

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CALIFORNIA STATE ALLOCATION BOARD  
PUBLIC MEETING

CALIFORNIA DEPARTMENT OF EDUCATION  
1430 N STREET, ROOM 1101  
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, JUNE 24, 2009  
TIME: 4:07 P.M.

Reported By: Mary Clark Transcribing  
4919 H Parkway  
Sacramento, CA 95823-3413  
(916) 428-6439  
marycclark13@comcast.net

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

APPEARANCES

MEMBERS OF THE BOARD PRESENT:

THOMAS L. SHEEHY, Chief Deputy Director, Policy, Department of Finance, designated representative for Michael Genest, Director Department of Finance.

SCOTT HARVEY, Chief Deputy Director, Department of General Services, designated representative for Will Bush, Director, Department of General Services.

KATHLEEN MOORE, Director, School Facilities Planning Division, California Department of Education, designated representative for Jack O'Connell, Superintendent of Public Instruction.

SENATOR LONI HANCOCK

SENATOR ALAN LOWENTHAL

SENATOR MARK WYLAND

ASSEMBLY MEMBER JULIA BROWNLEY

ASSEMBLY MEMBER MARTIN GARRICK

ASSEMBLY MEMBER TOM TORLAKSON

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Chief of Fiscal Services

JUAN MIRELES, Program Services Policy Manager

SUSAN RONNBACK, Interim Assistant Executive Officer

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

HENRY NANJO, Senior Staff Counsel

P R O C E E D I N G S

1

2

3

CHAIRPERSON SHEEHY: I believe we have a quorum.

4

Lisa, can you call the roll, please.

5

MS. JONES: Yes, I can. Senator Lowenthal.

6

SENATOR LOWENTHAL: Here.

7

MS. JONES: Assembly Member Brownley.

8

ASSEMBLY MEMBER BROWNLEY: Here.

9

MS. JONES: Assembly Member Garrick.

10

ASSEMBLY MEMBER GARRICK: Here.

11

MS. JONES: Scott Harvey.

12

MR. HARVEY: Present.

13

MS. JONES: Kathleen Moore.

14

MS. MOORE: Here.

15

MS. JONES: Tom Sheehy.

16

CHAIRPERSON SHEEHY: Present.

17

MS. JONES: We have a quorum.

18

CHAIRPERSON SHEEHY: Lisa, if we take any votes

19

before the other Board members show up today, could you

20

please make sure that they're left on-call so everybody has

21

a chance to add on.

22

MS. JONES: Yes, I can.

23

CHAIRPERSON SHEEHY: All right. Thank you very

24

much.

25

MS. JONES: You're welcome.

1           CHAIRPERSON SHEEHY: Mr. Mireles, the **Minutes**.

2           MR. MIRELES: The staff has made some revisions to  
3 the Minutes. The latest revision should be included in your  
4 Board books. With that, the Minutes are ready for your  
5 review and approval.

6           CHAIRPERSON SHEEHY: Can you give us the nature of  
7 the revision of those Minutes, please?

8           MR. MIRELES: Yes. That's actually on page 4. It  
9 was regarding comments made on the Murrieta Valley appeal.

10          CHAIRPERSON SHEEHY: Okay.

11          MR. MIRELES: It was clarifying language on the  
12 Board member's comment.

13          CHAIRPERSON SHEEHY: Okay. I know Mr. Duffy's  
14 going to have -- just one minute, Tom. I know Mr. Duffy's  
15 going to -- good afternoon, Senator.

16          ASSEMBLY MEMBER TORLAKSON: Good afternoon.

17          CHAIRPERSON SHEEHY: I know Mr. Duffy will have  
18 some comments. Is there any other issues on the Minutes  
19 that have been identified? Seeing none, Tom, would you like  
20 to address the Minutes.

21          MR. DUFFY: Yes. Thank you. Mr. Chairman,  
22 members of the Board, Tom Duffy for C.A.S.H. The -- if it  
23 wouldn't be terribly inconvenient for you, I would just ask  
24 you to hold on adopting these. There are a number of places  
25 in the Minutes where it identifies a Board member making a

1 comment, but it doesn't identify which Board member and  
2 there were a couple of other issues that we had.

