

**MINUTES**  
**State Allocation Board**  
**June 27, 2007**

Upon notice duly given, the monthly meeting of the State Allocation Board was held at the California Department of Education (CDE) Building, Room 1101, in Sacramento, California on June 27, 2007 at 4:00 p.m.

Members of the Board present were as follows:

- Anne Sheehan, Chief Deputy Director, Policy, Department of Finance, designated alternate for Michael Genest, Director, Department of Finance
- Will Semmes, Chief Deputy Director, Department of General Services, designated alternate for Will Bush, Director, Department of General Services
- Kathleen Moore, Director, School Facilities Planning Division, CDE, designated representative for Jack O'Connell, Superintendent of Public Instruction
- Rosario Girard, President and CEO, Phoenix Construction Services, Inc., appointee of Arnold Schwarzenegger, Governor of the State of California
- Senator Bob Margett
- Senator Jack Scott
- Assembly Member Gene Mullin
- Assembly Member Jean Fuller
- Assembly Member Kevin de León

Member of the Board absent was as follows:

- Senator Joe Simitian

Representatives of the State Allocation Board (SAB) were as follows:

Rob Cook, Executive Officer  
Lori L. Morgan, Deputy Executive Officer  
Mavonne Garrity, Assistant Executive Officer

Representatives of the Department of General Services, Office of Public School Construction (OPSC), were as follows:

Rob Cook, Executive Officer  
Lori L. Morgan, Deputy Executive Officer

Representative of the Department of General Services, Office of Legal Services, was as follows:

Henry D. Nanjo, Senior Staff Counsel

With a quorum present, Anne Sheehan, Chair, called the meeting to order at 4:08 p.m.

The Board welcomed Mr. Will Semmes as the newest member to the Board. Mr. Semmes is the Designee for the Director of the Department of General Services.

**PRIOR MINUTES**

A motion was made and carried to approve the Minutes for the May 23, 2007 SAB meeting.

**DELEGATION OF AUTHORITY FOR EXECUTIVE OFFICER**

The Board approved the Resolution appointing Mr. Rob Cook as the Executive Officer of the State Allocation Board. In addition, the Board requested to look at the Little Hoover Commission report, when available, regarding the Executive Officer's two capacities.

In addition, the Board thanked Ms. Lori Morgan for her fine work and assistance over the last several months as the Acting Executive Officer for the State Allocation Board and the Office of Public School Construction.

**EXECUTIVE OFFICER'S STATEMENT****School Facility Joint-Use Program**

The Executive Officer informed the Board that with the funds provided by the passage of Proposition 1D, the School Facility Joint-Use Program fund totals approximately \$30.3 million. Assembly Bill 127 allowed the transfer of \$21 million from prior authorized bond funding to the Joint-Use fund, which resulted in a total of \$51.6 million available for the School Facility Joint-Use Program. The OPSC received 67 Joint-Use projects totaling approximately \$53 million for the State's share. These projects are currently being reviewed by staff and are anticipated to be presented for funding consideration at the July 2007 SAB meeting.

**Charter School Facilities Program**

The Executive Officer advised the Board that the OPSC received 92 projects, which are currently being reviewed by staff, for the Charter School Facilities Program. The Program is over-subscribed since the value for these applications is approximately \$2 billion. The OPSC anticipates the projects will be presented for funding consideration at the December SAB meeting.

**Attorney General Opinion**

The Board was informed that the staff received the informal opinion from the Attorney General's Office regarding Regulation Section 1859.70.2, which had been requested based on a discussion for an appeal for the Davis Joint Unified School District at the January 2007 SAB meeting. The OPSC will be meeting with the District and anticipates that the District's appeal with a discussion item regarding the opinion will be presented at a future SAB meeting.

**Pending Regulations**

The Executive Officer informed the Board that pending regulations were recently filed with the Office of Administrative Law for the Career Technical Education Facilities Program (emergency basis); site sale provision contained in Senate Bill 1415, Chapter 810, Statutes of 2006; and, the Emergency Repair Program (emergency basis). It is anticipated that these regulations will be in effect by June 18, 2007, early August 2007, and July 2, 2007, respectively. In addition, the Executive Officer shared that staff is diligently working to resolve the two outstanding issues necessary to resubmit the regulations for the High Performance Grants and the Adjustment to the New Construction Grants. As a result, it is anticipated that the High Performance criteria and the project information worksheet will be presented for the Board's consideration at the July or August SAB meeting.

