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CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

STATE CAPITOL
ROOM 444
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, AUGUST 28, 2013
TIME: 4:03 P.M.

Reported By: Mary Clark Transcribing
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APPEARANCES

MEMBERS OF THE BOARD PRESENT:

ERAINIA ORTEGA, Chief Deputy Director, Policy, Department of Finance, 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 LONI HANCOCK

SENATOR CAROL LIU

ASSEMBLYMEMBER JOAN BUCHANAN

ASSEMBLYMEMBER CURT HAGMAN

ASSEMBLYMEMBER ADRIN NAZARIAN

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer
BILL SAVIDGE, Assistant Executive Officer

REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer
JUAN MIRELES, Deputy Executive Officer

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

JONETTE BANZON, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON ORTEGA: I'm going to go ahead and call the meeting to order. It's a little past 4:00, so I think we should go ahead and call the roll.

MS. JONES: Certainly. Senator Hancock.

SENATOR HANCOCK: Here.

MS. JONES: Senator Wyland.

Senator Liu.

Assemblymember Buchanan.

ASSEMBLYMEMBER BUCHANAN: Here.

MS. JONES: Assemblymember Hagman.

Assemblymember Nazarian.

Esteban Almanza.

MR. ALMANZA: Here.

MS. JONES: Kathleen Moore.

MS. MOORE: Here.

MS. JONES: Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Erainia Ortega.

CHAIRPERSON ORTEGA: Here.

MS. JONES: We have a quorum.

CHAIRPERSON ORTEGA: Thank you. Quickly I'll just start by saying I'm Erainia Ortega. I'm the newly-appointed Chief Deputy Director at the Department of Finance and I'm

1 here representing the Director, Ms. Matosantos.

2 I want to just say quickly we're going to one item
3 out of order. Senator Hancock has a time constraint and
4 she's asked that we take up Item 8 now, which we will do,
5 and then we'll head back to the next item as soon as we wrap
6 that one up. So Item 8, the **High Performance Incentive**
7 **Grant**.

8 MS. SILVERMAN: Good afternoon. We wanted to just
9 briefly give the Board an overview of the High Performance
10 Incentive Grant Program.

11 And just wanted to explore options on how we could
12 evaluate providing those grants to other participants in the
13 program. And just a brief history that Proposition 1D
14 provided over a hundred million dollars for the High
15 Performance Incentive Grant Program.

16 Again it's just an add-on grant that was based
17 around some of the new construction and modernization
18 projects and the goal was to promote the use of design
19 materials for the energy efficiency, water efficiency,
20 maximize the use of natural lighting, indoor high quality,
21 use recycle materials, and the list is on -- very extensive.

22 The program has been available to new construction
23 and modernization, the Career Tech Educational Program, the
24 Overcrowded Relief Grant Program, the Critically Overcrowded
25 School Grant Program, the Charter School Program, and the

1 Facility Hardship/Seismic Program which is currently -- the
2 regulations were adopted by the Board. They're going
3 through the Office of Administrative Law review right now
4 currently.

5 There has been changes in 2010 that have increased
6 the participants in the program and that was actually to
7 incorporate additional points and also incorporate a base
8 grant into your projects.

9 So the status of where we're at right now
10 currently, out of the original 100 million, we still have
11 \$38.4 million available in this program. And so what really
12 are our options that we could potentially explore and we
13 wanted to do an intake of the projects that we have
14 in-house. We intaked and reviewed -- we recently filed
15 Overcrowded Relief Grant Program. We actually have seven
16 projects that have a High Performance Incentive Grant
17 associated with those requests as opposed to the 14 that was
18 noted in the item.

19 So that's nearly 2. -- excuse me -- nearly
20 \$3 million in requests in that area. And so based on the
21 higher density and the awards on the priority system as
22 such, we're not really clear if those grants will be awarded
23 to those applicants because we're currently reviewing the
24 high density area for those projects right now.

25 And so we just wanted to give the Board an update

1 as potentially some of those projects that are in the
2 pipeline.

3 We also wanted to acknowledge there are projects
4 that are sitting on the lack authority bond list.
5 There's -- in two categories of the new construction and
6 modernization, but those projects currently can't access the
7 program. But they have requests up to \$8.1 million.

8 And we do have the acknowledged list, meaning
9 those are applicants came in past November 1st and which
10 we're no longer processing those applications. We have
11 \$650,000 in requests associated with those projects.

12 So how can we access the program or provide some
13 opportunities. What we have before us is two potential
14 options at the -- or could explore or where there requires
15 legislative action. That would be to provide the funds to
16 another program, but that would require a two-thirds
17 legislative vote.

18 That would actually provide the ability to apply
19 the funds with that approved initiative to other programs
20 within the School Facilities Program. And again that
21 requires a legislative change.

22 And another thing that we wanted to highlight is
23 as effective January 2011, CALGreen has been a program that
24 has been mandated and the measures as it applies to new
25 projects that are being built. So they must comply to all

1 the CALGreen code and that's how it exists right now in the
2 current structure of CALGreen.

3 So that is really the option before -- one of the
4 options before the Board.

5 The other option is whether or not we have the
6 ability to bifurcate the grant. Currently, as we process
7 applications, it generally moves forward with another
8 component of a project meaning new construction or
9 modernization or other program that has bond authority.

10 The Board has never really treated these
11 bifurcated grants in any manner. So how do we deal with
12 that. And so one way we can deal with that is you would
13 have to process that via regulations. We would still have
14 to potentially process the application, provide the award to
15 the HPI Grant -- High Performance Incentive Grant, place the
16 project on the unfunded list, and then you move the other
17 portion of the project that we have no bond authority and
18 you place that on the -- what we have no bond authority
19 list.

20 So they would have to -- we can't accept those
21 applications currently. So you would have to figure out a
22 mechanism to place those on the list.

23 So -- but the issue associated with that is we
24 would still have to process the application in its full
25 capacity, although that would be a conflict with the current

1 regulations.

2 The current regulation that was adopted by the
3 Board was to no longer accept applications or process
4 applications beyond the bond authority as it relates to new
5 construction and modernization.

6 So that's something that we would have to try to
7 figure out, whether or not there's a mechanism in place to
8 deal with that.

9 Another question that was explored at one point in
10 time is whether or not the High Performance Incentive Grant
11 could be a standalone grant program. I think that's
12 something that we actually did discuss with legal counsel.
13 It believes that the Bond Act may have some restrictions
14 associated with that and it's not really constructed in a
15 manner that we could actually place that as a solo program,
16 so -- and it's always been coupled with a new construction
17 or modernization project.

18 So there may be some conflicts there in the
19 statute and in the bond provisions. One of the other
20 considerations is in accordance with the Ed Code, it does
21 talk about the full and final provision and whether or
22 not -- if we do -- the Board decides to go down that path of
23 processing the application and placing on the unfunded list
24 and allowing that project to have the ability to access the
25 cash, there's a full and final provision -- is that adopted

1 in the project, meaning there's no -- perhaps no ability for
2 us to activate the project -- the portion of the project
3 that has no bond authority. So that's something that we
4 would have to try to work out as far as that statutory
5 requirement.

6 So I think the full and final provision is
7 something that we definitely need to explore.

8 On page 104, again it's just the process of how we
9 would adopt the construct of processing a High Performance
10 Incentive Grant that has no bond authority. That's laid out
11 there.

12 Again we would have to figure out a mechanism to
13 process that grant and create -- the portion of the project
14 that has no bond authority either on a true unfunded list or
15 an acknowledged list.

16 So -- another item that we do definitely want to
17 share is out of the numerous projects that we process in the
18 Proposition 1D program, there has been a 12 percent
19 participation rate in the High Performance Incentive Grant.
20 So it's a voluntary program. It's not a mandate that
21 districts have to participate. It has to be obviously an
22 option that the district wants to pursue.

23 So we've had a marginal amount of participants in
24 the program. With that in mind, again some of the
25 considerations is whether or not the portion of the project

1 that has no bond authority, whether or not that creates an
2 obligation on the State, something that we would definitely
3 have to explore. We made need to get some clarification on
4 the full and final provision as it's constructed currently.

5 We also do have program bond authority in the
6 Charter School Program and we also have the ability to
7 access the High Performance Incentive Grant through other
8 means in facility hardship, again the Seismic Program.

9 And I did send a note out to all of our members
10 during the week that we have 120 plus million dollars in
11 projects that are currently going through a review process
12 for seismic mitigation and some of those projects could have
13 some components of the High Performance Incentive Grant.

14 So I just wanted to provide you a little bit of
15 background about what our options are.

16 CHAIRPERSON ORTEGA: Thank you. Are there any
17 questions?

18 MR. ALMANZA: So on the HPI Grant Program, what's
19 been the average grant award?

20 MR. MIRELES: It's been -- on average, it's been
21 about \$285,000 per project that qualifies High Performance
22 Incentive Grants.

23 MR. ALMANZA: So with 35 million left, that would
24 be what, a hundred plus?

25 ASSEMBLYMEMBER BUCHANAN: 140.

1 MR. ALMANZA: 140 projects. With a 12 percent
2 participation rate, we're talking about 11-, 1,200 projects?

3 MR. MIRELES: Potentially.

4 ASSEMBLYMEMBER BUCHANAN: Yeah.

5 MR. ALMANZA: And how many are in the pipeline?

6 MR. MIRELES: There's -- as Ms. Silverman
7 mentioned, there's two lists that we have. We have some
8 that are on the unfunded list, which these are projects that
9 don't have bond authority but have been approved by the
10 Board. There's about -- a little over \$7 million that are
11 requested and there's \$650,000 that are requested on the
12 projects that are on the acknowledged list.

