

MINUTES
State Allocation Board
November 4, 2009

Upon notice duly given, the monthly meeting of the State Allocation Board was held in Room 4202 of the State Capitol in Sacramento, California on November 4, 2009 at 2:00 p.m.

Members of the Board present were as follows:

- Tom Sheehy, Chief Deputy Director, Policy, Department of Finance, designated representative for Michael Genest, Director, Department of Finance (DOF)
- Scott Harvey, Chief Deputy Director, Department of General Services, designated representative for Ron Diedrich, Acting 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
- Senator Alan Lowenthal
- Senator Loni Hancock
- Senator Mark Wyland
- Assembly Member Jean Fuller
- Assembly Member Julia Brownley
- Assembly Member Tom Torlakson

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

Rob Cook, Executive Officer
Susan Ronnback, Interim Assistant Executive Officer

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

Rob Cook, Executive Officer
Lisa Silverman, Chief of Fiscal Services
Juan Mireles, Program Services Policy Manager

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

Teresa Boron-Irwin, Senior Staff Counsel Specialist

With a quorum present, Tom Sheehy, Chair, called the meeting to order at 2:14 p.m.

PRIOR MINUTES

A motion was made, and carried, to approve the Minutes for the September 23, 2009 SAB meeting as presented.

EXECUTIVE OFFICER'S STATEMENT

The Executive Officer informed the Board of the following:

Bond Sale Update

The October bond sale was a success for this program – the OPSC received sufficient funds to provide money to all projects apportioned prior to December 17th. The School Facility Program (SFP) received more funds from bond sales than any other infrastructure program. Staff worked closely with the State Treasurer's Office (STO) and the DOF since the bond sale in order to release funds to school districts as quickly as possible.

Senator Wyland asked how is the bond sale determined? The Executive Officer responded that the OPSC communicates its needs for funding in various programs (i.e., Propositions 47, 55, and 1D) to the STO and the DOF who determine where the money will be allocated. Assembly Member Torlakson remarked that the SAB has put the request that education be a priority in writing. He further stated that there is about \$60 billion in the queue for other public bonds (i.e., transportation, housing --- infrastructure) and that he will urge the State Legislature to look at a fee-based program that could provide the revenue stream for a part of the infrastructure need, thus freeing up the ability to go into the bond market to sell bonds. Ms. Moore discussed the possibility of an SAB subgroup that could meet with the Director of the DOF and the STO to express concerns and report back to the SAB. After further discussion, a motion was made and it carried to send two members from the SAB (Assembly Member Torlakson and Ms. Moore, with Senator Wyland as an alternate and a non-SAB member) to meet with the STO and DOF to express concerns and to determine whether there is a method the Board could give to the constituent base for planning future bond sales.

It was during this discussion that Senator Wyland announced he would no longer be a member of the SAB after this meeting.

Public Comment

Mr. Tom Duffy, representing the Coalition for Adequate School Housing (CASH) organization, addressed the Board and asked that during the Board's meeting with the STO and DOF that \$3 billion be requested of the future bond sales to cover the \$2 billion in unfunded approvals for 2009 and \$1 billion to fund anticipated unfunded approvals in 2010.

Interim Deputy Director of Interagency Support Division (ISD)

The Executive Officer informed the Board that he has assumed the Deputy Director of ISD role on an interim basis.

Electronic Notification of Public Meetings

In an effort to be more efficient, cost-effective and environmentally friendly, the OPSC now offers electronic notification of public meetings. Districts wishing to take advantage of this need to simply complete the consent form and will be automatically subscribed to receive these notifications. The link is http://www.applications.opsc.dgs.ca.gov/emeeting/emeeting_signup.asp. To date, 410 districts and 28 other interested parties have subscribed, for a total of 1000+ recipients opting to take advantage of this service.

CONSENT ITEMS

The Board approved the Consent calendar as presented.

FINANCIAL REPORTS***Status of Fund Releases***

Ms. Lisa Silverman, representing the SAB staff, presented this item to the Board, and the Board accepted the Status of Fund Releases report as presented.

Status of Funds

Ms. Lisa Silverman, representing the SAB staff, presented this item to the Board, and the Board accepted the Status of Funds report as presented.

SPECIAL CONSENT***School Facility Program Career Technical Education Facilities Program Extensions***

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

School Facility Program Career Technical Education Facilities Program Grant Reduction

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

School Facility Program Career Technical Education Facilities Program Loan Rescissions

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

Reactivating Inactive Apportionments

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

SPECIALS/APPEALS***State Allocation Board Rules and Operating Procedures***

This item was held over to a future SAB meeting.

