just general clarification: what is a
15 permanent portable building and will it outlast the bond
16 money that we've got to pay back for 30 years?

17 CHAIRPERSON REYES: Staff.

18 MR. MIRELES: There's a distinction in the program
19 between portables and modulares. Portables -- actually
20 modulares we do consider to be permanent under the program
21 guidelines. Portables, they are different. We do count
22 them differently in terms of calculating eligibility for
23 modernization and new construction, but we don't take a look
24 at the life span of the portables.

25 It's just a general designation that we used to

1 determine whether -- what kind of capacity districts have in
2 calculating eligibility for modernization and new
3 construction.

4 MR. SAVIDGE: Mr. Hagman, maybe I could also
5 clarify. Modular buildings are -- there's a number of
6 different types of modular buildings that are available that
7 are not portables, including concrete and steel frame.

8 The buildings that this district is proposing to
9 do are stick-built with steel frame, stucco exteriors, metal
10 roofs. There is no durability issues that are found in
11 portable buildings, so I think that it's an appropriate
12 expenditure.

13 ASSEMBLY MEMBER HAGMAN: No. Absolutely. I'm not
14 necessarily questioning the request. I'm more just -- you
15 know, we've been pushing for a while this basic philosophy
16 that you shouldn't borrow money longer than it's going to
17 take for the building to last and I just want to make sure
18 that these things, not just counting for pupil numbers and
19 eligibility numbers, but we are looking at the length of
20 quality of construction to last beyond the term for us to
21 pay back these bonds. That's all.

22 CHAIRPERSON REYES: Thank you, Mr. Hagman. Okay.
23 We have two Senators that just joined us, so if you could
24 please take the roll so we can establish a quorum.

25 MS. JONES: Yes. Thank you. Senator Lowenthal.

1 SENATOR LOWENTHAL: Here.

2 MS. JONES: Senator Hancock.

3 SENATOR HANCOCK: Here.

4 MS. JONES: Senator Wyland.

5 Assembly Member Brownley.

6 Assembly Member Buchanan.

7 Assembly Member Hagman.

8 ASSEMBLY MEMBER HAGMAN: Here.

9 MS. JONES: Esteban Almanza.

10 MR. ALMANZA: Here.

11 MS. JONES: Kathleen Moore.

12 MS. MOORE: Here.

13 MS. JONES: Cesar Diaz.

14 MR. DIAZ: Here.

15 MS. JONES: Pedro Reyes.

16 CHAIRPERSON REYES: Present.

17 MS. JONES: We have a quorum.

18 CHAIRPERSON REYES: Thank you.

19 MS. JONES: You're welcome.

20 CHAIRPERSON REYES: We've gone through the

21 Executive Officer's report. We've talked about some of the

22 finances. Can we -- is there a motion to approve the

23 **Minutes?**

24 MS. MOORE: So move.

25 ASSEMBLY MEMBER HAGMAN: So move.

1 CHAIRPERSON REYES: It's been moved and second.

2 Any questions/comments? Any comments from the public?

3 Seeing none, all in favor say aye/

4 (Ayes)

5 CHAIRPERSON REYES: Opposed? Abstentions? Ayes

6 have it. Thank you. Can we go to **Consent** and may I add a

7 special Consent -- Mr. Hagman, are you okay with Tab 6 being

8 a special consent? Tab 9 --

9 ASSEMBLY MEMBER HAGMAN: Status of funds or --

10 MS. JONES: 7.

11 ASSEMBLY MEMBER HAGMAN: You mean 7.

12 CHAIRPERSON REYES: 7. Tab 7.

13 ASSEMBLY MEMBER HAGMAN: Yeah.

14 CHAIRPERSON REYES: Tab 9, Prevailing Wage

15 Monitoring Grants; Tab 10, Browns Elementary; Tab 11, Elk

16 Grove Unified; Tab 12, Escalon Unified; Tab 13, Priority

17 Funding Regulation Amendments; and Tab 14, Priority Funding

18 Apportionments, 637 million.

19 I'd like to -- is there a motion to approve --

20 ASSEMBLY MEMBER HAGMAN: So moved.

21 SENATOR HANCOCK: So moved.

22 MR. ALMANZA: Second.

23 CHAIRPERSON REYES: Moved and seconded. All in

24 favor say aye.

25 (Ayes)

1 CHAIRPERSON REYES: Opposed? Thank you. I should
2 have asked for public comment, but since it was all moving
3 forward in Consent, I'm sure people are happy with that.

4 We'll have -- open for public comment later unless
5 people feel so compelled that we should rescind our vote.
6 Okay. Thank you.

7 Ms. Silverman, where do we go from here?

8 MS. SILVERMAN: We go to **Aromas-San Juan**, Tab 8.

9 CHAIRPERSON REYES: Tab 8. Thank you. Are there
10 any other action items. I'm about to lose my Senators. Is
11 there anything else that we can move?

12 MS. MOORE: Why don't you do the 620 million?

13 ASSEMBLY MEMBER HAGMAN: We did.

14 CHAIRPERSON REYES: We did.

15 MS. MOORE: Oh, you did it in the Consent?

16 CHAIRPERSON REYES: Yes. Special Consent.

17 MS. MOORE: Okay.

18 CHAIRPERSON REYES: Yes. Aromas. Okay. Go
19 ahead. Take us through Tab 8.

20 MR. MIRELES: Tab 8 is an appeal by the Aromas-San
21 Juan Unified School District. At the March 28, 2012,
22 meeting, the Board -- staff presented an item to the Board
23 to request the district's financial hardship status based on
24 other evidence of reasonable effort.

25 The Board didn't take action on this request, but

1 instead directed staff to explore other advance
2 apportionment options in the School Facility Program.

3 The district has since rescinded their appeal to
4 obtain financial hardship status but has still indicated
5 that they have a need to obtain funding for an advance
6 apportionment for plan approvals.