13 MR. ALMANZA: The number projects there -- total
14 number.

15 MR. MIRELES: Oh, 15.

16 MR. ALMANZA: 50.

17 MR. MIRELES: Well, 15 that requested High
18 Performance Incentive Grants.

19 ASSEMBLYMEMBER BUCHANAN: 15.

20 SENATOR HANCOCK: 15 or 50?

21 MR. MIRELES: 15.

22 SENATOR HANCOCK: 15.

23 MR. MIRELES: 25. I'm sorry.

24 MS. MOORE: I have a question.

25 ASSEMBLYMEMBER BUCHANAN: Oh, go ahead.

1 CHAIRPERSON ORTEGA: Assemblymember Buchanan.

2 ASSEMBLYMEMBER BUCHANAN: I think, you know,
3 getting two-thirds of the Legislature to approve putting it
4 into one of the other programs sort of -- well, we know
5 there's to be ample more new construction and
6 modernization -- doesn't really use the money for the
7 purpose it was intended. So I'm not sure that's the
8 direction we want to go.

9 So now we have a situation where we have some
10 money. We'd like it to be used for high performance
11 purposes, but our guidelines are for whatever reasons --
12 some of it probably is because the amount of money that we
13 give out, the grants aren't really high enough, I don't
14 think, to provide the kind of incentives that we really need
15 for schools and some districts are going through with it
16 regardless.

17 So we want to -- I think we all hopefully share an
18 objective that we want to get the money out to high
19 performance projects.

20 Now, I don't want to have to process new
21 construction and modernization applications and spend all
22 that money until we sort of have clear guidelines or
23 whatever in terms of the next bond because there is a cost
24 to all of that.

25 But I do I think share the Senator's goal of

1 getting this money out to being used and given that we have
2 Prop. 39 dollars that schools are going to be receiving,
3 this seems to me like an optimal time to be able to leverage
4 those dollars.

5 And so, you know, I don't know if there is a 2A
6 option because I would like to be able to actually allow
7 districts to apply for the high performance amount without
8 having to go through the full new construction or
9 modernization. Okay. And I know we have two sort of
10 conflicting opinions on this that we may or may not need to
11 get resolved, but when I read the full and final language, I
12 think we sort of find ourselves in a situation where this
13 language was written before the HPI Program was designed.

14 And when I read it, it clearly I think was written
15 at a time where it was designed to deal with new
16 construction because it says, you know, full and final
17 contribution to the project and for eligibility for State
18 facilities funding represented by the number of unhoued
19 pupils for which the school district is receiving the State
20 grant.

21 So you actually don't even have unhoued pupils in
22 a modernization program. So we're sort of applying that to
23 our different programs and I think maybe it was written at a
24 time where it was -- we were really talking about new
25 construction.

1 So I don't know if we need another opinion, but I
2 would love to see a solution that's narrow enough that we
3 can get the money out for high performance projects as
4 standalone projects, particularly leveraging the Prop. 39
5 dollars. And if we do need an opinion, I'm -- you know, I'm
6 willing to move there, but I would like to see us move
7 forward with some kind of regulations at least so we can
8 begin to -- I mean we still would have time to approve them,
9 but so we can begin to move forward in this area and
10 actually get the money out.

11 CHAIRPERSON ORTEGA: Ms. Moore and then --

12 MS. MOORE: I'm going to withdraw for now. Go
13 ahead.

14 CHAIRPERSON ORTEGA: Okay. Assemblymember Hagman.

15 ASSEMBLYMEMBER HAGMAN: Thank you, Madam Chair.

16 Well, when I looked at this too, I was -- you know, I think
17 we all desire the same thing. Let's see if we can get these
18 monies going.

19 I'm very concerned -- and we talked about this in
20 depth -- about making the unfunded list where it's
21 obligation to new dollars we have coming in the future
22 because I don't want to go there.

23 We just don't know what that new bond, if a new
24 bond, what it's going to look like, same qualifications
25 going. So if that side of it is not open for us to go

1 there, I don't want to -- besides this -- you're qualifying
2 at a simple, basic level, I don't want to go that far.

3 I do think we're talking about a small amount of
4 money for each school compared to the millions that are
5 going out each year under Prop. 39 for the next five years.
6 So it really makes a lot of logical sense to somehow tie
7 that into supplementing or putting the -- filling the blanks
8 of what Prop. 39 may or may not qualify for through CDC when
9 they finally get their nine-month version or get the
10 regulations out to get people to apply for the dollars.

11 There are going to be some things that's not going
12 to be -- probably they're going to look at and say that
13 doesn't really qualify, but it really makes sense to do at
14 the same time, i.e., put new insulation when we're putting a
15 new air conditioning unit in or simple things like that.

16 And since we have the potential of legislation
17 coming out at the beginning of next year for this next
18 session, what I asked when I got briefed was, you know, can
19 we look at some of these applications coming in at the end
20 of the year through CDC for Prop. 39. I mean Prop. 39 has
21 been 500 million -- 38 million over the next couple years
22 versus 500 million a year. It's really pennies compared to
23 all of it, but it can be maybe something structural. It
24 could be something that is not going to be covered by CDC
25 well that can go very quickly together with that, not

1 necessarily with -- and if we need to do something either
2 legislatively or regulations, we'll know a little more
3 information there so as those applications start coming by
4 the end of year.

5 So in January or February when we're drawing up
6 the potential language for a new bond and whatever things we
7 do with these pots of money that's left over, we try to put
8 them there, we have more information to do it that way.

9 So I guess I'm making a motion to kind of just
10 study it until we get through the end of this year and with
11 the -- try and get some back -- some feedback from staff on
12 Prop. 39 as well as anything else.

13 I mean the projections are, even if you put some
14 away, you're going to have 20 million left over probably
15 that's going to be out there. We just don't want it to be
16 sitting there for a couple years while the bond goes out,
17 but -- or until we get new bond dollars in.

18 But at the same time, you have the obligation to
19 process the requests you have to the rest of the pots of
20 money, so you still have to put some money away for that as
21 well.

22 CHAIRPERSON ORTEGA: Senator Hancock.

23 SENATOR HANCOCK: Yeah. Thanks very much. I
24 know, this has been an ongoing saga, trying to figure out
25 how to get this money out.

1 And I think one of the problems was we didn't
2 really know how to market it or talk about it in ways that
3 would be intelligible to schools that are facing a myriad of
4 challenges. Just even the little discussion we had here
5 today, you can see it becomes very technical and somewhat
6 difficult.

7 So I've been trying to think about how we can do a
8 variation on Option 2. The problem has been that the
9 regulations that we set in place -- not necessarily the bond
10 language -- has led to a legal counsel opinion that we can't
11 do standalone grants because if we could, we could easily
12 have this money spent.

13 It has to be attached to some other grant category
14 and we could really do a number of things. We could change
15 the regs so that it's a standalone category or we can do a
16 variation on No. 2 that we change the regulations that would
17 allow us to approve and fund the existing High Performance
18 Incentive Grants for which we no longer have authorization
19 to fund the rest of the project. In other words, they are
20 tied to some category that we have, but we don't have -- it
21 would be projects that are on the unfunded list, but they
22 have been approved.

23 The motion would read this way -- and I'm very
24 open if people want to change the regs and have standalone
25 grants because I think that would be simpler, but let me

1 just try this motion which is based on Option 2, which would
2 be that we request the staff to bring back to the September
3 Board meeting regulatory language authorizing the Board to
4 approve and fund High Performance Incentive Grants that are
5 part of the new district modernization or construction
6 applications and that are currently on the true unfunded
7 list or the acknowledged list, which means we've looked at
8 them. The regulatory changes would also provide that the
9 high performance incentive portion can be funded without
10 triggering a full and final designation, achieving a
11 de facto standalone, thus providing for the main application
12 to retain its standing until there's another bond.

13 And I would suggest including language that would
14 direct the staff to recommend an increased bond amount
15 because I think those issues are very well taken about the
16 fact that it may have been too technical and too little for
17 the hoops that we were asking people to jump through.

18 MS. BANZON: Madam Chair, may I speak?

19 CHAIRPERSON ORTEGA: Yes, Counsel, please.

20 MS. BANZON: I would just like to state that the
21 standalone -- that the statute specifically states that the
22 HPI Grant has to go through the SFP, the Leroy F. Greene
23 Act.

24 So for the Prop. 1D appropriations, the funds have
25 to go through the Leroy F. Greene Act. So it's statutory.

1 It wasn't an opinion.

2 The other thing is if you do a regulation that
3 allows for the HPI to be funded outside of -- allows for the
4 acknowledged list but then have HPI to be funded, you will
5 hit the full and final statute.

6 The full and final statute is kind of new -- was
7 for the funding by the State to be done on a one-time basis.
8 So the issue would be if you fund HPI, then the districts
9 will only be receiving the HPI.

10 The districts will have to certify that based on
11 HPI and their local funds, they're going to be building the
12 school. Then they cannot come back for the rest of their
13 project funding. That is the problem that we have at this
14 point.

15 So in my opinion, we would want to get
16 clarification from the Attorney General or maybe an opinion
17 from the Attorney General as bond counsel to give us a
18 determination on whether that is in fact a real issue.

19 CHAIRPERSON ORTEGA: Yes, Ms. Moore.

20 MS. MOORE: So when you say that it has to go
21 through the Leroy Greene Act, can it go through the Leroy
22 Greene Act as a High Performance Grant?

23 MS. BANZON: The High Performance Grant funding
24 has to go through and be part of a project for new
25 construction and modernization. So it is not separate from

1 a project. It is an incentive to a project.

2 CHAIRPERSON ORTEGA: Yeah. Assemblymember
3 Buchanan.

4 ASSEMBLYMEMBER BUCHANAN: Go ahead --

5 MR. DIAZ: Out of curiosity then, if there were
6 the legislation to address that, what's the vote? Is it
7 two-thirds as well?

8 MS. BANZON: That is what the statute requires,
9 yes, two-thirds vote.

10 ASSEMBLYMEMBER BUCHANAN: Well, this is my issue.
11 If you pick out -- and then we made a conscious decision
12 that we were going to have a -- you know, an acknowledged
13 list where we weren't going to take up staff time and the
14 money and the cost to process applications.

15 So if we process -- go through all that time and
16 cost to process applications just to fund the HPI portion,
17 then, one, you're incurring the costs, but, two, you
18 potentially then are taking some projects and processing
19 them in a higher order than others and -- which is why if
20 it's possible, whether it requires legislation or whether it
21 requires an AG opinion, it seems to me that being able to
22 fund high performance projects on a standalone basis,
23 particularly when we can us that to tie in with Prop. 39, is
24 the direction we want to go.