3 I'd be pleased to work with Mr. Mireles and go  
4 over with him what it is that we have found.

5 CHAIRPERSON SHEEHY: Okay. So we have a request  
6 to put the Minutes over. Is there any objection to that by  
7 any of the Board members? Seeing none, such will be the  
8 order.

9 MR. DUFFY: Thank you.

10 CHAIRPERSON SHEEHY: And I do want to ask a  
11 question, Mr. Mireles. We do -- we are planning on having  
12 our transcripts posted on the OPSC Website; is that correct?

13 MR. MIRELES: That's correct. We're working on  
14 that. We hope to have it for the next Board meeting. We'll  
15 start having them online.

16 CHAIRPERSON SHEEHY: So those are public documents  
17 that we have been on an as-requested basis sending the  
18 transcripts out, but we're going to try to be more  
19 ecologically sensitive and make them available  
20 electronically.

21 Now those transcripts will identify who's speaking  
22 and so on and so forth; right? So hopefully --

23 MR. MIRELES: That's correct.

24 CHAIRPERSON SHEEHY: -- this will be less of an  
25 issue going forward. Okay. Very good. **Executive Officer's**

1 **Statement**, please.

2 MS. SILVERMAN: Good afternoon. A couple items  
3 that we wanted to highlight today. One of important note is  
4 seismic funding. Today we'll be presenting in the Board's  
5 agenda the first seismic funding request for San Ramon  
6 Valley and it's -- the request is to replace a gym facility  
7 at the San Ramon Valley High School. That gym facility  
8 qualifies as a vulnerable category type 2 building.

9 And so with that, we are presenting a Board's  
10 recommendation for unfunded approval. On another --

11 MR. HARVEY: This deserves a round of applause I  
12 might add. Wonderful.

13 (Applause)

14 MS. SILVERMAN: And probably Margie needs to stand  
15 up.

16 CHAIRPERSON SHEEHY: Let the record show that  
17 Mr. Harvey had a triple espresso before he came in today.

18 MS. SILVERMAN: And another item we wanted to note  
19 is the redesignation of funding for projects with a labor  
20 compliance program.

21 At the February and March State Allocation Board  
22 meeting, staff was requested to identify projects awaiting  
23 for funding that had a labor compliance component and with  
24 that, we bring forward to you today in the Status of Funds  
25 30 new construction projects that's approximately value of

1 \$118 million that will be redesignated for Proposition 1D to  
2 Proposition 47.

3           And with that, that would be reflected in the  
4 Status of Funds.

5           The next item we would like to highlight is our  
6 high performance outreach. At the May Board, we were  
7 requested to provide increased outreach for the high  
8 performance funding. With that, staff did meet with Senator  
9 Hancock's office for leadership and energy and environmental  
10 design and collaborative for high performance schools to  
11 increase and encourage districts to apply for the funding.

12           And with that said, the nature of the discussion  
13 was whether or not they had received high performance grants  
14 and trying to incorporate high performance design into the  
15 construction.

16           Also the other issue they raised was the green  
17 design and construction elements that actually have little  
18 or not additional cost.

19           In the information material that is already  
20 available through CHPS, which we can inform districts and  
21 provide them a little bit more guidance with providing an  
22 easy to understand letter in terms of how they can adopt  
23 these practical guidelines into the design.

24           And with that said, we have a follow-up meeting  
25 scheduled for next week.

1           And obviously currently we still have \$88 million  
2 available in funding.

3           CHAIRPERSON SHEEHY:   Okay.

4           MS. SILVERMAN:   And the next item we'd like to  
5 highlight is the charter school facilities program.  As a  
6 result of the last Board's action, we have a new filing  
7 round and so the new filing round opens July 1st and again  
8 we're going to have some outreach to help charter schools to  
9 practically fill out the -- help them assist with the  
10 filling out of the forms.

11           This will be a collaborative effort with Office of  
12 Public School Construction, the School Facilities Finance  
13 Authority, and California Department of Education and again  
14 these workshops begin on Friday in Los Angeles and we have  
15 another workshop scheduled in San Diego on Monday.

16           There will be a follow-up workshop in Sacramento  
17 in which we intend to Webcast that so folks who don't have  
18 the abilities to travel due to budget restrictions will have  
19 the ability to have that workshop.