7 A little background on this particular school
8 site: The district does have seven buildings that are
9 qualified under the Seismic Mitigation Program. Now that
10 they've received the eligibility criteria, their next step
11 is to go through the process and obtain the necessary plan
12 approvals from the Division of the State Architect.

13 One of those things is that they have to perform a
14 geological hazard study in order to determine if they have
15 active trace fault lines. This analysis does require some
16 trench work which the district estimates would cost about
17 \$203,000.

18 The results of this study will determine whether
19 the buildings need to be replaced or rehabilitated.

20 So the district is asking for funding to complete
21 these geological hazard studies.

22 Staff has reviewed all of the programs that we
23 administer to see if there is an opportunity or a mechanism
24 to provide funding to this district.

25 Most of the projects in the School Facility

1 Program require a local match. Those projects require that
2 districts use their local match to pay for all of the
3 up-front costs to plan and design and go through the process
4 of obtaining the plan approvals from the Division of the
5 State Architect and the Department of Education.

6 Once they get the plan's approvals, then they come
7 in and request funding from the State to provide the State's
8 share.

9 In few cases where districts do not have the local
10 match, there are mechanisms to provide them money to get --
11 for planning and site. These programs include the Financial
12 Hardship Program, the Charter School Facilities Program, and
13 the Career Technical Education Program.

14 Again all of those programs do provide funding for
15 plans -- for plan approval, for design costs, up-front costs
16 because they don't have the ability to provide their local
17 match.

18 The situation with Aromas-San Juan is different
19 because they are now -- they are not financial hardship. So
20 presumably they have a local match to pay for these plan
21 costs.

22 Therefore staff has determined that we don't have
23 a mechanism currently under the School Facility Program to
24 provide them this advance apportionment.

25 The Board does have the option of creating a new

1 process that will provide design funding to districts that
2 do have a local match towards their project. Now, keep in
3 mind that this would be a substantial change to the School
4 Facility Program.

5 Creating this new process will allow more
6 applicants to receive seismic mitigation funding for the
7 assessment of the hazards instead of providing funding for
8 the actual mitigation.

9 CHAIRPERSON REYES: Mr. Mireles, let me interrupt
10 you for a second. Is there anybody here from Aromas?

11 This was -- members, just to refresh your
12 memories, this is the school district that did the digging
13 around and we asked staff to go out there and see if there's
14 any way we can provide any resources to them.

15 From our perspective, we've asked them. They've
16 turned every rock. They've turned every couch over and they
17 couldn't find anything that they meet.

18 So the idea here then is does the Board feel
19 compelled to essentially create a new program or change the
20 regulations to provide funding in a different alternative.

21 My sense is no. There's -- number one, there's
22 not a lot of resources left anyway. And so I'm not that
23 compelled at this point to try to change the way the program
24 works, but that's just my sense.

25 Does anybody have any questions or comments that

1 they want to do anything different? No. Mr. Hagman.

2 ASSEMBLY MEMBER HAGMAN: I'm generally agreeing
3 with some limitations. I mean a lot of these school
4 districts don't have the operational cash to go out and hire
5 experts to go figure this stuff out.

6 When they present it, they don't know how much
7 it's going to be until they start to do the project.

8 CHAIRPERSON REYES: Right.

9 ASSEMBLY MEMBER HAGMAN: But this money is meant
10 for those hard plight schools to either relocate them or
11 fixing them up for that big one when it comes. So I'm torn,
12 but I'd hate to set a new regulation where it just leaves it
13 open ended too.

14 CHAIRPERSON REYES: Um-hmm.

15 ASSEMBLY MEMBER HAGMAN: You know, I could see
16 things easily growing and growing and you start a project
17 and all of a sudden you think you're in for a hundred
18 thousand and it ends up being, you know, a million and a
19 half or something --

20 CHAIRPERSON REYES: Um-hmm.

21 ASSEMBLY MEMBER HAGMAN: -- and you need the money
22 real quickly. So I'm torn. I would like to give them some
23 assistance and I don't know if there's a way to -- and I
24 read the report. I know they tried pretty much everything
25 else, but we got to have some college or universities out

1 there that need some projects to figure this stuff out
2 because that's what they do their research on --

3 CHAIRPERSON REYES: Right.

4 ASSEMBLY MEMBER HAGMAN: -- our future geologists.
5 I just don't know what else to do. To give them something,
6 I'm good with. It's just I hate to leave it open ended --
7 open regulation as well.

8 CHAIRPERSON REYES: Okay. So can we move onto the
9 next item. Mr. -- Senator Lowenthal.

10 SENATOR LOWENTHAL: Yeah. I have to -- I wonder
11 if you might indulge me just for a second.

12 CHAIRPERSON REYES: Sure.

13 SENATOR LOWENTHAL: When meeting with my staff
14 this week, kind of going over -- and I'm not sure whether
15 this was in the Minutes or the status. I just needed some
16 clarification.

17 I was going through and I asked some questions and
18 I'm trying to find -- and I'll tell you, what I consider a
19 missing \$20 million. If I can just kind of ask --

20 CHAIRPERSON REYES: Okay.

21 SENATOR LOWENTHAL: -- and I don't know --

22 CHAIRPERSON REYES: Before we get there though,
23 can we just finish --

24 SENATOR LOWENTHAL: Yes.

25 CHAIRPERSON REYES: -- with this item --

1 SENATOR LOWENTHAL: Yes.

2 CHAIRPERSON REYES: -- and move on.

3 SENATOR LOWENTHAL: Let's dispense with that.

4 CHAIRPERSON REYES: All right. So there's no
5 motion, so status quo. Okay. Now we're going to go back to
6 your issues.

7 SENATOR LOWENTHAL: There's no motion on this?

8 CHAIRPERSON REYES: There is no motion on this.

9 SENATOR LOWENTHAL: You know, this probably should
10 have -- just before I come in, either on the Status of Funds
11 or on the Minutes, you know.

12 CHAIRPERSON REYES: Um-hmm. Yeah, that's fine.

13 SENATOR LOWENTHAL: In our April meeting of this
14 year, the Attorney General told us that we had
15 \$36.2 million, as you recall, in the Lease-Purchase Program
16 that could to be appropriated because -- without a vote of
17 the people to do so.

