

MINUTES
State Allocation Board
December 10, 2008

Upon notice duly given, the monthly meeting of the State Allocation Board was held in Hall A, Room 206B at the Anaheim Convention Center located at 800 W. Katella Avenue in Anaheim, California on December 10, 2008 at 2:00 p.m.

Members of the Board present were as follows:

- Tom Sheehy, Chief Deputy Director, Policy, Department of Finance, designated alternate for Michael Genest, Director, Department of Finance
- Scott Harvey, Chief Deputy Director, Department of General Services, designated alternate for Will Bush, Director, Department of General Services
- Kathleen Moore, Director, School Facilities Planning Division, California Department of Education (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
- Assembly Member Julia Brownley
- Assembly Member Wilmer Amina Carter

Member of the Board absent was as follows:

- Assembly Member Jean Fuller

The three Senate member appointments of the State Allocation Board have not yet been made.

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

Rob Cook, Executive Officer
Lori L. Morgan, Deputy Executive Officer
Katrina Valentine, 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, Assistant Chief Counsel

With a quorum present, Tom Sheehy, Chair, called the meeting to order at 2:09 p.m.

PRIOR MINUTES

A motion was made, and carried, to approve the Minutes for the October 29, 2008 and November 10, 2008 SAB meetings.

EXECUTIVE OFFICER'S STATEMENT

The Executive Officer informed the Board of the following:

School Facility Program Apportionments in 2008

The SAB has apportioned over \$5 billion in 2008. The following represents the approximate allocations for each category:

	Proposition 1A	Proposition 47	Proposition 55	Proposition 1D
New Construction	\$1,619,644	\$13,045,117	\$964,581,299	\$1,216,510,649
Modernization		300,000	31,030,994	676,051,338
Career Technical Education				420,601,473
High Performance Schools				11,295,570
Overcrowding Relief Grant				99,303,833
Critically Overcrowded Schools		763,385,747	417,637,152	
Charter Schools		26,192,028	65,335,407	462,590,124
Joint-Use		1,359,257	8,236,443	13,559,929
Totals:	\$1,619,644	\$804,282,149	\$1,486,821,295	\$2,899,912,916
			Grand Total:	\$5,192,636,004

High Performance

Since the first High Performance Incentive Grants were approved at the February SAB, approximately \$11.3 million has been apportioned to encourage High Performance design attributes in public school projects. The OPSC is continuing to reach out to educate and assist school districts in accessing High Performance funds. As interest and awareness is growing, more school districts have been incorporating High Performance attributes in the design stage of their projects, and the OPSC expects requests for High Performance funding to increase in 2009. After this SAB meeting, approximately \$88.7 million in High Performance funds remain available from Proposition 1D.

November 2008 Local Bond Measures

There were 86 bond measures totaling more than \$17 billion that went before California voters in 33 counties in November 2008. Voters approved 76 of these measures, an 88.37 percent success rate, ultimately authorizing more than \$16.7 billion.

Overcrowded Relief Grant Program

In the Agenda, 11 applications totaling approximately \$59 million in funding for the Overcrowded Relief Grant Program were considered for approval. Approximately \$900 million will be available for the third funding cycle, which closes on January 30, 2009.

Deferred Maintenance Program Funding

The SAB apportions funds annually for the Deferred Maintenance Program after December 1st of each year. These funds provide assistance to school districts for major repair or replacement of existing school building components. The OPSC anticipates presenting the Deferred Maintenance Program funding to the Board for approval in January 2009.

EXECUTIVE OFFICER'S STATEMENT (cont.)January Funding Items

More than \$800 million in excess funds from the Proposition 47 Critically Overcrowded School Facilities Program will be ready for transfer to New Construction as early as January 2009. The General Site grant will sunset December 31, 2008. The OPSC will present an item for its extension next month. The annual statutory Construction Cost Index adjustment will also be taken up in January 2009. Finally, the OPSC will present an item at the January 2009 Implementation Committee meeting discussing a methodology to analyze school construction data collected from the Project Information Worksheet. This analysis will be used to develop a recommendation to the Board for a grant adjustment as authorized under Assembly Bill 127.

RESOLUTION RE: APPOINTMENT OF THE ASSISTANT EXECUTIVE OFFICER TO THE STAET ALLOCATION BOARD

The Board approved the Resolution to appoint Ms. Katrina Valentine as the Assistant Executive Officer to the State Allocation Board, effective October 1, 2008.

CONSENT ITEMS

A motion was made, and carried, that the Board approve the Consent calendar as presented.

FINANCIAL REPORTS***Status of Funds***

The Deputy Executive Officer presented the Status of Funds to the Board and noted that by the conclusion of today's meeting, the Board will have approved and/or authorized \$726 million in apportionments representing over 460 applications. The Board accepted the Status of Funds report as presented.