20           With that, I conclude the Executive Officer's  
21 Statement.

22           CHAIRPERSON SHEEHY:   I have just one follow-up  
23 question, Lisa.  When you had your meeting on the high  
24 performance outreach and it was made known that there was  
25 still \$88 million available, did you get any sense that

1 there would be some additional applications for funding  
2 coming forward?

3 MS. SILVERMAN: I think there were going to be  
4 more discussions on how to provide an easy flow process,  
5 maybe reevaluating the CHPS criteria, perhaps providing more  
6 of an informational letter that would help school districts,  
7 to encourage them to -- incentivize, that they have access  
8 to these funds.

9 So I know it's just an early discussion right now.  
10 It's the first kick-off meeting, so I imagine they're going  
11 to do some more outreach and more collaborative work groups.

12 CHAIRPERSON SHEEHY: Thank you. Mr. Harvey.

13 MR. HARVEY: As a follow-on question, you know, we  
14 took the time to learn what obstacles there might be to  
15 access the seismic funding. We're beginning to address  
16 those.

17 As you talked with folk on the high performance,  
18 are they mentioning obstacles, not to the process itself,  
19 but to perhaps costs involved in building those more  
20 environmentally friendly schools? I mean I think we need to  
21 find a way of making it happen because you gather those  
22 costs back rather quickly.

23 But have you heard anything that would be a red  
24 flag relative to we're not really accessing it because?

25 MS. SILVERMAN: I may have to defer to Juan. I'll

1 defer to Juan Mireles because unfortunately I wasn't in the  
2 meeting, so --

3 MR. MIRELES: Though there have been some concerns  
4 that perhaps the grants aren't enough to do certain changes  
5 to the design of the projects -- actually Mr. Savidge here  
6 can probably explain it better, but that's part of the  
7 concerns that we've heard and it's something that we are  
8 looking into in terms of exploring possible future  
9 regulation changes.

10 MR. HARVEY: So it would take a regulation change  
11 to effectuate that issue? We couldn't do it  
12 administratively or interpreting our regulations  
13 differently?

14 MR. MIRELES: Significant changes would require  
15 regulation.

16 MR. HARVEY: All right. Thank you.

17 CHAIRPERSON SHEEHY: Mr. Savidge.

18 MR. SAVIDGE: Thank you. Bill Savidge, West  
19 Contra Costa Unified School District, C.A.S.H. Chair.  
20 C.A.S.H. is very concerned about the high performance  
21 schools grant and it's the fact that the funds are going out  
22 so slowly and we see some structural impediments and we are  
23 under the leadership of Steve Newsom, our Chair of our High  
24 Performance Committee, convening a working group to look at  
25 the -- the title of the working group is Why the High

1 Performance Money is Not Going Out.

2           And what we see are some fundamental issues and  
3 we'd love to partner with the State, with OPSC, and DSA to  
4 look at this.

5           I can share with you. We just submitted three  
6 schools for the high performance schools program. The cost  
7 to pay for the consultants to perform the work and the  
8 calculations required is more than the grant increase that  
9 is given to us and that doesn't even include the hard cost  
10 to build the high performance elements into your school.

11           And so I think we have to take a look at the way  
12 the program is structured, the requirements for reporting  
13 and documentation, et cetera, so we are convening a work  
14 group to do that and we would look to working with OPSC and  
15 DSA on that. Thank you.

16           MR. HARVEY: Mr. Savidge, how about something that  
17 says under the penalty of perjury you certify that  
18 everything is up to LEED standards.

19           MR. SAVIDGE: Oh, I don't think -- we don't have  
20 any issue with perjury.

21           MR. HARVEY: I'm just trying to expedite the  
22 process.

23           CHAIRPERSON SHEEHY: There's some inside joking on  
24 here. Senator Hancock.

25           SENATOR HANCOCK: Yeah. I just wondered when you

1 said that, did you mean the consultant who comes and  
2 certifies that CHPS standards have been met or the  
3 consultants that would come in and help design low flow  
4 toilets or nontoxic rugs or whatever?