18 And so we discussed defeasing that \$36.2 million
19 as you recall back to the -- to pay down bond debt and in
20 the discussions -- and I looked up, you know, in all of the
21 discussions, it indicated that that \$36 million was not bond
22 authority but really was cash. It really was -- there was
23 \$36.2 million.

24 And in the April 2012 Status of Funds, it showed
25 \$36.2 million in funds available.

1 Per the Chair's instructions, we -- as of June, as
2 we defeased it, there was no longer an item called -- a
3 Lease-Purchase Program and no more -- no longer was there
4 this \$36.2 million which I assumed had just been
5 transferred.

6 But we had just heard recently in the -- in a
7 staff briefing -- and this is where I got confused and
8 wanted to bring up -- that we really didn't defease all the
9 36 million. We defeased only \$6 million and the remaining
10 \$20 million was really bond authority. We didn't really
11 defease that.

12 If we eliminated \$36.2 million, where did the
13 other \$20 million go, if I --

14 CHAIRPERSON REYES: Sure. I can explain that one
15 actually. What it is you have two separate pots. One pot
16 is actually bond proceeds. That's the \$16 million that was
17 there.

18 The other was a \$20 million bond authority, but
19 those bonds were never sold.

20 SENATOR LOWENTHAL: Even though you mentioned at
21 that time that it was all cash at that meeting. You told us
22 at that April meeting it was all cash.

23 CHAIRPERSON REYES: We -- that it was 30 -- that
24 it was money that we could not use.

25 SENATOR LOWENTHAL: Right. But we thought it was

1 all cash. That's what I -- I'm just wondering because I
2 looked -- and recalled you telling us -- it was you who told
3 us that it was not bond authority, it was all cash.

4 CHAIRPERSON REYES: Subsequent to the meeting, I
5 learned that it was 20 million was bond authority that was
6 never exercised and it did not make any sense to exercise it
7 because the program had expired.

8 So that's what the 20 million is and the other 16-
9 we couldn't use either.

10 SENATOR LOWENTHAL: So what happens to that
11 20 million of bond authority? Do we --

12 CHAIRPERSON REYES: It never gets used.

13 SENATOR LOWENTHAL: So is that defeased back to
14 the general --

15 CHAIRPERSON REYES: It doesn't get defeased
16 because you never use the credit card against it.

17 SENATOR LOWENTHAL: Okay. But we've eliminated --
18 since we don't -- we've eliminated that category completely.

19 CHAIRPERSON REYES: Yes. Okay. And the term is
20 defeased not diffused.

21 SENATOR LOWENTHAL: Defeased.

22 CHAIRPERSON REYES: As you type it up. Defeased.

23 REPORTER: Okay.

24 CHAIRPERSON REYES: All right. Thank you.

25 MS. MOORE: Does that mean that we then -- we can

1 have a situation and we could have a situation with this
2 bond -- these bond, the last -- the four -- or three that
3 we're talking about today where the voters have approved a
4 certain amount to go towards modernization and new
5 construction projects and because of circumstances, we don't
6 spend what they approved for us to spend.

7 CHAIRPERSON REYES: Yes.

8 MS. MOORE: And that's perfectly legal?

9 CHAIRPERSON REYES: That happens to bonds, yes.

10 MS. MOORE: And that happens in other
11 infrastructure --

12 CHAIRPERSON REYES: Yes.

13 MS. MOORE: -- programs?

14 CHAIRPERSON REYES: It happens in resources. It
15 happens in transportation because you don't -- you never
16 spend to the last dollar. In this case, it gets rounded to
17 the millions -- particularly when you have the revolving
18 fund --

19 MS. MOORE: Um-hmm.

20 CHAIRPERSON REYES: -- because you went out there
21 and said okay, I have so many millions' worth of projects.
22 Now you can issue --

23 SENATOR LOWENTHAL: See, I just don't -- how do we
24 track that? You know, because --

25 CHAIRPERSON REYES: The Treasurer tracks that.

1 SENATOR LOWENTHAL: Okay. Because that's what I
2 got confused because --

3 CHAIRPERSON REYES: So you could have \$10 billion
4 authorized by the voters and at the end of the day, you only
5 spend 9.950 or 9.8 billion or some fraction there.

6 MS. MOORE: I know that staff does this, but I
7 would just want emphasize particularly for the bonds that
8 we're talking about in this program now as we draw down that
9 we are very careful --

10 CHAIRPERSON REYES: In monitoring that closely.

11 MS. MOORE: -- that we don't leave any funding --
12 any unallocated funding in this day and age when we haven't
13 passed another -- a bond measure since 2006. So I know
14 20 million in the grand scheme of that was probably -- you
15 know, as you said, 99.5 percent, but we're in a very zero
16 sum game and I think it's really important that we allocate
17 every piece that we have and that we also bond against that
18 allocation.

19 ASSEMBLY MEMBER HAGMAN: So we're going to 15 now?

20 CHAIRPERSON REYES: Pardon?

21 ASSEMBLY MEMBER HAGMAN: 15 now?

22 CHAIRPERSON REYES: We have a public comment on
23 Item 14, a representative from Glendale. Do you please want
24 to come up. It was part of the Consent item.

25 MS. LUECK: And thank you for listening. My name

1 is Eva Lueck. I'm the Chief Business Official for Glendale
2 Unified School District and I was here in reference to two
3 pages in your agenda.

4 One was page 190 that indicates that you have 5.5
5 million left in Prop. 1D monies after your approvals today.
6 And then on page 203 where it has the listing of your
7 Prop. 1D projects that you're approving, your funding
8 through your July 28th date and if you were to go into
9 July 29th, there would be enough dollars there to fund
10 Glendale Unified's \$4.3 million ORG project that we
11 submitted, if you went one day further.