25 Clearly don't want to trigger the final language

1 because, you know, no district would apply for it if they
2 had to give up all of their modernization or new
3 construction language.

4 But -- you know, and just processing the ones that
5 are currently on the list, if you don't get into processing
6 the applications or the others, you know, those will get
7 funded in due time regardless because they're only --
8 they're on the list because we have dollars, doesn't help us
9 exhaust the money that's there even though it's not a huge
10 amount.

11 So I still would like to see if there's a way, you
12 know, we can develop regulations. If it's possible to fund
13 on their own, me may -- and then maybe we need an AG
14 opinion. I don't know. We could certainly have regulations
15 developed at the same time we're getting that opinion so
16 that we can be ready to go and we can fund these projects.

17 And if it requires legislative action, then maybe
18 that's something that we have to consider. But I just
19 don't -- I think at this point in time, if we're going to
20 move forward, we do -- are going to have to have some way to
21 bifurcate.

22 Whether we're funding that portion and then
23 holding the other, we've got to have some way that we can
24 legally do that.

25 SENATOR HANCOCK: You know, that is what I was

1 trying to do with this language that said that the
2 regulatory language that would be drafted would say --

3 ASSEMBLYMEMBER BUCHANAN: Right.

4 SENATOR HANCOCK: -- would not trigger the --

5 ASSEMBLYMEMBER BUCHANAN: Well, I don't know --

6 SENATOR HANCOCK: -- the full and final.

7 ASSEMBLYMEMBER BUCHANAN: -- if regulatory
8 language can supersede statute. So that's the problem and
9 there seems to be some disagreement about that. So we have
10 to figure out if we want a legislative fix and we want to go
11 in and do something with the two-thirds there.

12 I mean the two-thirds, you can have --

13 SENATOR HANCOCK: Yes.

14 ASSEMBLYMEMBER BUCHANAN: -- an urgency or if we
15 want to get an AG opinion, but if we're -- if we all agree
16 we'd like to be able to get the money out on a standalone
17 and put it to use, then we're going to have to figure out
18 how we do that in a way that's legal.

19 ASSEMBLYMEMBER HAGMAN: Well, then let's -- let's
20 look at it this way then.

21 First of all, this has been a very small limited
22 amount of money over billions and billions and billions of
23 dollars' worth of projects that no one's applied for. So
24 frankly how much need is there and I ask that question -- I
25 was going to bring -- I know there's no application process,

1 but we're talking about \$200,000 for a district for a school
2 site versus the millions they're getting now with Prop. 39.
3 It's probably not going to be high on their priority list
4 when they haven't applied the last seven or eight years for
5 this money to begin with.

6 But I think it's pretty simple. I think we could
7 go do it this way is, you know, take out the chunk that you
8 think need to satisfy every possible application between now
9 and that the other pools of money goes off, whatever that
10 staff determination is. There'll be a chunk left over,
11 maybe it's 20 million or whatever, and then if we want to
12 try to sit there and tie it into Prop. 39, that seemed
13 overwhelmingly pretty much supported on both sides of the
14 Legislature to redraft that amount of it to try to tie
15 into -- throw into the pile 39 or to have it for zero
16 interest grants or whatever you want to do.

17 We had a lot of discussion on Prop. 39 how to
18 spend those dollars. We could probably put that together
19 fairly quickly and try to get that out without compromising
20 anything that you're doing right now, without starting a new
21 process, without going through new categories, without going
22 through lengthy legal opinions. We still have enough money
23 to finish up anything that's applied for, anything potential
24 on the list, and still get that 20 million out or so.

25 SENATOR HANCOCK: Okay. I put forward a motion.

1 I didn't get a second to the motion. Does anybody else have
2 a motion they want to make so that we could move this
3 forward. I will do virtually anything.

4 I would really love to see maybe a working group
5 of some of us because the staff seems to be flummoxed about
6 how to actually help.

7 ASSEMBLYMEMBER HAGMAN: How about -- I'll try a
8 stab at it. How about this, Senator.

9 Staff come back with their best cap of what
10 they'll spend with the monies retained in the different
11 pools of money we have, paired on applications and what your
12 knowledge is out there that people are looking for.

13 Come up with a balance of those dollars and see if
14 we -- come back with that amount and then we propose to try
15 to get a two-thirds urgency letter through the Legislature
16 to put that in -- to compile it with the Prop. 39 dollars.
17 It's all kind of going to the same kind of goal-- into a
18 separate -- you know, transfer that by Legislature into
19 those funds, either support it or in different category that
20 supports it, whatever we think is the need on that.

21 ASSEMBLYMEMBER BUCHANAN: Can I try and simplify
22 that?

23 ASSEMBLYMEMBER HAGMAN: Yeah. Please.

24 ASSEMBLYMEMBER BUCHANAN: Staff gave us what the
25 projects are and the dollars. So is there a way that the

1 Imp. Committee or someone can come back to us with draft
2 regulations that they're working on over the next couple of
3 months and then subject to a legislative fix or whatever
4 other information we need, then we can adopt those, but at
5 least we'd be ready at whatever time we think we are -- it's
6 all legal that we can go ahead and implement.

7 CHAIRPERSON ORTEGA: I would say that I'm a little
8 uncomfortable with having staff draft regulations at this
9 point because I feel like there's a bit of information we
10 still don't know.

11 I'd rather hear a discussion about the Prop. 39
12 coordination. I'd rather hear a little more about the legal
13 questions, about the full and final, and what the
14 ramifications of truly a bifurcation would mean.

15 So I don't want to have staff spinning their
16 wheels on regulations with some direction here when I feel
17 there are some bigger policy questions that still need to be
18 answered before they could actually move forward with
19 regulations.

20 So, you know, I would not want to give such
21 specific direction to say we're proposing regulations be
22 brought back.

23 ASSEMBLYMEMBER BUCHANAN: So you're looking for
24 either a legislative fix between now and the end of the
25 session or an opinion that would --

1 ASSEMBLYMEMBER HAGMAN: I mean there's a business
2 days during the session. It's --

3 CHAIRPERSON ORTEGA: Yeah.

4 ASSEMBLYMEMBER HAGMAN: -- going to be difficult
5 to get -- even for you guys in 11 days, but --

6 ASSEMBLYMEMBER BUCHANAN: Well, we have bipartisan
7 support.

8 SENATOR HANCOCK: No. But actually an urgency
9 measure I believe is not that.

10 ASSEMBLYMEMBER HAGMAN: Yeah, if you go out there,
11 but we're out -- we're taking off on the 12th. I mean you
12 could do it in January just as easily, but --

13 SENATOR HANCOCK: Wouldn't it be great to let the
14 staff work on this in the fall if we could put something out
15 in a bipartisan way --

16 ASSEMBLYMEMBER BUCHANAN: Right.

17 SENATOR HANCOCK: -- simply to clarify because
18 this isn't bad intentions on anybody's part. It's people
19 stumbling around over their own regulations and trying to be
20 a length of time everything seems to take.

21 ASSEMBLYMEMBER HAGMAN: Well, my motion was pretty
22 simple. Figure out how much you need, leave here, come back
23 with an amount, and then we send it off for legislation in
24 January to be used with Prop. 39 and whatever that way --

25 ASSEMBLYMEMBER BUCHANAN: Well, we don't need an

1 amount for it. We just need authority.

2 ASSEMBLYMEMBER HAGMAN: The leftover authority to
3 it, I guess.

4 SENATOR HANCOCK: I like --

5 MR. DIAZ: Well, why don't we put together --

6 SENATOR HANCOCK: I like that. So that would
7 be -- let me try -- that all of the 11 million odd that's
8 been asked for now, we would fund out of this 38 million and
9 the rest of it, we would essentially fold into Prop. 39 or
10 find a way to use it --

11 ASSEMBLYMEMBER HAGMAN: Yeah. They could come
12 back --

13 SENATOR HANCOCK: -- to enhance Prop. 39
14 allocations.

15 ASSEMBLYMEMBER HAGMAN: -- with a suggested way to
16 use it for administration because everyone's doing the CDC
17 stuff. But remember, there's a little portion of that that
18 was applied for grant dollars already in Prop. 39. It
19 wasn't very much the first year, but each year it builds up
20 a little bit. I think there's 25 million.

21 We could throw in that pot and that way the
22 regulation's already there. This is over and above what the
23 schools get for allocation. They could just apply for that
24 grant dollars in that Prop. 39 part. So that's already been
25 kind of sorted out.

1 ASSEMBLYMEMBER BUCHANAN: I agree with you
2 entirely, but this is the problem is that you don't want to
3 fund these as standalones even though they're already on the
4 list for modernization or new construction if we don't have
5 assurances that either through the legislative fix or an AG
6 opinion that it doesn't constitute full and final because it
7 puts the district's funds at too much of a risk.

8 These projects are going to get funded when the --
9 you know, when the money's there for their apportionment.
10 So they're in and so we're going to fund them.

11 But if we move forward now and fund them on a
12 standalone basis and there's that -- and we don't have the
13 legislative fix, then there's a risk there for the
14 districts.

15 And so that's why, you know, I believe we have --
16 what's clear to me is you're either going to get an opinion
17 or you're going to get a legislative fix. Whether we can
18 somehow get it done this year if there's a vehicle, you
19 know, I think we do that. If not, I think -- well, you
20 never can tell. If not, I think you do it on a urgency
21 basis when we come back, but that way it puts -- that way we
22 know we can fund all of them and it doesn't put any district
23 at risk at a later date.

24 MR. DIAZ: So what I was going to say is also I
25 like the idea of putting together a bipartisan group to work

1 on this issue during the interim, with the acknowledgement
2 that there might be a two-thirds or a bipartisan solution
3 that can come up with an urgency clause and that you can
4 address issue and then come back with a fix in January and
5 get it through real quick, considering that you do have a
6 lot of issues to go through.

7 ASSEMBLYMEMBER BUCHANAN: Well, it's just pretty
8 simple, can you fund it as standalone and then it doesn't
9 count as full and final. It's really --

10 MR. DIAZ: It's writing itself right now.

11 ASSEMBLYMEMBER BUCHANAN: Yeah.

12 ASSEMBLYMEMBER HAGMAN: So --

13 SENATOR HANCOCK: I mean we could ask for an AG
14 opinion, but frankly so much of the opinion is how you ask
15 the question and we've just been through a lot of
16 difficulties being able to agree on the language of a
17 question unfortunately in the past.

