EXECUTIVE OFFICER STATEMENT
State Allocation Board Meeting, December 9, 2015

CURRENT PRIORITY FUNDING FILING ROUND

The current priority funding filing period opened on November 11, 2015 and will close on December 10, 2015. School districts are required to submit priority funding requests with original signatures to the Office of Public School Construction (OPSC) before the close of business on December 10, 2015. There are currently 15 projects for 10 school districts on the Unfunded List (Lack of AB 55 Loans) totaling $87.4 million that could submit a request for participation in this filing round.

STATUS OF FUND RELEASES FOR PRIORITY FUNDING APPORTIONMENTS

On September 8, 2015, the Board approved $190.9 million in priority funding apportionments for 53 projects representing 26 school districts, which included seven Career Technical Education Facilities Program (CTEFP) projects. Districts that received a priority funding apportionment on September 8, 2015 are required to submit a valid *Fund Release Authorization* (Form SAB 50-05) containing an original signature by **Monday, December 7, 2015** to the OPSC.

If the Form SAB 50-05 is not physically received at the OPSC by 5:00pm on **Monday, December 7, 2015**, the project will be rescinded without further Board action and may be returned to the Unfunded List with a new approval date of December 7, 2015; unless the school district receives a second occurrence for non-participation. Any project receiving a second occurrence for non-participation will be rescinded without further Board action.

Since the seven CTEFP projects were approved as a reservation of funds, the school districts have 12 months from the apportionment date to submit the required California Department of Education and Division of the State Architect approvals to OPSC, which is **September 7, 2016**. Once the required documents are submitted, the districts will have 90 days to submit a valid Form SAB 50-05.

As of November 20, OPSC received 19 Forms SAB 50-05 totaling $100.3 million.

Additionally, the Board approved priority funding apportionments for two projects totaling $0.4 million on August 26, 2015. The recipient districts have already submitted the Forms SAB 50-05 and funds were released.

REQUIREMENTS FOR PARTICIPATION IN PRIORITY FUNDING

OPSC reminds school districts that the requirements for Participation in the Priority Funding Process are in effect (SFP Regulation Section 1859.90.3). Districts will receive an occurrence for non-participation for either of the following reasons:

- Not submitting a valid priority funding request in the 30-day filing period, or
- Submitting a valid priority funding request but failing to submit a valid Form SAB 50-05 to request the release of funds after the Board approves an apportionment.

The second time that either of these occurs, the funding for the project will be rescinded without further action by the Board. For additional information, please refer to the Procedures for School Facility Program Funding.

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COST OF AUGUST BOND SALE

At the August Board meeting, the Board inquired whether the State would incur increased costs for the General Obligation Bond sale that was held on August 26, 2015 from which the School Facilities Program (SFP) received bond proceeds and the Board approved Priority Funding Apportionments. The Treasurer's office indicated that general market interest rates were slightly higher in August 2015 as compared to the March and April 2015 sales. Additionally, the Treasurer's office provided OPSC a link to the following report that provides information on the market for the State's bonds and provides detail on factors that affect the market and price of the State's bonds for the Fall 2015 sale. The comprehensive report can be found at:

http://www.treasurer.ca.gov/publications/dar/2015.pdf

REGULATION UPDATE

In October 2014, the Board approved amendments to the SFP Regulations, which remove the additional prevailing wage monitoring grant for projects with a public works contract awarded on or after June 20, 2014. These amendments implement Senate Bill 854, Chapter 28, Statutes of 2014. The regulations were approved by the Office of Administrative Law on November 3, 2015 and will become effective January 1, 2016.

STATE ALLOCATION BOARD MEETINGS 2016

The proposed State Allocation Board meeting calendar for 2016 is included in the Reports section of this agenda.