12 There is another school district with a project on
13 that date and they're not in time stamp order, but if you
14 were to fund all projects that you had with your
15 \$5.5 million, you could fund Glendale's at 4.3- and then
16 there's another one for 100,000 on that day as well.

17 There is a project of 10.8 million that would not
18 be able to be funded.

19 For Glendale Unified, we have a shovel-ready
20 project. It's our elementary school. We're preparing our
21 interim housing to get the project going and it's very
22 significant to us and I believe it's significant to get the
23 dollars out into the economy and we were just here to ask
24 could you use all of the dollars that you have, that
25 5.5 million, to fund one more project, 4.3 million, which is

1 in your sequence of projects on your list on page 203. That
2 was our request.

3 CHAIRPERSON REYES: Thank you.

4 MS. MOORE: Well, I think this is an important
5 issue. So can staff talk about how Oakland is ahead of --
6 it's ahead of Glendale on the list having the same list date
7 and can we talk through that a little bit and see if there's
8 any possibility of addressing this issue.

9 MR. MIRELES: There are three projects with the
10 same received date that have submitted certifications and
11 are eligible to compete, but because they have the same
12 receipt date, we don't have enough funding to cover all
13 three and that's why we didn't fund -- right now the next
14 one in line is for \$10 million and the way they're placed on
15 the unfunded list right now, it's based on numerical order
16 if they're on the same received date.

17 So in this particular case we have 5 million, but
18 we don't have enough to cover the three that are one the
19 same received date, so we didn't provide funding for any of
20 those three.

21 CHAIRPERSON REYES: Is there any opportunity for
22 any additional money to revert between now and July?

23 MS. SILVERMAN: We actually do have some projects
24 that could -- we have until the end of this month to come in
25 for their time limit on fund release. So it's somewhere

1 near about \$24 million.

2 CHAIRPERSON REYES: Okay.

3 MS. SILVERMAN: So there could be additional
4 monies that are going to be available.

5 MS. MOORE: But isn't this cert list over
6 July 10th?

7 MR. MIRELES: That's correct.

8 MS. MOORE: So before we meet again, this cert
9 list is dead and Glendale's opportunity, Oakland's
10 opportunities are dead until the next funding round;
11 correct?

12 MR. MIRELES: That's correct. They would have to
13 compete in the next filing round.

14 MS. MOORE: And then that would be -- you know,
15 that filing round ends in August and means that you probably
16 wouldn't be before the Board until September or October. So
17 their window of opportunity from a potential -- you know,
18 going to construction in June gets extended to a window of
19 opportunity should they be competitive in the next funding
20 round till almost September/October.

21 So it's a pretty -- it could be a pretty critical
22 issue and I know that it's not one -- it's no one's fault
23 that it turns out this way, but I'm wondering if there's a
24 possibility to, you know, push that funding out because
25 otherwise it sits in our coffers for -- till October and it

1 doesn't do anybody any good there.

2 If we had the 10 million, would you go to Oakland?

3 CHAIRPERSON REYES: Who would be next in line?

4 MR. MIRELES: If they're the same receipt date, we
5 would have the same challenge.

6 MS. MOORE: Do you split a received date if we
7 have the funding?

8 MR. MIRELES: No. We try to cover all the
9 projects that have the same received date.

10 MS. MOORE: That's the problem right there.

11 MR. MIRELES: Because we don't -- again we don't
12 have a mechanism to prioritize them with the same received
13 date.

14 Going back to your point, Ms. Moore, this is
15 something that the Board did wrestle with some time ago. In
16 fact we have regulations as part of this agenda that the
17 Board just approved to try and mitigate when funding is
18 available during a filing period versus when an
19 apportionment can be made.

20 And if money becomes available during a filing
21 period but unfortunately comes into the next filing
22 period -- there was a situation before where a district was
23 in that same place and the Board did instruct us to go back,
24 go to the Implementation Committee, and revise the
25 regulations to clarify -- to mitigate that problem and

1 that's part of the item that was just approved by the Board.

2 MS. MOORE: Right. We won't have this -- we won't
3 have as great a problem going forward. We'll still have
4 this date on the list problem going forward because as I
5 understand, you're saying that when we -- when there are a
6 number of projects on the same day --

7 MR. MIRELES: Um-hmm.

8 MS. MOORE: -- and we can't fund them all, we
9 don't fund any. And again though that is -- that can be --
10 I think that's problematic when we're in this really
11 cash-strapped environment where people really want to access
12 the cash.

13 It's summer. It's a perfect time to be going to
14 construction. I think Glendale is right to come forward and
15 say look, I'm ready to go. But in fairness to say Oakland
16 that sits in front of them, we don't fund Glendale.

17 And I'm just wondering, you know, if Oakland were
18 to give it up, if they were to say I can't possibly do my
19 project with, you know, a haircut, it would go -- could it
20 go on to Glendale.

21 And maybe generally we need to look at how we
22 might handle these situations. I know previously in some
23 situations, I don't think it's this. We've done a lottery,
24 right, on that last day and whoever's number comes up and it
25 fits the number that we have, we go ahead and fund them.

1 But I just think it's really important that
2 district -- you know, if we have any possibility of funding
3 them we do because the money's going to sit there until
4 September.

5 MR. MIRELES: We did --

6 ASSEMBLY MEMBER HAGMAN: Mr. Chair.

7 CHAIRPERSON REYES: Mr. Hagman.

8 ASSEMBLY MEMBER HAGMAN: I understand the
9 frustration. I mean I too do believe we need to have some
10 rules and stuff to follow because how do you start having
11 staff pick and choose winners because they're certain
12 amounts.

13 I do think we can give staff authority, if you
14 have potential of bringing back 24 million by the end of
15 July and we won't meet again until after July, that if you
16 do get the money back for the next funding round day, can we
17 give them authority to fund all three or if they get word
18 from Oakland that they're not ready or want to withdraw,
19 then they have enough for one funding -- but if you have to
20 put in this filing period, can we give them that flexibility
21 if they get the money back or if they could talk to Oakland
22 and Oakland says we know we have to wait -- when it's one of
23 those two things, can we give them authority today to do
24 that?