18 So it seems like rather than do that which could
19 spread out for another year or so discussing the language of
20 the question, we might want to craft what we think is good
21 policy --

22 ASSEMBLYMEMBER HAGMAN: How about --

23 SENATOR HANCOCK: -- suggested and simply try to
24 get a two-thirds bipartisan vote for that.

25 ASSEMBLYMEMBER HAGMAN: We already got a little

1 subcommittee working on this stuff anyway. We're meeting --
2 couple weeks? We're going to meet before then. You're the
3 chair of that.

4 Let's get something back, put it out there as
5 quick as we can, get approval for it, but we're all going in
6 the same direction. How do we get it from this pot of money
7 over to where people could use it quicker. It sounds like
8 we're all in general agreement with the Prop. 39. It's all
9 kind of the general, same field, and we'll figure it out as
10 quickly as we can. But we aren't going to figure it out
11 right here on the dais.

12 ASSEMBLYMEMBER BUCHANAN: And I would hope,
13 Senator, if you author it, the rest of us come on as
14 co-authors and we --

15 SENATOR HANCOCK: I don't know if I have the
16 vehicle --

17 ASSEMBLYMEMBER BUCHANAN: Well, yeah, we don't
18 know. You're right. We have to --

19 SENATOR HANCOCK: Oh, you're talking about if we
20 did it later.

21 ASSEMBLYMEMBER BUCHANAN: Right. Well, now or
22 later, we have to --

23 SENATOR HANCOCK: It would be great to do it now
24 and everybody wants to look in their portfolio and see --
25 you know, because again, yes, I think there's some policy

1 clarity and the question is how to get there from here.

2 And it might just be to take it into the policy
3 arena is the way to do that.

4 SENATOR LIU: So are you advocating a working
5 group and let the motion be quiet for now?

6 SENATOR HANCOCK: Yeah, I think I am. And -- if
7 it's the understanding that the group would be interested in
8 having some of us work together and checking in with all of
9 you to see if there is something we could put together
10 before the end of session or if there's something we could
11 work on over the interim and get it to happen.

12 ASSEMBLYMEMBER HAGMAN: Well, so I'll make a
13 motion to table this and figure this out and very quickly.

14 SENATOR HANCOCK: We want to be -- no. We want to
15 be -- you know, show that government can be efficient,
16 nimble, and get the job done; right? And if not us, who?

17 CHAIRPERSON ORTEGA: We have some public comments,
18 so --

19 MR. DUFFY: Madam Chair, members, Tom Duffy for
20 the Coalition of Adequate School Housing.

21 We're in support of the idea that is proposed by
22 Assemblymember Buchanan and also by Senator Hancock. Just
23 one thought for you as you look at trying to weave this
24 together.

25 About eight years ago, you had an issue with the

1 State emergency portable program where districts were being
2 encouraged to buy out existing portables, and rather than
3 fully loading a classroom and saying that you had to burn 20
4 or 25, 27 pupil units, you identified a very simple process
5 where you said we'll charge you a unit of student
6 eligibility.

7 And that therefore got to the issue of this is a
8 project and we just subtract a unit of eligibility from new
9 construction or whatever was done. I think it was new
10 construction.

11 So the suggestion here is that as you work on
12 this, if there is this impediment of it needs to be a
13 project under this program and it needs to be attached, you
14 may look at it rather simply like you did at that time eight
15 years ago and identify that we can say apply and we'll
16 subtract a portion of a pupil unit. It then falls under
17 this program.

18 Clearly, with Prop. 39, Member Buchanan, we're
19 looking at existing projects and modifying existing
20 projects. So it may be that a district would have a portion
21 of a unit, pupil grant, from modernization that could be
22 identified.

23 I simply offer that as if you have a legal
24 conundrum here a way of maybe threading that needle -- that
25 clearly you're trying to do something that would benefit us

1 in schools. It would create jobs and it would burn down
2 dollars that are real dollars.

3 And so we think that this is a very positive
4 discussion. If you solved the problem eight years ago, you
5 did, maybe that same solution would be here -- useful for
6 you today.

7 CHAIRPERSON ORTEGA: Thank you.

8 MR. DUFFY: Thank you.

9 MR. ORR: Good afternoon. I'm Bill Orr, the
10 Executive Director of the Collaborative for High Performing
11 Schools. We've been a partner with the State Allocation
12 Board, Office of Public School Construction, and the
13 Division of the State Architect on the HPI Program.

14 It's the CHPS criteria that forms the basis for
15 the allocation of dollars under the HPI that was
16 incorporated last into the regulations that were revised in
17 January of 2011.

18 I'm very -- I applaud the SAB for the discussion
19 that occurred today. It's been something that's been in the
20 offing for about a year since I saw the first graph of when
21 the general construction funds were going to be exhausted
22 and I, on behalf of CHPS, would support the options to
23 basically develop either a regulatory or a statutory fix
24 that would continue using the money for the purpose intended
25 which are high performance schools.

1 It's quite an amazing situation because when
2 Prop. 1D was first passed, everyone was really focused on
3 getting in line and getting the money for the construction
4 funding.

5 I think the HPI dollars play a really important
6 role in bridging the resources that school districts need to
7 build healthy high performance schools in this transition
8 time between State bonds.

9 And so I really applaud the discussion that's been
10 going on here today and would be very happy to be part of
11 that discussion, whether it's a Prop. 39 combination or a
12 regulatory option. But I think this is a very positive
13 direction and CHPS really supports that.

14 ASSEMBLYMEMBER HAGMAN: Madam Chair, may I ask a
15 question?

16 CHAIRPERSON ORTEGA: Um-hmm.

17 MR. ORR: Yeah.

18 ASSEMBLYMEMBER HAGMAN: Since you're very familiar
19 with the HPI Grants and what they're used for --

20 MR. ORR: Um-hmm.

21 ASSEMBLYMEMBER HAGMAN: -- and I'm assuming you're
22 fairly knowledgeable what the Prop. 39 dollars are coming
23 for. If I put like circles that, you know, fit over --
24 overlay --

25 MR. ORR: Um-hmm.

1 ASSEMBLYMEMBER HAGMAN: -- is there anything that
2 HPI will cover that Prop. 39 won't --

3 MR. ORR: There's a lot of things that HPI would
4 cover. In some respects, it would be -- with the amount of
5 money, it's the tail wagging the dog in the relative
6 dollars.

7 The Prop. 39 really focuses on energy efficiency.
8 It does talk about non-energy benefits. The HPI funds are
9 really focused on building healthier high performance
10 learning environments. So it would include energy
11 efficiency, but it would also include indoor air quality and
12 thermal comfort and acoustics and other products that are
13 incorporated into the school.

14 So it's much broader, but it's very complementary
15 to the Prop.39.

16 ASSEMBLYMEMBER HAGMAN: And see -- Madam Chair,
17 what I'm thinking is we're going to have a lot of dollars
18 being spent in local school districts over the next five
19 years on this and I'm talking to the superintendents and
20 it's very -- kind of prescriptive what the CEC wants
21 Prop. 39, which makes sense. That's what the money's for.

22 If there is any way we could detach this -- and
23 that's such a simple process. You submit your plan, you get
24 approved, and you go build it, unlike waiting on these
25 lists, waiting for matching bond dollars, and all this stuff

1 we're having troubles getting these dollars out.

2 We really do need to, you know, fund what we can,
3 then move over there, but maybe have -- take that secondary
4 list that's not covered by Prop. 39, define it a little
5 better, and say these are accompany -- add-on grants that
6 Prop. 39 versus bond dollars.

7 And then as people want to apply for that and they
8 want acoustics but you already got the place torn up and all
9 new wires and air conditioning in, you could add this other
10 portion in versus standalone grants where you got to bring
11 the construction crews out again. You got to reschedule
12 everything. You got to have the classroom shut down as
13 well.

14 So I think that's the direction to go is to try to
15 figure out what those circles don't meet, be a prescriptive
16 for that, and just add it on where you can to the Prop. 39
17 projects, let the schools know it's out there.

18 And I think if you keep it that simple, we don't
19 have an application process. You don't have, you know, much
20 more than we're doing already for Prop. 39. You have some
21 barriers and legitimacy, keep our staff involved and make
22 sure those things are being met. Keep it real fluid and
23 simple and it'll be gone before you know it -- before the
24 administration actually gets the Prop. 39 regulations out.

25 CHAIRPERSON ORTEGA: Thank you.

1 SENATOR LIU: Well, then, Madam Chair, you know, I
2 would support having that working group and perhaps
3 Assemblymember Hagman and Senator Hancock, maybe Mr. Diaz
4 and some folks that are interested in working on this
5 project and clarifying it and trying to massage it and come
6 back to us either in 11 days or --

7 ASSEMBLYMEMBER HAGMAN: Or less. Well, if the
8 Senator and I could agree upon it, then it means everyone's
9 going to agree upon it, so it should be good.

10 SENATOR LIU: All right. But, you know, to come
11 back and make recommendations for the full Board and work
12 out some of these --

13 ASSEMBLYMEMBER HAGMAN: Madam Chair, I'll make a
14 motion to table it and I'll get in contact with the
15 Senator's office next day or two, see if we can't set up
16 something very quickly and do everything we have to do to
17 get another --

18 SENATOR LIU: Great. Thank you.

19 CHAIRPERSON ORTEGA: Anything else on this item?
20 Let's go back to Item No. 2, which was the **Minutes** from the
21 previous meetings.

22 ASSEMBLYMEMBER HAGMAN: Move to approve.

23 MS. SILVERMAN: Minutes are ready for your
24 approval and we actually have Minutes from our June meeting
25 and our July meeting.

1 CHAIRPERSON ORTEGA: All those in favor?

2 (Ayes)

3 CHAIRPERSON ORTEGA: Opposed. Let's see. Tab
4 No. 3 is the **Executive Officer's Statement**. Ms. Silverman.

5 MS. SILVERMAN: Yes. So we have three items to
6 share with you tonight and those items relate to our latest
7 fund releases that we have as a result of the priority in
8 funding.