Biggs Unified/Butte 57/61408-00-000

Mr. Jason Hernandez, representing the SAB staff, presented this item to the Board. Mr. Hernandez outlined the criteria for which a district may be considered eligible for financial hardship status and outlined the options in the report.

SPECIALS/APPEALS (cont.)***Biggs Unified/Butte 57/61408-00-000*** (cont.)

Mr. Bill Cornelius, Superintendent of the Biggs Unified School District, addressed the Board in support of staff's Option #2, which would approve the District's request for financial hardship status for the design and construction apportionments. Assembly Member Nielsen addressed the Board in support of staff's Option #2.

Ms. Moore asked if the District's request was similar to the request for the Lassen Union High School District. Mr. Hernandez responded that the Lassen request from 2001 was prior to the main regulation changes for financial hardship that became effective in January of 2002, and that that criteria was different than the criteria in regulation today. However, he also indicated that some of the circumstances between the requests were similar. Senator Hancock stated that by granting Option #2 it would set a precedent if school districts are unable to pass a bond or come in with no local participation that it would open the door for many more school districts to come forward in the future citing this situation. Senator Hancock stated her support for staff Option #3, which would deny the District's request. Senator Wyland asked about the maintenance and the District's overall budget. Mr. Cornelius replied that the District's budget was \$6.2 million for four school sites and that the schools were in great need of general repair and major upgrades. Senator Lowenthal stated his support of staff's Option #3. Assembly Member Fuller discussed the conflict of the situation: deny the District money (Option #3) or support staff's Option #1, which would approve the District's request for financial hardship status for the design phase only, but require the District to seek other funding sources for the construction phase of the project. Assembly Member Fuller stated she was in support of staff's Option #1. Assembly Member Brownley concurred with Assembly Member Fuller's comments but was in support of staff's Option #3. Both Ms. Moore and Senator Wyland were in support of staff's Option #1. Senator Hancock made a motion to approve staff's Option #3, which would deny the District's request. The Chair called for a roll-call vote and the motion failed per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Wyland		X		
Assembly Member Fuller		X		
Assembly Member Brownley	X			
Assembly Member Torlakson		X		
Scott Harvey	X			
Kathleen Moore		X		
Tom Sheehy			X	
Total	4	4	1	

Motion:

Carried
Failed X

A second motion was made to approve staff's Option #1, which would approve the District's request for financial hardship status for the design phase only, but require the District to seek other funding sources for the construction phase of the project. The Chair called for a roll-call vote and the motion failed per the following votes:

SPECIALS/APPEALS (cont.)

Biggs Unified/Butte 57/61408-00-000 (cont.)

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal		X		
Senator Hancock		X		
Senator Wyland	X			
Assembly Member Fuller	X			
Assembly Member Brownley		X		
Assembly Member Torlakson	X			
Scott Harvey		X		
Kathleen Moore	X			
Tom Sheehy	X			
Total	5	4		

Motion:

Carried
 Failed X

A third motion was made to grant reconsideration to vote on staff's Option #3. The Chair called for a roll-call vote and the motion failed per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Wyland		X		
Assembly Member Fuller		X		
Assembly Member Brownley	X			
Assembly Member Torlakson		X		
Scott Harvey	X			
Kathleen Moore		X		
Tom Sheehy	X			
Total	5	4		

Motion:

Carried
 Failed X

Senator Wyland made a motion and it carried to put this item over to a future SAB meeting. The Board requested that when the District comes back before the Board that they present a plan with a specific prioritized list of what they want to do.

New Construction Grant Adjustment

This item was held over to the January 2010 SAB meeting.

REGULATIONS

Additional Grant for General Site Development

Mr. Tom Duffy, representing the CASH organization, addressed the Board in support of the staff's recommendations. In considering this item, the Board approved the staff's recommendations.

REPORTS***Approved School Facility Program Consent and Appeal Items Report***

This item was held over to a future SAB meeting.

INFORMATION***Presentation from the State Treasurer's Office regarding State General Obligation Bonds***

Mr. Blake Fowler was unable to attend this meeting and his oral presentation has been postponed to a future SAB meeting.

Frequency of State Allocation Board Meetings

The Executive Officer presented this item to the Board. He outlined the impact the Governor's Executive Order, furloughing State employees three days per month, has had on the OPSC's ability to proactively administer the SFP. He further stated that by moving to a two-month (bi-monthly) SAB meeting schedule would enable staff to recapture the six days lost to furloughs. The Chair asked what would be the benefits to the Board and to school districts if the bi-monthly schedule were adopted? The Executive Officer replied there would be negative and positive outcomes; a negative outcome would be that unfunded approvals would not be scheduled every month and school districts would not be able to leverage interim financing for their projects without unfunded approvals; and a positive would be there would be time made available for staff to focus on quality policy development and school district resolutions.