SPECIAL CONSENT ITEMS***Mesa Union Elementary/Ventura 58/72470-00-001***

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

Fortuna Union Elementary/Humboldt 51/62802-00-001

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

Exeter Union High/Tulare 58/71928-00-002

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

Napa County Office of Education/Napa 50/10280-00-001

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

State Relocatable Classroom Program Lease Extension Request

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

SPECIAL CONSENT ITEMS (cont.)***Critically Overcrowded School Facilities Program Preliminary Apportionment Time Limit Extensions/Rescissions***

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

SPECIALS/APPEALS***Career Technical Education Facilities Funding***

Ms. Tracy Sharp, representing the SAB staff, presented this item to the Board and recognized the hard work that the Career Technical Education Facilities Program (CTEFP) Team performed in order to present these applications for funding consideration to the Board. Mr. Eric Blum, representing the Los Angeles Unified School District (LAUSD), addressed the Board concerning 31 CTEFP applications that were returned to the District and stated that the District would appeal if the issue does not get resolved with the OPSC. The Board expressed concern that 31 CTEFP applications submitted by one school district were returned. Staff explained that regulatory amendments were approved and in place prior to this second funding cycle, which required additional documentation to be submitted. Staff also clarified that all applicants for the second funding cycle were reviewed under the same criteria. A Board member requested that staff work with the school districts that had applications returned in hopes that those school districts could resolve the issues and file the applications for the third funding cycle. Staff announced that it would coordinate with the CDE to identify an appropriate timeline for both the State and school districts in order to set a third funding cycle, and would report back at a future SAB meeting. In considering this item, the Board approved the staff's recommendations.

Overcrowding Relief Grant Program

Ms. Brigitte Baul, representing the SAB staff, presented this item to the Board and recognized the hard work that the Overcrowding Relief Grant (ORG) Team performed in order to present these applications for funding consideration to the Board. The Board expressed concerns that the ORG Program was not being utilized to its fullest potential with \$900 million still available. It was noted that these types of projects are complex and take more time to ready the project to the construction stage. Mr. Eric Blum, representing the LAUSD, stated to the Board that once the Critically Overcrowded Schools applications have converted to final apportionments, the District has full intention to utilize the ORG Program. Mr. Wael Elatar, representing the San Bernardino City Unified School District, addressed the Board concerning three applications that were returned. Mr. Elatar indicated that two of the applications were re-filed under the School Facility Program (SFP). In addition, he asked that the third application (Middle College High School) be agendaized as an appeal for discussion at the January 2009 SAB meeting. In considering this item, the Board approved the staff's recommendations.

REGULATIONS***Emergency Repair Program Regulations***

Ms. Masha Lutsuk, representing the SAB staff, presented this item to the Board. In considering this item, the Board approved the staff's recommendations.

REPORTS***Seismic Mitigation Program Update***

The Executive Officer and Mr. Dave Thorman, State Architect, representing the Division of the State Architect, presented this report to the Board. The following individuals addressed the Board concerning this issue:

- Mr. Tom Duffy, representing the Coalition for Adequate School Housing (CASH) organization;
- Ms. Margie Brown, Assistant Superintendent for the San Ramon Valley Unified School District; and
- Mr. Terry Tao, representing the Andelson, Atkinson law firm.

The public comments concerned areas that were discussed during the development of the regulations and requested reconsideration regarding: 1) funding for interim housing; 2) funding for the structural evaluations of the buildings; 3) creation of an unfunded list; and 4) the ground shaking criteria at 1.7g acceleration.

The Board requested that staff prepare a report for the January 2009 SAB meeting that discusses the four items outlined above. The Board accepted the report.

Legislative Update

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. The Board accepted the report.

INFORMATION/REFERENCE***SAB Meeting Dates for the Calendar Year 2009******School Facility Program Workload List - Applications Received Through November 20, 2008******Deferred Maintenance Program Unfunded List as of October 29, 2008******Emergency Repair Program – Applications Received Through November 24, 2008******Facility Hardship/Rehabilitation Approvals Without Funding List as of October 29, 2008*****PUBLIC COMMENTS**

Mr. Tom Duffy, representing the CASH organization, addressed the Board concerning the cash flow problem for the State of California, which will impact the SFP. He stated that the Board should request the OPSC to work with CASH to communicate to school districts about entering into contracts and that school districts may not receive a fund release for apportionments made by the SAB. The Chair explained that while this may be true, it would be premature for the OPSC to notify school districts at this time and that the request could be re-evaluated after the Pooled Money Investment Board (PMIB) meeting on December 17, 2008. The Board requested that staff agendaize for the January 2009 SAB meeting proposed regulatory action that would address items such as time limits, etc., to provide relief to school districts due to the financial crisis.

PUBLIC COMMENTS (cont.)

In addition to the regulatory action, the Board suggested that an earlier meeting might be needed in January due to the urgency of the situation, especially if the PMIB takes an action that would impede the ability to provide fund releases for SAB approved apportionments.

Mr. Bruce McDaniel, Superintendent of the Lennox School District, addressed the Board concerning the ORG Program and the appeal the District filed because the ORG Program regulations have not been approved by the Office of Administrative Law (OAL). The Deputy Executive Officer responded that the ORG Program regulations were submitted to the OAL on December 4, 2008, with a request for an expedited review, and that it was anticipated that the regulations would be approved mid-January 2009, which would enable the District to file for the third funding cycle. In addition, the Deputy Executive Officer encouraged the District to prepare its application for submittal prior to the filing cut-off and offered the staff's assistance.

MISCELLANEOUS

A Board member referenced the transition team's stimulus package and requested that staff begin reviewing the Federal Renovation and Repair Program regulations that were in place in 2001.

ADJOURNMENT

There being no further business to come before the Board, the Chair adjourned the meeting at 4:50 p.m.

ROB COOK, Executive Officer