9 We actually had two active rounds, one in May
10 which actually provided nearly \$520 million in State grants.
11 The timeline for those 90 days actually did exhaust last
12 Tuesday. We did have a significant drawdown for those folks
13 that came in.

14 There are some projects that did make the
15 timelines, but we wanted -- before we report out to the
16 Board in that short window, we want to make sure that we
17 comb through all our mail before we prematurely make an
18 announcement about folks not meeting the requirements or
19 coming in within a timeline.

20 So we'll be reporting updates next month as far as
21 the projects that didn't make the 90-day timeline.

22 The July apportionments, we provided nearly
23 \$42 million. Again remind those folks that did receive
24 those project funds -- the ability to receive project funds,
25 you have until October 8th to come in. Again please submit

1 the requirements the fund requests and the documents that
2 are needed to access the funds.

3 An update in the Overcrowded Relief Grant Program,
4 our 12th funding cycle just wrapped up July 31st. We
5 actually have \$39.2 million in project bond authority and we
6 receive numerous applications, which is great, that far
7 exceed the existing bond authority. So we have 14
8 applicants for \$88 million.

9 So the program is now -- could oversubscribed and
10 so we do actually have several applicants that actually did
11 have a High Performance Incentive Grant as we shared
12 earlier, but we'll be evaluating those projects based on the
13 highest pupil density and that is a trigger in how we award
14 those project fundings.

15 So staff will be reviewing those projects and be
16 introducing those unfunded approvals very quickly to
17 apportion.

18 So one other item that we probably need to -- we
19 definitely will be addressing in the future is how do we
20 deal with those excess applicants. So staff will be
21 bringing those items back to the Board.

22 The last item I wanted to share is the Program
23 Review Subcommittee update. We just had a meeting a few
24 weeks ago, discussed a number of topics, dwelling unit
25 augmentation, supplemental grants funding, and funding for

1 portables. A lot of great dialogue, a lot of great from the
2 field, so that was definitely a welcome to get some
3 feedback.

4 We actually will be having a meeting next week and
5 a series of other meetings that we're introducing as well.
6 Two meetings in October, we'll have two meetings in
7 November, and a meeting in January with some goals to
8 introduce an item with a wrap-up to the State Allocation
9 Board sometime in January.

10 That's all I have to report.

11 CHAIRPERSON ORTEGA: Thank you. Any questions
12 from the members? Any comments? No.

13 Tab 4 is the next item. This is the **Consent**
14 **Agenda**. Ms. Silverman.

15 MS. SILVERMAN: Consent Agenda is ready for your
16 approval.

17 ASSEMBLYMEMBER HAGMAN: Move to approve.

18 ASSEMBLYMEMBER BUCHANAN: Second.

19 CHAIRPERSON ORTEGA: Thank you. I understand that
20 there are two projects from Lake Elsinore that are ready to
21 move forward now based on some previous actions of the Board
22 on regulation changes.

23 MS. SILVERMAN: That's correct.

24 MS. MOORE: I wanted to note too that I'll be
25 voting on the Consent Calendar but abstaining from the Elk

1 Grove Unified item.

2 CHAIRPERSON ORTEGA: Thank you. Mr. Diaz.

3 MR. DIAZ: I just wanted to make some comments
4 about the Lake Elsinore projects.

5 Obviously there has been a lot of staff time
6 dedicated to looking into these projects and making sure
7 that they complied with the labor compliance provisions in
8 statute.

9 And so the sort of message is a lot of the time
10 that is being spent to investigate not only with the DIR by
11 also with OPSC staff takes away from the very important work
12 that staff is conducting.

13 So I would encourage a lot of the school districts
14 out there to really take into consideration what's happening
15 with these regulations, to follow them, and to do their best
16 in complying with labor compliance provisions.

17 Obviously, there's a small window. There's not
18 that many more that hopefully will not come through with
19 this problem, but it also takes up a lot of our time in
20 dealing with those as well.

21 So I would just encourage the school districts to
22 pay attention to those regulations and abide by them because
23 there will be a time that funding will not be available and
24 a lot of the flexibility that has been provided I think will
25 be exhausted, so I just wanted to say that. Thank you very

1 much for your time.

2 CHAIRPERSON ORTEGA: Thank you. Any other
3 comments? Anything from the public? No. Thank you. We
4 have a motion and a second, so all those in favor.

5 (Ayes)

6 CHAIRPERSON ORTEGA: Any opposed? We have the one
7 abstention. Thank you.

8 Let's see. The next item is Tab No. 5. This is
9 the **Status of Fund Releases**. Ms. Silverman.

10 MS. SILVERMAN: We'll cut to the chase. On
11 page 66 under Tab 5, we've just been providing the Board
12 regular updates as far as how much cash we've been
13 disbursing in the program and have been sharing that as a
14 result of the enactment of those provisions.

15 So in June, we actually did disburse \$242 million.
16 We didn't provide any updates to the Board in July because
17 we had a very brief meeting, and so we wanted to share that
18 with the Board.

19 And we actually dispensed of \$203.5 million in
20 July. So we've been very active in providing cash awards to
21 these projects that we have activated in the 90-day process.

22 Over the last several weeks, I know we had that
23 deadline pending upon us for some projects in May. We
24 disbursed nearly another \$80 million. So pretty close to
25 \$500 million have been disbursed in the last several weeks.

1 So that's great news for this project and those awards.

2 CHAIRPERSON ORTEGA: Okay. Thank you. Any
3 questions? Anything from the public on that one? Okay.
4 That's not an action item. So Item 6 is the **Status of**
5 **Funds**. Again Ms. Silverman.

6 MS. SILVERMAN: Yeah. On page 6 -- excuse me --
7 Tab 6, page 70, a lot of the activity we are reporting in
8 the status of funds just relates to the projects that have
9 rescissions and Prop. 1D which is your upper category.

10 We actually have shown a column there that
11 reflects the projects that have been awarded as a result of
12 the -- converting those projects from an unfunded approval
13 to an approval status. And that is reflected in the middle
14 category.

15 For Proposition 55, we did activate the two Lake
16 Elsinore projects under new construction, so we show a
17 positive amount there and then the critically overcrowded
18 school project for Elk Grove, that's \$12.6 million.

19 We've had some minor adjustments as a result of
20 some close-out items which is providing some additional
21 opportunities for school districts to get reimbursed and
22 also in the Proposition 47 category, a minor adjustment as
23 well.

24 So altogether what's really reflective is that we
25 have some close-out adjustments and some rescissions and

1 we're activating some projects.

2 CHAIRPERSON ORTEGA: Questions? Any comments?

3 No. Let's see. The next item is an action item. It's
4 under Tab 7 and this is the **Coalinga-Huron Joint Unified**,
5 Fresno, project. This is an appeal.

6 MR. MIRELES: Thank you, Madam Chair. The
7 district has a project that qualifies under the Seismic
8 Mitigation Program at the Coalinga High School. However,
9 based on the regulations, this project qualifies for
10 replacement funding of the building.

11 The district has designed a project and -- to
12 rehabilitate and does not wish to replace the building. The
13 district is requesting to receive replacement funding but be
14 allowed the flexibility to rehabilitate instead.

15 The district's also requesting High Performance
16 Incentive Grants for -- under seismic mitigation. The Board
17 recently approved the regulations, but they have not been
18 approved by the Office of Administrative Law yet. So
19 they're requesting that they receive the grants in advance
20 of OAL approval.

21 There's a couple of reasons why the district is
22 Pursuing rehabilitation versus replacement. One of them is
23 that this is a poured in place concrete building which has a
24 longer lifespan than other construction types, but it also
25 increases the cost to retrofit and replace.

1 According to the district, the amount of money
2 that it would take to replace this type of construction
3 would exceed the amount that the State would provide for
4 replacement.

5 Another reason is that due to the time that it
6 would take to redesign the project, especially since they
7 received Division of State Architect approval already.

8 The district did receive federal qualified school
9 construction bonds in the amount of 6 million that they have
10 to use before April 2014. They also received an additional
11 2.65 million that they have to use before July 2015.

12 So again the amount of time that it would take to
13 redesign the project, submit them through the agencies and
14 get approved could -- the district could run the risk of not
15 being able to use the funds before the required timelines.

16 And lastly, the district has stated that this
17 is -- the building is a local -- it's a popular local
18 fixture. It serves as a visual and emotional hub for the
19 community. It's been with the district since the 1930s, so
20 they would not want to replace.

21 Staff did disallow funding for rehabilitation
22 based on the fact that again according to the regulations
23 that qualified for replacement. However, the statute
24 governing the Seismic Mitigation Program may allow the Board
25 additional flexibility as it only states the district shall

1 be eligible for replacement funding, but it doesn't say that
2 the district has to construct a new facility.

3 In this particular case, on page 86, we have the
4 difference in cost in terms of how much it would cost to
5 rehabilitate the building, which is \$2.1 million versus a
6 replacement amount which would be 3.7 million.

7 And then lastly as far as the High Performance
8 Incentive Grants, again the regulations are going through
9 the regulatory process. They're not in effect yet.

10 Legal counsel has advised that we do not have the
11 authority to approve the grants until the Office of
12 Administrative Law approves them and the regulations become
13 effective.

14 With that in mind, we have a couple of options for
15 the Board to consider. Option 1 is basically to allow the
16 district to receive rehabilitation funding. That's either
17 with or without the High Performance Incentive Grants.

18 Option 1A is with the High Performance Incentive
19 Grants; 1B is without. And then Option 2 is to approve the
20 funding under replacement but allow the district the
21 flexibility to either rehabilitate or replace. And again
22 Option 2 comes with either HPI Grants -- with or without.

23 So with that, I'd be happy to answer any
24 questions.

25 CHAIRPERSON ORTEGA: Thank you. Any questions?

1 MS. MOORE: I have a clarifying one.

2 ASSEMBLYMEMBER BUCHANAN: Okay. Go ahead.

3 MS. MOORE: So if you're saying that we approve
4 the option that allows for the HPI Grants, does that delay
5 the district's project until such time as the legal -- until
6 such time as OAL approves that or are we -- could we do two
7 different fund releases, one now and one later when it's
8 approved by OAL?