5 MR. SAVIDGE: Let me give you an example. Under  
6 CHPS and under the high performance grant program set up for  
7 DSA, we have to provide acoustical engineering certification  
8 that a classroom building meetings the 40 dBA standard in  
9 the reverb time and if we -- that's to get one point.

10 To hire an acoustical engineer for an elementary  
11 school will cost you in the Bay Area 15- to \$23,000. Okay?  
12 To do the analysis and prepare the documentation. The  
13 architects all are asking for more money and rightfully so.  
14 This is additional work.

15 I'd be happy to share the submittals that we  
16 prepare from the engineering consultants that go in. So we  
17 have to look at this and see how it's set up and look at how  
18 we're getting -- we can get better bang for our buck because  
19 there's a lot of extra work involved just getting to the  
20 point of construction not even considering the added  
21 construction costs when they go forward.

22 CHAIRPERSON SHEEHY: Ms. Moore.

23 MS. MOORE: Yes. Mr. Savidge, is that due to the  
24 regulations for the program or is that due to securing the  
25 CHPS designation?

1           MR. SAVIDGE: Well, the program regulations and  
2 the CHPS designation are fairly comparable and the State's  
3 program is not specifically based on one LEED or CHPS  
4 standard per se because we can't -- the State can't have a  
5 proprietary system.

6           But the standards that are used in the high  
7 performance schools grant program for DSA are comparable to  
8 CHPS standards in acoustical engineering area and very  
9 comparable to the LEED standards in the same area.

10          MS. MOORE: So, for instance, if you were outside  
11 of this program and you were looking for a CHPS standard  
12 designation, you would have to do that submittal as well?

13          MR. SAVIDGE: That's correct. And I think to be  
14 fair our district and many districts in the Bay Area and all  
15 over the State we want -- our school boards want us to build  
16 sustainable schools with green schools and we want to be  
17 there. We're really doing this for political reasons in a  
18 sense and because it's the right thing to do for the State,  
19 but the dollars there are really not -- they're just not  
20 really playing in to making it worthwhile from a monetary  
21 standpoint.

22          SENATOR HANCOCK: Mr. Sheehy.

23          CHAIRPERSON SHEEHY: Oh, sure. Ms. Hancock.

24          SENATOR HANCOCK: Yeah. Thank you. Yeah. I  
25 would really appreciate it if you guys would -- if C.A.S.H.

1 would look at this and bring a report to this Board because  
2 honestly, Mr. Savidge, I remember talking to you a number of  
3 years ago and saying I hope you're building these schools  
4 green and you said, oh, yes, they're all green.

5           Now -- so take the acoustics. When you're  
6 designing a building, don't we know roughly what acoustic  
7 excellence would look like so we'd hire an architect that  
8 could do that for us? I'm looking at things like nontoxic  
9 paints or carpets or windows that open. Some of those  
10 things, it would seem to me, ought to be absorbable in just  
11 the way an architect would work.

12           That's why I don't -- I appreciate Ms. Moore's  
13 question because I don't -- it's hard for me to see where  
14 it's coming from.

15           MR. SAVIDGE: Many of them are, for sure. But I  
16 mean I should have brought my documentation packages --

17           SENATOR HANCOCK: Yeah.

18           MR. SAVIDGE: -- that were submitted to the State  
19 and you'd get a sense --

20           SENATOR HANCOCK: I'd love to --

21           MR. SAVIDGE: -- of the amount of documentation  
22 that's required and documentation -- it basically equates to  
23 additional hours of professionals preparing this work that  
24 they charge the school districts. And so it's -- we are  
25 doing it. We are building green schools. There's plenty of

1 things that we can do to put daylighting in, to do windows  
2 that open, low flush toilets that don't add significant  
3 costs, but there are a lot of issues related documentation  
4 into areas of specialized engineering that we are incurring  
5 many, many costs on. I don't think we -- I don't think  
6 anybody when we set the program up was really anticipating  
7 how this would --

8 SENATOR HANCOCK: Okay.

9 MR. SAVIDGE: -- be structured.

10 SENATOR HANCOCK: And so is the problem in the  
11 oversight, that we're requesting too much paperwork for you  
12 to document what you're doing anyway and therefore the  
13 additional money doesn't cover it?