25 CHAIRPERSON REYES: Henry -- Counsel? It's not an

1 action that was listed as an option and for Bagley-Keene
2 purposes -- and Oakland's not here to pitch their case.

3 MR. NANJO: Yeah. You can't -- unfortunately the
4 Board's not free to take action on this item because it
5 hasn't been properly agendized. Both parties need an
6 opportunity to have a say in this.

7 CHAIRPERSON REYES: Well as the third because
8 there's three projects.

9 MR. NANJO: Correct.

10 CHAIRPERSON REYES: But to Mr. Hagman's point
11 though, to the extent that there is sufficient funds come in
12 before July, the cutoff period, if enough -- if sufficient
13 funds come in but before the cutoff period and come in in
14 June, if there were enough for all three, could all three be
15 done?

16 MS. SILVERMAN: The challenge we have is the
17 certifications expire in a few weeks. So if you want to go
18 to projects next in line, that's the system we would have to
19 implement.

20 CHAIRPERSON REYES: Okay.

21 MS. SILVERMAN: Because they would be in the
22 18-month time clock.

23 MS. MOORE: What you would have --

24 MS. SILVERMAN: It won't be a certification round.

25 MS. MOORE: What you would have to do is have a

1 Board meeting before July 11th? When does the cert list --

2 MS. SILVERMAN: We would -- yeah.

3 MR. MIRELES: Yes.

4 MS. SILVERMAN: The 11th, it's -- you would have
5 to take action.

6 MS. MOORE: Before July -- when's the cert list
7 expire?

8 MS. SILVERMAN: The cert list expires July --

9 MR. MIRELES: 10th.

10 MS. SILVERMAN: -- 10th.

11 MS. MOORE: July 10th. So you'd have to have a
12 Board meeting before July 10th to apportion any projects
13 because by our regulations that cert list goes dead on
14 July 10th; correct?

15 MS. SILVERMAN: Right.

16 MS. MOORE: So it would mean a special Board
17 meeting.

18 CHAIRPERSON REYES: Okay. Mr. Hagman?

19 ASSEMBLY MEMBER HAGMAN: I'm here till July 6th.
20 I know that.

21 CHAIRPERSON REYES: We have the ten-day
22 Bagley-Keene issue as well.

23 ASSEMBLY MEMBER HAGMAN: Yeah.

24 CHAIRPERSON REYES: So that pretty much kills --

25 ASSEMBLY MEMBER HAGMAN: Yeah. That is -- okay.

1 CHAIRPERSON REYES: Yeah. All right. Thank you.
2 Tab 15.

3 MS. SILVERMAN: Tab 15 is our **Charter** item.

4 CHAIRPERSON REYES: Charter Schools.

5 MR. MIRELES: This item is to discuss what to do
6 with remaining cash that was previously set aside for the
7 Charter School Facilities Program to give them an
8 opportunity to come in and request design and site funding.

9 The Board had made available 94.2 million and gave
10 the charter schools a deadline till May 2nd.

11 CHAIRPERSON REYES: Mr. Mireles, assume we have
12 read all this.

13 MR. MIRELES: Okay.

14 CHAIRPERSON REYES: Cut to the chase and then we
15 can have the folks come and testify. I apologize, but --

16 MR. MIRELES: Yeah.

17 CHAIRPERSON REYES: -- we're going to lose
18 members. Ms. Hancock's not feeling so well. She's kind
19 enough to join us for budget issues yesterday and today for
20 this. So I'd like to not keep her here any longer than I
21 have to. We are on Tab 16 -- no. Tab 15.

22 MS. SILVERMAN: 15, charter schools.

23 CHAIRPERSON REYES: Charter schools. 15, charter
24 schools. Action item.

25 MR. MIRELES: We have -- I'll go through the

1 options really quickly.

2 Option 1 is to basically extend the deadline for
3 charter schools to come in for another six months to access
4 the cash for site and design.

5 Option 2 extends the deadline just for 15 million
6 to again for the projects that are certified they can come
7 in, if you extend the deadline for design and site, but it
8 also reserves cash for projects that are construction ready
9 which is 8.2 million for a project that we have on the
10 unfunded list and .9 million for a project on our workload
11 list. The remaining balance of 33.7- would go to projects
12 on the unfunded list.

13 Option 3 is to extend the deadline only for those
14 four projects that could come in for design and site to
15 15 million and the remaining balance of 42.8 would go to
16 projects on the unfunded list and the last option, Option 4,
17 is to use all the remaining cash, the \$57.9 million, to
18 apportion projects on the unfunded list.

19 Staff is recommending that the Board approve
20 Option 1 which is basically extend the deadline another six
21 months to allow charter schools to come in and access design
22 and site funding.

23 CHAIRPERSON REYES: I think we have folks who want
24 to testify. Board members, do you have any questions as she
25 makes her way here?

1 MS. TOPP: Thank you, Mr. Chairman and members.
2 Moira Topp on behalf of the California Charter Schools
3 Association Advocates.

4 We are certainly very pleased with the item before
5 you. We're proud of the fact that of the money that you did
6 reserve, \$50 million has been put to good use or will be put
7 to good use in the coming weeks and months as the dollars
8 get allotted to us.

9 The staff option before you -- the recommended
10 option before you is to I think -- is supported by us in a
11 sense that it supports the sentiment that these dollars, if
12 you remember, were reserved by the charter -- for charter
13 schools and the Charter School Program a year ago and then
14 again in December and these dollars were identified
15 specifically for charter schools.

16 As you know and we've talked about many, many
17 times before -- I won't belabor the point -- but getting
18 through the process for the application and the construction
19 projects for charter schools is a particularly laborious
20 process.

21 And so while I think we all identified the best
22 guess we could come up with last year of the dollars that
23 could be used, clearly there are some schools that after
24 being on the list for several years did not feel the need to
25 come in and avail themselves.