Public Comment

Mr. Tom Duffy, representing the CASH organization, addressed the Board in opposition of a bi-monthly schedule but in support of maintaining the existing schedule. He suggested limiting the number of items presented at each Board and restructuring appeals by streamlining the process as a way to alleviate the volume of work produced by staff. He further requested the involvement of the Assistant Executive Officer in policy development and in the review of appeal requests. The Chair asked Mr. Duffy if the CASH organization would be in support of having the Board meet every month but only agendaizing a special consent calendar every other month. Mr. Duffy stated that the CASH organization would be willing to work with the SAB on that issue should that be the direction of the SAB.

Mr. Lyle Smoot, representing the Los Angeles Unified School District, addressed the Board in opposition of a bi-monthly schedule, but in support of a limited agenda every month. He also indicated the need for school districts to be made aware of new eligibility approvals for the planning of applications, and that these types of approvals only happen on a consent agenda.

The Board requested that this item be noticed for further discussion at the January 2010 SAB meeting.

Legislative Update

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. The Board accepted the Legislative Update as presented. Mr. Harvey made a request for further discussion of Senate Bill (SB) 334 (Special Education Pupil Grants) at the January 2010 SAB meeting.

Legislative Update (cont.)**Public Comment**

Ms. Anna Ferrera, representing the County School Facilities Consortium, addressed the Board. Ms. Ferrera stated that as sponsors of SB 334 and in order to discuss appropriate grant amounts for special education pupils, it would be necessary to see this item before the Board as soon as possible.

INFORMATION/REFERENCE

Proposed State Allocation Board meeting dates for the 2010 calendar year

School Facility Program Unfunded List as of September 23, 2009

School Facility Program Workload List Applications Received Through October 7, 2009

Emergency Repair Program Unfunded List as of November 4, 2009

Emergency Repair Program Workload List Applications Received Through October 20, 2009

Facility Hardship/Rehabilitation Approvals Without Funding as of September 23, 2009

CLOSED SESSION

At 3:25 p.m. and in accordance with Government Code Section 11126(a)(1) and Section 11126(e)(1), the Board convened into closed session to discuss the issues relating to: 1) personnel involving the position of the Assistant Executive Officer, including but not limited to, appointment and employment with the State Allocation Board; and 2) to confer with and receive advice from counsel regarding the *Val Verde Unified School District et al v. State of California et al.* "At 4:32 p.m., the Chair announced that the closed session was over and the Board reconvened into public session at which time the Chair announced the official appointment of Ms. Lisa Kaplan as the new Assistant Executive Officer to the State Allocation Board. He also publicly thanked the Interim Assistant Executive Officer, Ms. Susan Ronnback, for her service to the Board. He further stated that Ms. Kaplan would serve concurrently with Ms. Ronnback through the end of November and after that Ms. Kaplan would be on her own.

MISCELLANEOUS

- The Chair announced that the next SAB meeting will be scheduled for January 27, 2010. During the January 27th meeting a discussion and decision will be made as to the future meeting schedule of the SAB.
- Mr. Duffly, representing the CASH organization, stated that there was no action in 2009 regarding the new construction grant adjustment under Assembly Bill 127. He requested that when the Board does take action in 2010, that the adjustments remain separate actions.

MISCELLANEOUS (cont.)

- Ms. Moore had a few issues to discuss: 1) have the OPSC conduct another informational session regarding the New Construction Grant Adjustment Report prior to the January 2010 SAB meeting in order to have a robust discussion at that SAB meeting; 2) have the SAB consider new funding cycles, with options, for the Overcrowding Relief Grant Program; and 3) the transfer of the \$17 million to the Emergency Repair Program. She indicated that the funding was transferred by the CDE in July 2009 and the funding is still not in the account. She asked the DOF to please provide some input concerning this funding. Mr. Nicholas Schweitzer, representing the DOF, stated that the DOF has been working with the Legislature on the legal authority to transfer the funding. The Chair requested that the DOF make contact with the CDE in order to accomplish the \$17 million transfer. Ms. Moore requested that this item be agendaized for the January 2010 SAB meeting for discussion.
- Lastly, Mr. Harvey reminded the Executive Officer of the financial hardship regulations and the issue of marrying the remaining Energy funds from Proposition 47 to the High Performance Incentive funds in Proposition 1D. The Executive Officer responded that staff has been working on those two issues, but with the January 2010 SAB Agenda fully loaded, those issues would come forward at a future SAB meeting.

ADJOURNMENT

There being no further business to come before the Board, the Chair adjourned the meeting at 5:18 p.m.



ROB COOK, Executive Officer