14 MR. SAVIDGE: There's a number of issues. That's  
15 one of them. One of them is also the level of the initial  
16 grant and the way the program is set up is a percentage  
17 increase in grant -- may not be providing an appropriate  
18 funding level to support where we're going.

19 So these are some of the things we'd like to do in  
20 our working group and bring back to you.

21 SENATOR HANCOCK: Absolutely. Do you have a sense  
22 of when the working group might be ready? Because I think  
23 we should schedule time then and have a report and have a  
24 discussion.

25 MR. SAVIDGE: Well, we just got it off the ground

1 at our C.A.S.H. board meeting today, so --

2 SENATOR HANCOCK: Oh, good for -- good.

3 MR. SAVIDGE: -- get back to you and we'll get you  
4 a schedule. We can work with the Chair.

5 SENATOR HANCOCK: That's great. Thank you so  
6 much.

7 MR. SAVIDGE: Thank you.

8 CHAIRPERSON SHEEHY: Assemblywoman Brownley.

9 ASSEMBLY MEMBER BROWNLEY: Yeah. I just wanted to  
10 follow up on that and I think that I'm really happy that  
11 we're looking at it. It seems as though it's time to really  
12 review these regulations.

13 For a school district to have to -- it seems quite  
14 onerous that what school districts have to adhere to albeit,  
15 you know, we want our schools to be green, we want them to  
16 be sustainable, but they're only getting a 10 percent, you  
17 know, extra grant money, you know, which in the long run the  
18 adherence to what needs to be done might actually cost more  
19 than what the grant is.

20 And so I think trying to find where that balance  
21 is is really important. I mean we don't want to preclude  
22 our schools from going green and perhaps if they go  
23 90 percent of the way, that's better than going zero percent  
24 of the way.

25 So I'm just glad that it's going to come back and

1 that we can have a full discussion on it.

2 CHAIRPERSON SHEEHY: Mr. Harvey.

3 SENATOR HANCOCK: Could I make another comment,  
4 Mr. Sheehy?

5 CHAIRPERSON SHEEHY: Can we let Mr. Harvey go  
6 first?

7 SENATOR HANCOCK: Oh, we could.

8 CHAIRPERSON SHEEHY: And then we'll come back to  
9 you, Senator.

10 SENATOR HANCOCK: We could. I didn't know he  
11 wanted to speak.

12 MR. HARVEY: Well, I think I know -- oh, Senator,  
13 please.

14 SENATOR HANCOCK: No, no, no. Mr. Harvey, after  
15 you.

16 MR. HARVEY: Well, this discussion is confirming  
17 my worst fears frankly and I think we're right on relative  
18 to bringing back regulations which will really simplify what  
19 we expect out of the CHPS equivalent schools. And, you  
20 know, we can ask all we can that districts go as green as  
21 they can under the modernization or new construction and not  
22 expect all of this rigor and analysis. I mean that is a way  
23 to go.

24 The incentive ostensibly is this 10 percent kick  
25 if you're trying to get this CHPS certification. So it

1 seems to me it's a combination of changing our regulations  
2 dramatically and looking at maybe encouraging folk to go  
3 that 90 percent and not worry about the certification, but  
4 do the right thing as it relates to energy efficiency and  
5 being green.

6 CHAIRPERSON SHEEHY: Senator Hancock.

7 SENATOR HANCOCK: I could not have put it better  
8 myself. I was -- you know, that was essentially what I was  
9 going to say and I was just going to share a little thing.

10 Some of you now I used to work for the U.S.  
11 Department of Education and I remember when we had -- we had  
12 something called Goals 2000 and it gave grant money to  
13 states. And we were trying to pare back the regulations and  
14 so we had a ten-page application for many millions of  
15 dollars that came to the State of California.

16 And six months or so later, I asked this school  
17 superintendent if they had applied for the money and he said  
18 no, there's a 60-page application from the State. We don't  
19 have the administrative staff to do it.