1 Staff has identified a number of projects that are
2 available and ready for construction today and I think
3 that -- the Association supports the concept of certainly
4 keeping these -- not just keeping these dollars available
5 for charter schools as -- or as recommended by the staff,
6 but in keeping kind of with your sentiment to get projects
7 going as quickly as possible, but to open up those projects
8 for not just site and design but for construction projects.

9 To remind you, the charter schools -- and I think
10 what kind of led up to the reservation of the dollars to
11 begin with, charter schools have received 1.1 percent of
12 dollars in total of the three bonds that you allocate.

13 Just -- the item you're going to hear next is
14 about the -- is appropriating the bond sale from the spring.
15 That was \$630 million. The Charter Program received
16 3.3 million.

17 We remain at a disadvantage. Again we're very
18 happy with the progress we've made, but we do see that there
19 is a great opportunity to use the dollars that are remaining
20 in the charter school reserve account for construction
21 projects and not just for site and design.

22 We think that it should be available on a first
23 come, first served basis to really kind of I think live out
24 the goal that you all as the Board have set to get
25 projects -- to get shovel-ready projects going immediately,

1 as quickly as possible.

2 With us today -- and I know time is very, very
3 brief and we can make them available for questions and to
4 whatever degree you'd like, but there are real schools here
5 that can provide definite testimony to you that they are
6 ready to go, they are construction ready. They can probably
7 meet the deadline even earlier than the 180 days set out by
8 your staff.

9 But we do think that -- again the actions you've
10 take in the last year have jumpstarted the program, but we
11 need to continue the commitment that the State has made to
12 charter schools when they put these dollars into the Bond
13 Act.

14 We have been at a disadvantage in the past. We're
15 getting closer. We appreciate it, but we really do need to
16 take that one next step and keep these dollars moving, not
17 just for site and design but for construction.

18 ASSEMBLY MEMBER HAGMAN: Mr. Chair, if I may.

19 CHAIRPERSON REYES: Mr. Hagman, yes.

20 ASSEMBLY MEMBER HAGMAN: You know, I think the
21 first option is to extend the time period. I'd like to see
22 if we could modify that motion to go ahead and extend the
23 time period and make the money available for site design and
24 construction.

25 MS. MOORE: I'd second it. And the reason I -- I

1 will tell you the reason that I seconded it. First, I
2 really was concerned about the 33 leftover million kind of
3 from Option 2, but given that there is no ability to
4 actually spend that funding in the regular program until
5 possibly when the cert list is available and they could get
6 it to the Board and that could be as early as September and
7 as late as October or November, I'm prepared to support the
8 entire amount going towards charters which we originally
9 designated this funding for and I really encourage those
10 charters that are close to getting out and being able to be
11 shovel ready to move those projects forward.

12 CHAIRPERSON REYES: Okay. It's been moved and
13 second. Any questions or any additional public comment?
14 Seeing none, all in favor say aye.

15 (Ayes)

16 CHAIRPERSON REYES: Opposed? Abstentions? Ayes
17 have it. Thank you. That was Item 15. Mr. Almanza.

18 MR. ALMANZA: Yes. On Item 17.

19 CHAIRPERSON REYES: Yes, sir.

20 MR. ALMANZA: We have some internal discussions
21 that I'd like a little bit more time to complete, so I
22 respectfully request if we could pull Item No. 17.

23 CHAIRPERSON REYES: That's the **Methods for**
24 **Accepting School Facility Program Applications Once Bond**
25 **Authority has been Exhausted.** Okay. Is there objections to

1 pull that one for now?

2 ASSEMBLY MEMBER HAGMAN: Just put it over then?

3 CHAIRPERSON REYES: Just put it over for next
4 month? Okay. Give folks a chance to work this more
5 through. All right.

6 ASSEMBLY MEMBER HAGMAN: And we already did 15 --
7 or 16; right?

8 CHAIRPERSON REYES: Okay. So we're pulling
9 Item 17 in case you're tracking.

10 Before I forget, hey, Bruce, would you stick
11 around afterwards, please, I have a question for you.
12 Thanks. Okay. Back to 16.

13 MS. SILVERMAN: Yes. Reader's Digest version?

14 CHAIRPERSON REYES: Yes, please.

15 MS. SILVERMAN: **Joint-Use** item, again we wanted to
16 share with the Board, part of the Consent Agenda and in the
17 spirit of the money that we committed back in April, we did
18 move three items in the Consent Agenda. That still leaves
19 about over \$536,000 available, but that's from
20 Proposition 1A modernization authority.

21 The next project in line is actually about
22 1.5 million. So what we have available is obviously short
23 of what the district's expectation and at this point in
24 time, we're presenting two options.

25 The first option would be providing them another

1 million dollars to fully fund that project. However, that
2 authority would be coming from Proposition 1D modernization
3 bond authority.

4 The second option is actually to fully fund all
5 the projects that remained on the joint-use application list
6 and that would require an additional 5.7 million in bond
7 authority.

8 And so just wanted to highlight to the Board. We
9 have over \$32 million that we're oversubscribed in the
10 modernization program. So in essence you'll be -- we fully
11 fund these projects in the joint-use category, you will be
12 actually taking projects that are currently on the
13 modernization workload list that are going through the
14 processing pipeline and you will be moving them over to the
15 oversubscribe list.

16 So the options before the Board is those items
17 that staff recommends denying the request for Options 1 and
18 2.

19 CHAIRPERSON REYES: Before we go to Mr. Hagman and
20 Ms. Moore, here -- basically from my perspective is the way
21 I look at it.

22 For over a year, we've looked at this transfer of
23 4.5-. We finally got there, but the question then to the
24 Board is do we want to transfer additional resources beyond
25 those 4.5- that we spoke about.

1 My view is that all we ever said we would
2 transfer -- where we would be transferring from is
3 modernization fund which is already oversubscribed. So if
4 we were to provide additional resources for joint use, it
5 comes from folks who -- the oversubscription would just be
6 that much greater of folks who would be online waiting.