9 MR. MIRELES: The request by the district is that
10 they get approved for the HPI Grants now in advance of OAL
11 approving the regulations. Again that is -- whether the
12 Board has the authority to do that or not, that's a legal
13 question and legal counsel has advised that we do not have
14 that flexibility.

15 MS. MOORE: Why is it an option then?

16 MR. MIRELES: It's what the district had requested
17 and again we stated the legal concerns, but it's part of
18 their request.

19 MS. MOORE: Given the discussion that we had
20 recently on HPI, is there a way to provide both the district
21 with one of the options now for the rehabilitation or
22 replacement? We can talk about that piece of it, but just
23 the HPI piece, could we in essence indicate yes, we intend
24 to fund them for that component when it is approved by OAL
25 and not -- and take that up -- or provide that funding at

1 that time.

2 MS. BANZON: You're saying it will be a
3 conditional approval.

4 MS. MOORE: Correct.

5 MS. BANZON: Okay. I haven't looked into that
6 issue, but there may be a full and final issue with that.
7 But certainly --

8 MS. MOORE: Could we designate that it won't be
9 full and final until such time as the second fund release
10 goes to the district for the HPI Grant?

11 MS. BANZON: You certainly -- that is within your
12 discretion, but then we're running with the statute which is
13 very new and that's why we have -- in my opinion, we should
14 request AG opinion on that.

15 ASSEMBLYMEMBER BUCHANAN: It seems to me that -- I
16 believe we should fund the rehabilitation if that's what the
17 district wants, but I don't think we should provide money in
18 excess of rehabilitation cost, in essence sort of letting
19 them jump in modernization or another area.

20 So I think if that's what the district wants, we
21 should fund rehabilitation.

22 I don't know why we can't approve, though, the HPI
23 subject to the funds not being released until the
24 regulations are adopted.

25 MS. MOORE: That's what I meant to say.

1 ASSEMBLYMEMBER BUCHANAN: Right. They're not
2 going to do the HPI project after the modernization. That
3 makes no sense whatsoever. So all they know is that we are
4 approving it, but that the funds will not be released until
5 the regulations have been adopted, in which case it gives
6 them some level of certainty, but it doesn't release funds
7 until we have regulations.

8 ASSEMBLYMEMBER HAGMAN: They've been at the top of
9 the list for that money, though; right?

10 MR. MIRELES: That's correct. They --

11 ASSEMBLYMEMBER HAGMAN: And they're beyond our
12 authority to grant them that; right?

13 MR. MIRELES: This is under seismic mitigation --

14 ASSEMBLYMEMBER HAGMAN: Oh, the seismic only --

15 MR. MIRELES: -- bond authority for that.

16 ASSEMBLYMEMBER HAGMAN: No. The seismic, we're
17 good on. It's the extra on top of the dollars.

18 ASSEMBLYMEMBER BUCHANAN: No. We're good on both.
19 We have money in seismic. We have money in HPI.

20 MR. MIRELES: Yes. We have bond authority for
21 high performance.

22 ASSEMBLYMEMBER BUCHANAN: We just can't release
23 the HPI because the regulations aren't final.

24 CHAIRPERSON ORTEGA: But isn't there a question
25 about not just the release of funds but the application came

1 in under the existing regulations. So I think there -- you
2 know, I think there's a real question about whether you can
3 authorize funds under the parameters of a regulation that
4 was not in effect when they submitted their application. So
5 that --

6 ASSEMBLYMEMBER BUCHANAN: Have we not had any HPI
7 funded? What were they funded under?

8 ASSEMBLYMEMBER HAGMAN: But they were funded in
9 old regulation. Now new regulation goes and starts the
10 clock all over again for everybody basically.

11 MR. MIRELES: For -- in this particular --

12 ASSEMBLYMEMBER HAGMAN: If we don't do that, then
13 everybody on the list will automatically get transferred
14 over --

15 ASSEMBLYMEMBER BUCHANAN: Now -- what HPI
16 regulation is in effect right now?

17 MR. MIRELES: This -- the Board recently approved
18 regulations to allow seismic projects to also access High
19 Performance Incentive Grants.

20 ASSEMBLYMEMBER BUCHANAN: Okay.

21 MR. MIRELES: That is the regulation that we're
22 talking about that's going through the Office of
23 Administrative Law.

24 Now, in the past and historically, staff has
25 allowed districts to only request grants that are effective

1 at the time of submittal.

2 So in this particular case, the alternative would
3 be for the district to withdraw the application and resubmit
4 then once regulations become effective. That's been the
5 past practice.

6 MS. MOORE: I would say this is a very unique
7 circumstance and given that we have had difficulty getting
8 our HPI funding out, this is a perfect opportunity to
9 provide for that and that we ought to look for the way best
10 to be able to accomplish that and not require both the
11 district and staff to have to reevaluate -- you know,
12 resubmit and reevaluate.

13 I think that's on a practical basis not a real
14 practical solution to this problem.

15 MS. BANZON: I believe that you should be able to
16 grandfather into the regulation certain projects, so -- when
17 the regulation --

18 MR. DIAZ: Can you clarify how far back you can do
19 that?

20 MS. BANZON: That is really a new discussion,
21 but --

22 MR. DIAZ: Okay.

23 MS. BANZON: -- certainly you should be able to
24 grandfather, but that is within new discussion.

25 ASSEMBLYMEMBER HAGMAN: And while you guys are

1 looking that up, it's 310,000 we're thinking about -- or
2 difference; am I correct? Okay.

3 But they also asked, you know, the difference
4 between the replacement cost and the rehabilitation cost. I
5 can't see doing that either, but it was surprising to me to
6 figure out that, okay, we're willing to pay you to get a new
7 building at this level or by statute, we could only fix your
8 building this much to rehabilitate.

9 But we rehabilitate it, it doesn't get to the same
10 standard of a newly built building and I would hope that
11 maybe somewhere then in the future, put it on the parking
12 lot list, is that if you do these seismic retrofit, I'd
13 rather do one project and get it to where it should be using
14 seismic funds because we don't have the other funds left
15 over, but get it to where it should be.

16 Why do a project halfway and have the crews --
17 again economy of scale, have the crews in there two or three
18 times when you could the job once and have it -- you know,
19 have them qualify it to a level that we want the school --
20 you know, the basic level we want that building to be at
21 after you get HPI -- or maybe not HPI because that's an
22 optional thing, but at least up to a level that you'd build
23 a new building to, which is not prescript to this code.

24 So they want to do all the extra steps, while you
25 have the walls taken out and you're shoring up all these

1 walls, you can't do the extra stuff with this seismic money,
2 which seems kind of different to me and since we're having a
3 hard time with that pool of money, getting it out too, I
4 would think that's something we could lean on a little
5 heavier to maybe allow some more of the things you should do
6 on a newly refurbished building to have all the right bells
7 and whistles in to make it a good classroom or a good
8 building.

9 I know we can't do that right now. I'm just
10 asking maybe we put that on Ms. Buchanan's list of things to
11 look at -- ever lengthy list.

12 ASSEMBLYMEMBER BUCHANAN: You're the one that
13 flies from Southern California for the meetings, so --

14 MS. BANZON: Madam Chair.

15 CHAIRPERSON ORTEGA: Yes.

16 MS. BANZON: There's also one alternative is maybe
17 you can approve, but it will be on a very narrow basis, but
18 that's -- you know, that's an alternative. It shouldn't be
19 precedent setting.

20 CHAIRPERSON ORTEGA: Um-hmm.

21 ASSEMBLYMEMBER HAGMAN: Yeah, and that's what I
22 don't want to do. I'm personally okay with HPI added on top
23 of it after the lengthy discussion.

24 So I'll make a motion for -- I'm sorry what was
25 that? With -- 1A.

1 SENATOR LIU: 1A.

2 ASSEMBLYMEMBER HAGMAN: With the limited agreement
3 that we don't do anybody else because it is not -- that area
4 in that.

5 MS. MOORE: I'll second the motion to keep it on
6 the table and then you may want to hear from the district.

7 CHAIRPERSON ORTEGA: Is there any public comment
8 on this item?

9 ASSEMBLYMEMBER BUCHANAN: I don't think we have
10 any more seismics coming between now and the end of the year
11 when the regulation should be effective.

12 MR. RECKAS: I'm with the district, Jim Reckas.
13 We do -- we have local money and so we do plan on doing the
14 full project even though a portion of it was a modernization
15 project.

16 So the HPI Grant, if we can get the seismic
17 grant -- you know, the rehabilitation or the replacement,
18 we'd be able to do the full project and then our hope would
19 be to get reimbursed for the modernization portion, but we
20 do plan on bringing the building up to modern standards.

21 ASSEMBLYMEMBER HAGMAN: I would just be hopeful,
22 sir, that seismic will cover part of that because you got to
23 tear it all open and you would think you'd place it all
24 back. So I see the illogic and the -- you know, bureaucracy
25 we have here sometimes and I was surprised at that too.

1 MR. DIAZ: Just I want to make clarification on
2 the motion. You're saying 1A which is granting them the HPI
3 which is still sort of in question whether we can do that or
4 not or is it basically 1B with the contingency that they may
5 get the HPI funding in the future? Right?

6 ASSEMBLYMEMBER HAGMAN: Well, I think -- let's
7 break it down in two portions: one, rehabilitation versus
8 the replacement cost. I make a motion for rehabilitation
9 cost. That looks like that's all we'd qualify for, the
10 2.164.

11 And then -- again I'm trying to think of the
12 long-term thing. I think the only reason why they applied
13 it in one system and the regs not there to give you at the
14 same time, obviously the intent of this Board is to move
15 that forward to have both join together, but we're stuck
16 with the timing of our counsel getting all the regs out at
17 this point.

18 And I think this should be a limited case.
19 Anybody else on the list here? So it'd just be this one
20 applicant at this time. I would limit it to this one
21 applicant and go ahead and grant the HPI, the 306- roughly
22 thousand.