**EXECUTIVE OFFICER'S STATEMENT** (cont.)**Request For Offers**

The Executive Officer stated that the OPSC put out to bid two Request For Offers concerning a management audit of the Financial Hardship Program and Grant Adequacy. The management audit for the Financial Hardship Program will provide an indication of what the OPSC does well and what areas need to be improved. The Grant Adequacy management audit will analyze whether the grants are adequate so the OPSC will be able to present recommendations for the Board's consideration on further adjustments to the grants as outlined in Assembly Bill 127. Mr. Dave Walrath, representing the Small School Districts Association, addressed the Board in support of the idea of contracting out for the Grant Adequacy audit but stated that due to the complex issues surrounding Grant Adequacy (geographic cost variations, small project, etc.), the six months timeline may not be enough time to thoroughly sift through all the issues and come up with a solid product. The Executive Officer stated that the Legislative Analyst's Office has been invited to participate during this process so the methodology can be tested. Ms. Moore requested that the CDE be involved in any interpretation of the Title 5 regulations for this contracted study. In addition, Senator Scott requested that the Grant Adequacy Ad Hoc Committee's input/deliberations be considered in the process.

**CONSENT ITEMS**

In considering this item, the Board approved the consent calendar as presented. However, Ms. Moore abstained from voting on the Elk Grove Unified School District agenda item but voted for all others.

**FINANCIAL REPORTS*****Status of Funds***

The Board accepted the Status of Funds report as presented. In addition, the Board requested staff to provide funding alternatives with the School Facility Joint-Use Program funding item if the Program is oversubscribed.

**SPECIAL CONSENT ITEMS*****Palo Verde Unified/Riverside 51/67181-00-001***

In considering this item, the Board approved the staff's recommendation.

***San Mateo Union High/San Mateo 58/69047-00-001***

In considering this item, the Board approved the staff's recommendations.

***Porterville Unified/Tulare 22/75523-00-04***

In considering this item, the Board approved the staff's recommendation.

***Deferred Maintenance Program Deposits***

In considering this item, the Board approved the staff's recommendations.



**SPECIAL CONSENT ITEMS** (cont.)

***Deferred Maintenance Program Maximum Deposit***

In considering this item, the Board approved the staff's recommendation to accept the report.

**SPECIALS/APPEALS**

***Facility Inspection Tool***

In considering this item, the Board approved the staff's recommendation.

***Val Verde Unified/Riverside 50/75242-00-000***

The following individuals addressed the Board on behalf of the school district: Dr. Fred Workman, Superintendent; Mr. Mike Boyd, Deputy Superintendent of Business Services; and Mr. Bruce Hancock, representing the consulting firm of Hancock, Gonos & Park.

A motion was made to approve the staff's recommendations which were to: 1) deny the District's request and recommend that the Certificates of Participation revenue (currently \$89,234,421) be deemed available as local matching contribution toward future School Facility Program projects; and, 2) request staff to bring back items to a future SAB meeting to address the potential discrepancies discovered during the review of the District's projects for this appeal. The Chair requested a roll-call vote and the motion failed per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett	X			
Senator Scott	X			
Senator Simitian				X
Assembly Member Mullin	X			
Assembly Member Fuller				X
Assembly Member de León			X	
Will Semmes	X			
Kathleen Moore	X			
Rosario Girard			X	
Anne Sheehan			X	
Total	5		3	2

**Motion:**

Carried \_\_\_\_\_

Failed   X  

A motion to reconsider the item at the next SAB meeting was made, which the Board approved.

**REGULATIONS**

***Labor Compliance Program Grants***

In view of the two opposing legal opinions concerning the Board's ability to provide grants for districts that voluntarily participate in a labor compliance program (LCP), the Board requested the SAB Legal Counsel obtain an informal legal opinion from the Attorney General's office. Alternative Two of this item, the proposed regulatory amendments to reduce the LCP grants, was held over to the July SAB meeting.

## **REPORTS**

### ***California Department of Education Report on Complete Schools***

The Board **accepted** the report.

## **INFORMATION/REFERENCE**

### ***SAB Meeting Dates for the Calendar Year 2007***

### ***School Facility Program Workload List - Applications Received Through June 1, 2007***

### ***Deferred Maintenance Program Unfunded List as of May 23, 2007***

### ***Facility Hardship/Rehabilitation Approvals Without Funding List as of May 23, 2007***

## **MISCELLANEOUS**

- The Chair announced that the July 25, 2007 SAB meeting would be held at 2:00 p.m.
- Mr. Tom Duffy, representing the Coalition for Adequate School Housing, addressed the Board concerning seismic funding that is available under Proposition 1D (\$199.5 million).
- The Board requested that the SAB's Legal Counsel follow-up on the Supreme Court's decision regarding faith-based schools and the purported possibility for these schools to apply for school bond funds if certain curriculum are followed.
- The Board also requested that staff prepare an item of how consent items are determined consent items and the placement of other agenda items in the SAB Agenda.

## **CLOSED SESSION**

At 6:27 p.m. and in accordance with Section 11126(e)(1), the Board convened into closed session for the purpose of conferring with and receiving advice from counsel regarding *Godinez v. Schwarzenegger, et al.*

Upon conclusion of the closed session, the Board reconvened into open session at 6:35 p.m.

## **ADJOURNMENT**

There being no further business to come before the Board, the Chair adjourned the meeting at 6:36 p.m.

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**ROB COOK, Executive Officer**