7 So my preference would be there's 500- or so left.
8 If the next project wants it, they can have it. If not,
9 then go to the next one until somebody takes it and if not,
10 it stays in the modernization fund. That's my view.

11 Mr. Hagman.

12 ASSEMBLY MEMBER HAGMAN: So moved.

13 MS. MOORE: I have a question, however, if I may
14 be a little contrarian on that one.

15 But is this -- in Option 1 is the million extra,
16 is that cash? Is that -- I mean if we were to approve
17 Option 1, is that cash and would this project be able to go
18 forward right now.

19 MS. SILVERMAN: That's cash.

20 MS. MOORE: And here's my concern. We just had
21 two issues where we are not able to fund projects because of
22 our mechanism right now in place where those lists expire.
23 So nobody else is going to get cash in this program until
24 September or October perhaps and that's -- you know, that's
25 leftover money. We'd have that in September and October and

1 if there's a bond sale, we'd have even more.

2 This is a project -- and I agree with you. I
3 think we -- we made an agreement on this Board for the three
4 that we're funding on Consent.

5 But this another project that if we give it the
6 million now, it's a project and it can -- and it has cash
7 and it can go out and either -- it's reimbursement or it can
8 go out in the economy and the cash is working for us.

9 Otherwise the million dollars in cash waits around
10 until September to work for somebody else and so I'm
11 prepared to support one more project completely funded for
12 the additional million in cash.

13 CHAIRPERSON REYES: So you have a substitute
14 motion for the million.

15 MS. MOORE: I do and I'll just try that.

16 CHAIRPERSON REYES: Okay. Substitute motion for
17 the million. Is there a second?

18 MS. BANZON: Mr. Chair, I'd like to say something
19 before you vote on this.

20 CHAIRPERSON REYES: Yes.

21 MS. BANZON: The 1 million is a Proposition 1D
22 funding and there was an AG opinion in fact that the joint
23 use can only be funded -- was limited to the 1998 Bond Act
24 which the 1D is a 2006 Bond Act.

25 And so what this means is if you were to extend

1 the 1 million and fund joint use, there may be a risk to the
2 Board. I just want to --

3 MS. MOORE: Are you saying we have an option
4 before us that's not legal?

5 MS. BANZON: Well, I'm just trying to -- yeah,
6 it's a questionable option that you have right now.

7 CHAIRPERSON REYES: But we got approval from the
8 AG and we got the Treasurer who was asking for that legal
9 opinion. So I'm comfortable with that.

10 You look like you want to come up and say
11 something, so go ahead. The mic is yours.

12 MS. LOSKOT: Good afternoon, Chairs, members, and
13 staff. My name's Corrine Loskot, representing Corrine
14 Loskot Consulting, and I'm here on behalf on the Redondo
15 Beach Unified School District and I want to thank you very
16 much for funding the three projects on the Consent Calendar.
17 Our Adams Middle School joint-use gym was on that.

18 The fourth project on the date ordered list is the
19 Parras Middle School joint-use gym and I believe it's the
20 one that Ms. Moore was speaking about and it's the one could
21 actually use your cash. It's the one that has a request for
22 1.5 million.

23 We are by no means feeling entitled to this money.
24 We respect the AG opinion, respect your initial effort to
25 get the three funded. We just thought we're reiterate some

1 of the points that we put in our letter requesting your
2 support and consideration, wanting everyone to understand
3 that this project is a very successful project along with
4 the Adams project. They're both constructed now and in use.

5 This money, however, would still go to work. Any
6 dollars from the State Allocation Board would actually
7 backfill what the district front-end funded for the State's
8 share and go towards the next project in their capital
9 program. It still means jobs. It still means positive
10 things for the economy.

11 So the partial funding that we might be offered if
12 there is no action in support of Option 1 is less than
13 20 percent of the actual cost of this project. So it's a
14 tough spot for the district to be in. Certainly better than
15 nothing, but it's a tough spot for the district to be in to
16 say we'll take \$536,000 of what's effectively a more than
17 \$4 million project.

18 So what we're here asking for is just your
19 consideration for the full funding of that project. It is
20 1.5 million and the district really just wants to thank you
21 for the funding of the Consent item as well. And I'd be
22 happy to answer any questions.

23 CHAIRPERSON REYES: Somebody else also?

24 MS. BECKER: Christina Becker with Santee Schools
25 and I'm the Director of Maintenance, Operations, Facilities,

1 and Warehouse. And I'm here to thank you because we've done
2 so many joint-use projects. You have no idea what it's done
3 for our community and the economy in our area.

4 What I did is yesterday when I saw the grappling
5 decision and the cons that were in that action item because
6 it's my remaining projects that are all on that list also is
7 thank you for funding the third project which is ours. We
8 can't wait to get that going and that I removed four
9 projects from that list and asking -- my recommendation is
10 if you could find 3.3 million, if I did my math right, and
11 to fund the project ahead of us and the ones that I have
12 already DSA approval from and what I have my board and my
13 community saying these are the most important to us, we
14 would love to see that.

15 But I know that I have projects on that unfunded
16 list too. And it has been a hope in our hearts for this
17 year saying well, they haven't sent back those joint-use, so
18 maybe, you know, there's a chance.

19 And so many things happen every month that it's
20 hard for me to even understand all the funding, that if you
21 have to make a tough decision, could it be that you don't
22 sent them back and see if there's a way to find 3.3-
23 before -- you know, some day instead of saying it's all done
24 and dead. And I thank you for your time.

25 CHAIRPERSON REYES: Thank you. Okay. So we have

1 a motion for a million. Is there a second? There is no
2 second. Okay.

3 So then procedurally the way it would work is
4 there's this 537,000 and then staff would then offer that up
5 to the next in line.

6 Thank you, Lyle. Okay. I always think that my
7 voice carries without a microphone. That's just my own
8 hearing.

9 So there's no second to the motion of transferring
10 a million dollars. So procedurally what would happen then
11 is there's 537- available that will be made available to the
12 next project if they so choose to take that money. If not,
13 then it goes to the next and the next and so forth until the
14 537- is spent; is that correct?