23 CHAIRPERSON ORTEGA: Okay. So let me just
24 process -- question here. So we have a motion regarding the
25 rehabilitation versus the replacement on the table. Is

1 there a second on that motion?

2 MS. MOORE: I mean -- wait. Did you withdraw your
3 motion? Because we have a motion for both right now.

4 ASSEMBLYMEMBER HAGMAN: No. I just bifurcate it
5 and make it easier.

6 CHAIRPERSON ORTEGA: Okay. So you withdraw your
7 initial motion and you make a motion on the --

8 ASSEMBLYMEMBER HAGMAN: I'm proposing the same
9 way, Madam Chair, which I don't know if you want to take
10 them both together in one motion or do them two separate
11 ones. I'm okay with that too.

12 CHAIRPERSON ORTEGA: Okay. I would say -- I will
13 say that I would prefer to have it in two separate items
14 because I think we remain concerned about this precedent and
15 the issue of having an application coming in under
16 regulations that are not in place yet.

17 So I would prefer to see two separate motions.

18 ASSEMBLYMEMBER BUCHANAN: Would you be any more
19 comfortable if we approved the HPI portion but fund it when
20 the regulations became effective so that we're not actually
21 releasing funds until the regulations are effective?

22 CHAIRPERSON ORTEGA: I think the issue remains not
23 about the release of funds but when the application came in,
24 and I think that it is --

25 ASSEMBLYMEMBER BUCHANAN: Right.

1 CHAIRPERSON ORTEGA: -- such a difficult issue. On
2 this particular one, it's compelling, but when you talk
3 about all the kinds of applications that could come in and
4 the different types of regulations that apply, we have to
5 hold folks to the standard of the regulation that exists at
6 the time.

7 And I think if the -- if it is that much of a
8 priority, then they are able to withdraw and reapply for
9 both parts of the grant under the different programs. So I
10 think just the issue of when they applied and the
11 regulations that existed at that time remains a significant
12 concern.

13 ASSEMBLYMEMBER BUCHANAN: I understand your
14 concern, but I'm looking at a \$306,000 grant though. You
15 start to get into district's time and the cost of that time
16 and staff's time and the cost of that time and you clearly I
17 think is --

18 ASSEMBLYMEMBER HAGMAN: Contractor time.

19 ASSEMBLYMEMBER BUCHANAN: Yeah. And you clearly I
20 think do have intent on the part of this Board to allow the
21 seismic projects to be eligible or we wouldn't be directing
22 staff to draw up regulations and now we're trying to
23 actually find a way to spend the dollars.

24 So I respect where you're coming from, but I
25 think, you know, from a practical point of view, it may make

1 sense. I mean if we want to put a condition on that we
2 don't set a precedent of actually releasing funds till we
3 have regulations, but at least not trying to have people
4 jump through too many more hoops, makes sense to me.

5 ASSEMBLYMEMBER HAGMAN: And I'm just saying, Legal
6 Counsel, you said you could figure that out? What we're
7 trying to do, you're okay with that? Because the other ones
8 usually say no.

9 MS. BANZON: Seismic has authority -- bond
10 authority. HPI has bond authority. Both have bond
11 authority. But in this case, really you don't want it
12 precedential.

13 ASSEMBLYMEMBER HAGMAN: Um-hmm.

14 MS. BANZON: You want it very narrow, if you do
15 decide to go ahead with it.

16 ASSEMBLYMEMBER BUCHANAN: What do you recommend
17 then to help us narrow to increase your comfort level? Is
18 there --

19 MS. MOORE: Can we just say that it is narrowly
20 focused to this particular circumstance that is before the
21 Board?

22 MS. BANZON: To this particular -- right. That
23 should --

24 ASSEMBLYMEMBER HAGMAN: This particular
25 application.

1 MS. BANZON: Application.

2 ASSEMBLYMEMBER BUCHANAN: And does it matter to
3 you at all whether we release funds now or after the
4 regulations go into effect?

5 MS. BANZON: I would prefer that we release after
6 the regulations pass.

7 ASSEMBLYMEMBER BUCHANAN: And when are we
8 anticipating that?

9 MS. SILVERMAN: January --

10 ASSEMBLYMEMBER BUCHANAN: January.

11 MS. SILVERMAN: They would still have to compete
12 in the 90-day process and right now, they don't have an
13 unfunded approval until the Board authorizes an unfunded
14 approval, and then they have a certification window sometime
15 in November that opens up that would allow them to
16 participate in the 90-day process.

17 So right now, even though the regulations come in
18 effect, they would still have to wait for that approval
19 process first.

20 ASSEMBLYMEMBER BUCHANAN: So if they're more
21 comfortable with that and the chances are the regulations
22 are going to be in effect by the time we fund anyway, then
23 what we're really doing is saying we're not going to make
24 you send in a second application.

25 SENATOR LIU: Right. Is that a motion?

1 ASSEMBLYMEMBER HAGMAN: Still had mine, yeah, with
2 the add-on, it was -- I could make motions all day and not
3 get anywhere, so I don't know. I don't know if I want to
4 try anymore.

5 ASSEMBLYMEMBER BUCHANAN: I move that we approve
6 the --

7 ASSEMBLYMEMBER HAGMAN: It was 1B.

8 ASSEMBLYMEMBER BUCHANAN: -- the rehabilitation
9 with HPI and the HPI funding portion -- the HPI funds not be
10 released until the regulations are approved.

11 MS. MOORE: And that this is a narrow --

12 ASSEMBLYMEMBER BUCHANAN: And that this applies to
13 this specific --

14 ASSEMBLYMEMBER HAGMAN: This is narrow scope --
15 yeah.

16 ASSEMBLYMEMBER BUCHANAN: -- project.

17 MS. MOORE: I'll second.

18 CHAIRPERSON ORTEGA: Call the roll.

19 MS. JONES: Senator Liu.

20 SENATOR LIU: Aye.

21 MS. JONES: Assemblymember Buchanan.

22 ASSEMBLYMEMBER BUCHANAN: Aye.

23 MS. JONES: Assemblymember Hagman.

24 ASSEMBLYMEMBER HAGMAN: Aye.

25 MS. JONES: Assemblymember Nazarian.

1 ASSEMBLYMEMBER NAZARIAN: Yes.

2 MS. JONES: Esteban Almanza.

3 MR. ALMANZA: No.

4 MS. JONES: Kathleen Moore.

5 MS. MOORE: Aye.

6 MS. JONES: Cesar Diaz.

7 MR. DIAZ: No.

8 MS. JONES: Erainia Ortega?

9 CHAIRPERSON ORTEGA: No.

10 MS. JONES: Okay. Motion does not carry.

11 ASSEMBLYMEMBER BUCHANAN: Can hold the roll open
12 if you want.

13 MS. MOORE: I'll do -- can we then -- if --

14 ASSEMBLYMEMBER HAGMAN: No. Let's go ahead and
15 split it up in two. We'll hold the roll open and -- Loni
16 comes back, then she could add on or whatever. But let's
17 put the two parts together.

18 So move 1A as is to fund the rehabilitation.

19 MS. MOORE: Second.

20 CHAIRPERSON ORTEGA: So you said 1A, but you mean
21 the -- just the issue of the --

22 ASSEMBLYMEMBER HAGMAN: No. Option 1A is just
23 the --

24 ASSEMBLYMEMBER BUCHANAN: So you want to close the
25 roll on the other and make two motions.

1 CHAIRPERSON ORTEGA: Yeah. Yeah.

2 ASSEMBLYMEMBER HAGMAN: Correct.

3 CHAIRPERSON ORTEGA: So it's not Option 1A because
4 that's the previous action.

5 ASSEMBLYMEMBER BUCHANAN: No.

6 CHAIRPERSON ORTEGA: It's to just approve the
7 rehabilitation.

8 ASSEMBLYMEMBER HAGMAN: Oh, it is. I'm sorry.
9 1B; correct. I'm sorry. You're right. 1B. Thank you.

10 CHAIRPERSON ORTEGA: Sure. I just wanted to
11 clarify that. So it's -- motion and a second. Call the
12 roll.

13 MS. JONES: Senator Liu.

14 SENATOR LIU: Aye.

15 MS. JONES: Assemblymember Buchanan.

16 ASSEMBLYMEMBER BUCHANAN: Aye.

17 MS. JONES: Assemblymember Hagman.

18 ASSEMBLYMEMBER HAGMAN: Aye.

19 MS. JONES: Assemblymember Nazarian.

20 ASSEMBLYMEMBER NAZARIAN: Aye.

21 MS. JONES: Esteban Almanza.

22 MR. ALMANZA: Yes.

23 MS. JONES: Kathleen Moore.

24 MS. MOORE: Aye.

25 MS. JONES: Cesar Diaz.

1 MR. DIAZ: Aye.

2 MS. JONES: Erainia Ortega?

3 CHAIRPERSON ORTEGA: Aye.

4 MS. JONES: That motion carries.

5 ASSEMBLYMEMBER HAGMAN: Okay. And then we'll make
6 the motion to fund the HPI grants after the regulation been
7 processed -- only one application for approval here.

8 MS. MOORE: Second.

9 CHAIRPERSON ORTEGA: Okay.

10 MS. JONES: Senator Liu.

11 SENATOR LIU: Aye.

12 MS. JONES: Assemblymember Buchanan.

13 ASSEMBLYMEMBER BUCHANAN: Aye.

14 MS. JONES: Assemblymember Hagman.

15 ASSEMBLYMEMBER HAGMAN: Yep.

16 MS. JONES: Assemblymember Nazarian.

17 ASSEMBLYMEMBER NAZARIAN: Yes.

18 MS. JONES: Esteban Almanza.

19 MR. ALMANZA: No.

20 MS. JONES: Kathleen Moore.

21 MS. MOORE: Aye.

22 MS. JONES: Cesar Diaz.

23 MR. DIAZ: No.

24 MS. JONES: Erainia Ortega?

25 CHAIRPERSON ORTEGA: No.

1 MS. JONES: And that motion does not carry.

2 MS. MOORE: Can we move to hold the roll open --

3 CHAIRPERSON ORTEGA: Sure.

4 MS. MOORE: -- on that motion?

5 CHAIRPERSON ORTEGA: Okay. Anything else on

6 Item 7?

7 MR. RECKAS: Thank you very much.

8 CHAIRPERSON ORTEGA: Thank you. Moving to

9 Item 9 --

10 MS. MOORE: Madam Chair.

11 CHAIRPERSON ORTEGA: Yes.

12 MS. MOORE: Before we go, I know that we have gone
13 over the action item already, but if -- with the pleasure of
14 the Board, I would like to also be involved in the
15 subcommittee work on the HPI regulation.