15 MS. SILVERMAN: That's correct. However, if no
16 one takes the money, then it stays in Proposition -- excuse
17 me -- it stays in --

18 CHAIRPERSON REYES: In the modernization funds so
19 to fund half a million worth of modernization projects.
20 Okay.

21 MS. SILVERMAN: Right. And then the other
22 applications will have to be returned.

23 CHAIRPERSON REYES: Yes. And that was my second
24 point. So then we don't have this false hope that we don't
25 have money for that anyhow. Okay.

1 So that's kind of where we are on that item.

2 Thank you.

3 And my motion doesn't even require a -- I mean my
4 comment doesn't even require a motion. Thank you,
5 Mr. Hagman.

6 All right. Next item is then -- you asked for 17
7 to be pulled to work some stuff out. Tab 18.

8 MS. SILVERMAN: It's the **Report** section.

9 CHAIRPERSON REYES: The Report section. I think
10 that's it for Board action items; is that correct?

11 MS. SILVERMAN: That's correct.

12 CHAIRPERSON REYES: Anything that's pending?
13 Thank you. Thank you, Mr. Hagman, appreciate your presence,
14 sir. Senator Hancock, hope you feel better. Thank you so
15 much for making it on such a difficult day.

16 SENATOR HANCOCK: Well, thank you too.

17 Mr. Chairman, I'll see you all next --

18 CHAIRPERSON REYES: Yes. Thank you, Hans, for
19 taking care of her. Reports. Thank you. Mr. Watanabe.

20 MR. WATANABE: We're on Tab 18, page 437 in your
21 books. This report to the Board is just to kind of
22 highlight to the Board -- it came as a result of some
23 discussions we've had on the new construction subcommittees
24 and at the Board and some of the projects moving off the
25 unfunded list.

1 Right now, the regulations do not provide a
2 process for moving projects off the unfunded list once
3 they're approved by the Board.

4 So what we've done is we've kind of summarized on
5 page 437. We've now had four priority funding rounds where
6 districts had the option to participate in the priority
7 funding process.

8 And what we did is took a look at that list and
9 looked for consistently -- districts that consistently said
10 no to participating or opted not to participate.

11 And what we found is -- in that table on 437 is
12 there's currently 143 projects on the unfunded list that
13 have said -- that have chosen not to participate in the
14 priority funding round in the last two rounds we've had.

15 Further as a subset of that, 81 projects chose not
16 to participate in the last three rounds. And further as a
17 subset of that 143, 21 projects have not participated in any
18 of the funding rounds that we've had so far.

19 Now on page 438, we kind of break up those
20 categories to show that these projects are in a variety of
21 categories. They're not just new construction or
22 modernization. They're also in career tech, Overcrowded
23 Relief Grant Program. We have charter projects on the list.

24 This is just for informational purposes. We have
25 not analyzed the data in terms of like why these particular

1 districts are on the list -- have chosen not to participate.
2 We've heard anecdotal information, but that's about it at
3 this point.

4 So with that, I can field any questions.

5 CHAIRPERSON REYES: Any questions from Board
6 members? Any public comments on this? Okay. Moving on.

7 MS. MOORE: Well, I just have a comment. As -- I
8 guess I would want to know moreover why they haven't moved
9 and with the opportunities. There could be a lot -- a
10 variety of reasons, but I think it would be important to the
11 Board to know that.

12 You know, we have the 18-month stipulation in law
13 and such, but as we get closer to drawdown of allocation and
14 we're facing two years of -- before the potential of another
15 bond -- a bond on the ballot, it's going to get critical
16 that projects that are taking up authority are moving --
17 are -- we consider those.

18 And I think it has to go hand in glove with the
19 other issue of the unfunded list. Now we didn't talk about
20 that today, so we'll talk about it at our next Board
21 meeting.

22 But those two issues are intertwined and I would
23 think that when we talk about the unfunded list at the next
24 Board meeting that we're talking about this issue because
25 they're intertwined.

1 And if we -- you know, it depends on how we treat
2 that unfunded list as to how this issue might be solved, but
3 I do see an issue for those districts that may be ready to
4 go and for whatever reason districts are sitting in front of
5 them and have not availed themselves to the bond authority
6 for four different times and I just think we're going to
7 have to consider that.

8 And, you know, before I thought particularly when
9 we did our first priorities in funding and I think we
10 wanted -- you know, districts were very good partners in
11 moving forward on a new program. This program's been in
12 place for, what now, two and a half years and we're going to
13 come to a time where authority and then cash are very, very
14 valuable.

15 So I -- thank you for the report, but I think we
16 should consider it hand in glove when we consider the
17 unfunded approval list as well.

18 CHAIRPERSON REYES: Thank you, Ms. Moore. Next
19 item.

20 MS. SILVERMAN: Tab 19 is the **90-day workload**
21 **report**. Do we have any questions on that item?

22 CHAIRPERSON REYES: No.

23 MS. SILVERMAN: Seeing none, that -- we wrap it
24 up.

25 CHAIRPERSON REYES: 20. Okay. Is there any

1 public comment? Lyle.

2 MR. SMOOT: Good afternoon. This is about the
3 agenda item you've held over. Excuse me. I think it's
4 No. 17 -- until next month.

5 When it comes back, there's an issue about the
6 first three options that are on that item that I question
7 their legality -- the ability of this Board to create any
8 one of those three options and I'd like to see legal counsel
9 opine as to whether any one of those first three options are
10 legal in the final discussion about that issue.

11 CHAIRPERSON REYES: Thank you, Lyle.

12 MR. SMOOT: Thank you.

13 CHAIRPERSON REYES: Anybody else? Okay. Thank
14 you. Seeing none, meeting's adjourned. Thank you,
15 everybody. Members that were here from the beginning, I
16 appreciate your participation and apologize for the
17 rushness, but we clearly lost those legislators. Thank you.

18 (Whereupon, at 5:09 p.m. the proceedings were recessed.)

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