16 The Department is working closely with the CEC on
17 Proposition 39 and so I think we could provide that bridge
18 for that component of it if the Board is agreeable.

19 CHAIRPERSON ORTEGA: Okay.

20 ASSEMBLYMEMBER HAGMAN: The only caveat is if I'm
21 working on legislation, I can talk to my other members
22 without having announced three days in advance meetings. As
23 soon as I bring you in, I have to announce it and have a
24 three days' advance.

25 So maybe we can work on it a little bit ahead of

1 time first and then bring it back and show it to everybody
2 and --

3 ASSEMBLYMEMBER BUCHANAN: And why is that?

4 ASSEMBLYMEMBER HAGMAN: The Brown Act --

5 SENATOR LIU: It's the Brown Act.

6 ASSEMBLYMEMBER HAGMAN: -- strictly legislative
7 stuff.

8 ASSEMBLYMEMBER BUCHANAN: We're not subject to the
9 Brown Act here, are we?

10 MS. BANZON: We are Bagley-Keene.

11 ASSEMBLYMEMBER HAGMAN: Bagley-Keene, whatever.
12 It's the same thing.

13 MS. MOORE: And so I thought Cesar was on it
14 already, so --

15 ASSEMBLYMEMBER BUCHANAN: He is on it, yeah.

16 ASSEMBLYMEMBER HAGMAN: Oh, well, Senator Liu just
17 said Loni and I should get together, work on the
18 legislation --

19 ASSEMBLYMEMBER BUCHANAN: All right.

20 ASSEMBLYMEMBER HAGMAN: -- and -- or we go back to
21 the original committee. Whatever. It's just if you want to
22 get it done in 11 days, it's going to be difficult to do
23 under the normal process.

24 MS. MOORE: Then if you -- why don't -- I'll
25 withdraw that if you have a solution that will come forward

1 in 11 days of course.

2 ASSEMBLYMEMBER HAGMAN: I'm hopeful.

3 MS. MOORE: And then if not, if you form --

4 ASSEMBLYMEMBER HAGMAN: Well, we're probably going
5 to get this done is very rare, but if the majority of the
6 party wants to try to do it, we can --

7 ASSEMBLYMEMBER BUCHANAN: We can still talk about
8 it at the Subcommittee meeting if we want to.

9 ASSEMBLYMEMBER HAGMAN: Absolutely. We can --

10 MS. MOORE: Okay.

11 ASSEMBLYMEMBER HAGMAN: Two tracks. Two tracks.

12 ASSEMBLYMEMBER BUCHANAN: They'll have to do --

13 MS. MOORE: All right. I withdraw that then.

14 Thank you.

15 CHAIRPERSON ORTEGA: Okay. Item No. 9, the
16 **Quarterly School Facility Joint-Use Program** status report.

17 MS. SILVERMAN: We'll make this really quick. So
18 an update that the Board did provide some grants to some
19 districts in the Joint-Use Program. There was 5.1
20 eventually allocated.

21 We reported there were four originally -- have
22 provided this update and have access to cash. One is still
23 working that process.

24 Although they have made some significant
25 improvements, they actually have an approval with the

1 Department of Education and Division of State Architect.

2 So they have approved plans in place for their
3 project and they submitted that to our office on June 19th
4 and that is a requirement in the program, but they have 18
5 months to convert that project now that those plans have
6 been proved. So they actually have until December 19th to
7 actually access the cash.

8 So that's an update. I don't know if you have any
9 questions.

10 CHAIRPERSON ORTEGA: Any questions? Any comments?
11 Item No. 10, the **Three-Month Workload**.

12 MS. SILVERMAN: Not sure if we have any comments
13 on the workload report we have before you.

14 MS. MOORE: I have a -- so -- I have a question.
15 So for September, are you saying we will be bringing forth
16 the four Oakland, Los Angeles, Glenn, Lagunitas? Is that
17 part of this discussion right now?

18 MS. SILVERMAN: There's several projects that
19 we've been working very closely with and some of these
20 projects may result in some solution that could be resolved
21 administratively.

22 So the goal is to continue working on those
23 particular projects and so we may have a very limited amount
24 of documents and update in your appeal section.

25 So as it stands now, they're still open, but we

1 will likely have some items resolved really soon.

2 MS. MOORE: Okay. So -- but unless they're
3 resolved administratively, those would be the ones coming
4 forward next month.

5 MS. SILVERMAN: That's correct.

6 MS. MOORE: Is that more -- okay.

7 CHAIRPERSON ORTEGA: Anything else? And then
8 let's see. Item No. 11 is **Information Items** in the --

9 MS. SILVERMAN: It's basically the next Board
10 dates we have penciled out. The only date we have to work
11 out is the December date, so --

12 MS. MOORE: Is there a determination yet on that
13 or --

14 MS. SILVERMAN: Well, it's all hopeful whether or
15 not there is a fall bond sale for this program and we will
16 try to -- if there are outcomes that -- there are bond sales
17 that we have the ability to provide apportionments and --
18 those projects in December. So timing is something that
19 we're working on with the Treasurer's Office if there is a
20 sale to be announced.

21 So we'll be keeping the Board updated on those
22 particular activities if there is a sale for this program.

23 MS. MOORE: If there is not a sale, do you
24 anticipate that there would not be a December meeting then?
25 Is that kind of what we're waiting for?

1 MS. SILVERMAN: It is all conditioned on the Chair
2 and Vice Chair and the type of workload we have to present.

3 MS. MOORE: Okay.

4 CHAIRPERSON ORTEGA: Okay.

5 MS. MOORE: Can I just ask a -- I'm sorry to be
6 taking up all this, but just for scheduling because a lot of
7 people depend upon the schedule to make their plans, and we
8 had a process that we're doing potentially every other
9 month.

10 Is there any anticipation that that process will
11 continue and that we do think we'll make the decisions each
12 month that -- whether we're going to have the meeting that
13 month for the rest of the year?

14 ASSEMBLYMEMBER BUCHANAN: Yeah. We're trying not
15 to have a December meeting because of conflicts, but, yeah,
16 the process we set up where we would meet if there's --

17 SENATOR LIU: Is this?

18 ASSEMBLYMEMBER BUCHANAN: -- nothing substantial
19 that we have to act on, we will -- you know, then we'll
20 cancel the meeting, but at least the date's there and if
21 there -- if we can a consent only meeting that's really
22 quick, we've done a couple of those, but I think we're in
23 the same place. We just don't have enough workload to
24 justify having long meetings every month.

25 MS. MOORE: Okay. Thank you.

1 ASSEMBLYMEMBER HAGMAN: We only need to be here
2 for a little computer heads, you know, face time where we're
3 at -- be up here. Have our meeting by virtual meetings.

4 CHAIRPERSON ORTEGA: All right. Anything else
5 from the members?

6 SENATOR LIU: So we have -- is there anything --
7 are we holding the roll open for something?

8 CHAIRPERSON ORTEGA: Yes. So we can --

9 SENATOR LIU: Yes.

10 ASSEMBLYMEMBER HAGMAN: We have one --

11 CHAIRPERSON ORTEGA: So we can keep the meeting
12 open for a few minutes to see if Senator Hancock is going in
13 on any of the items.

14 SENATOR LIU: Right. Okay.

15 ASSEMBLYMEMBER BUCHANAN: I have a question. So
16 would they have to send a whole new application or could
17 they amend their existing application at the time the HPI
18 regulations are -- become effective?

19 MR. MIRELES: No. It would be the same
20 application, unless there's additional information --
21 documents that they would want for us to review.

22 ASSEMBLYMEMBER BUCHANAN: So it's the same
23 application.

24 MR. MIRELES: Yes.

25 ASSEMBLYMEMBER BUCHANAN: So when we say they

1 submit a new one --

2 MS. MOORE: They'd have to rescind this one.

3 ASSEMBLYMEMBER BUCHANAN: -- they'd have to --

4 MR. MIRELES: Correct.

5 ASSEMBLYMEMBER BUCHANAN: Okay.

6 MR. MIRELES: They'd have to withdraw this one --

7 ASSEMBLYMEMBER BUCHANAN: That's what -- that's my
8 question, yeah.

9 MR. MIRELES: -- and resubmit another one.

10 ASSEMBLYMEMBER BUCHANAN: Okay. So --

11 (Pause)

12 CHAIRPERSON ORTEGA: Do you want to go ahead and
13 call the roll on the open item. Thank you.

14 MS. JONES: Okay. Senator Hancock.

15 SENATOR HANCOCK: What is the motion?

16 MS. JONES: I was just going to tell you.

17 SENATOR HANCOCK: Oh, thank you.

18 MS. JONES: The first vote that we have open is on
19 Tab 7 and it's on the Coalinga item and it's on Option 1A.
20 And how would you vote on that?

21 SENATOR HANCOCK: Aye.

22 MS. JONES: Aye. Very good. That motion does
23 carry. Wait a minute. I'm sorry. I misspoke. It's 1B.
24 1B without the high performance. I'm sorry. I misspoke.

25 SENATOR HANCOCK: Aye.

1 MS. JONES: Aye? Okay. Now that motion does
2 carry once the HPI grants are approved by OAL.

3 (Off-record discussion)

4 CHAIRPERSON ORTEGA: The second set of votes was
5 to split it and the first part of the split passed with the
6 members present.

7 MS. JONES: That's correct.

8 CHAIRPERSON ORTEGA: The second item has now
9 passed with Senator Hancock's --

10 MS. JONES: That's correct. Thank you.

11 CHAIRPERSON ORTEGA: Thank you. Meeting is
12 adjourned.

13 (Whereupon, at 5:28 p.m. the proceedings were
14 adjourned.)

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REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

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That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on September 8, 2013.

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