20 And I did check with the Department and they  
21 laughed and said you should have seen what was suggested.  
22 So it's like sometimes bureaucracy generates reporting --

23 MS. MOORE: That was the U.S. Department of Ed;  
24 right?

25 SENATOR HANCOCK: No. It was the State, Kathleen.

1 MR. HARVEY: Oh, no.

2 SENATOR HANCOCK: The -- we -- no. We -- the feds  
3 sent a 10-pager and somehow it got out to the schools as a  
4 60-pager, but anyway, anything that we can do to cut back on  
5 that so that we get the goal and we make every dollar go to  
6 the maximum amount I think will be wonderful. Thanks.

7 CHAIRPERSON SHEEHY: Ms. Moore.

8 MS. MOORE: One last point on that is school  
9 districts -- some school districts have already passed  
10 resolutions that say we're going to build to CHPS standards.

11 SENATOR HANCOCK: Oh, LA.

12 MS. MOORE: And so if they didn't come into the  
13 State at all, they're -- they've said that whatever that  
14 means, they're doing. So it's interesting. I'm wondering  
15 if there's some way that we can say the same thing without  
16 the documentation because a district that may not come in  
17 for State funding is saying we're going to build green and  
18 they build green and perhaps part of our problem is that we  
19 say build green but also certify that you build green and  
20 it's that certification that may be dissuasive.

21 So if we can somewhere get to where we have the  
22 ability to put less on, I think we'll see more people  
23 participate.

24 SENATOR HANCOCK: I think that's a great idea. I  
25 know some very big districts like LA have adopted these

1 standards and -- so we'll find out some interesting things  
2 I'm sure.

3 ASSEMBLY MEMBER BROWNLEY: They do have a large  
4 bureaucracy though.

5 CHAIRPERSON SHEEHY: Any additional questions or  
6 comments by Board members? Seeing none, Juan, the **Consent**  
7 **Calendar**.

8 MR. MIRELES: The Consent Calendar is ready for  
9 your review and approval.

10 SENATOR HANCOCK: I would move we approve.

11 CHAIRPERSON SHEEHY: We have a motion to move the  
12 Consent Calendar. Is there a second?

13 MR. HARVEY: Second.

14 CHAIRPERSON SHEEHY: We have a motion and a  
15 second. Did the Board members have any requests regarding  
16 the Consent Calendar? Senator Wyland?

17 SENATOR WYLAND: Just a question. Is the Consent  
18 Agenda everything that follows under 4?

19 CHAIRPERSON SHEEHY: It's page 14 through  
20 page 115.

21 SENATOR WYLAND: So it includes the various  
22 eligibility approvals, approvals that are not funded, all  
23 those items.

24 MR. MIRELES: That's correct.

25 CHAIRPERSON SHEEHY: Correct. Juan, do you want

1 to give a fuller description of what's included?

2 MR. MIRELES: Yeah. It includes all of our new  
3 construction, modernization, eligibility, determinations,  
4 adjustments, and including unfunded approvals for new  
5 construction, modernization, those types of projects.

6 SENATOR WYLAND: Okay. I just would like to make  
7 a comment before we take that vote. Arguably one of the  
8 most important things we do is -- and it's pretty clear what  
9 we do is ratify the work that staff -- SAB staff has done  
10 regarding eligibility.

11 If there's an issue on the part of the school  
12 district, they come before us and we have seen some of  
13 these.

14 I'd just like to put a couple of issues out on the  
15 table that we won't deal with this time but I think are  
16 important. One is the adequacy of career technical  
17 education programming in these funds -- in the schools we're  
18 funding.

19 Now, currently there is a regulation, which I am  
20 pleased to have been part of, that SDE approves when there's  
21 an application funding, they approve -- even though those  
22 facilities as in modernization, for example, may not include  
23 career technical education, that they approve a plan and  
24 answer some questions.

25 And we've asked SAB staff to get us that and I

1 think really the place to get it is the Department of  
2 Education so we have a sense of the adequacy of that because  
3 these are State funds that we are allocating and many if not  
4 most of us on this body, at least from the Legislature, have  
5 a big interest in that.

6           And the other thing I'd just throw out there that  
7 might be for future consideration, since it's taxpayer money  
8 that's funding a significant portion of this, I'm very  
9 interested in what costs are and how they vary from  
10 application to application and district to district.

11           In other words, I know -- and I'll just give you  
12 some personal experience from having been in the building  
13 material business and having supplied materials for 20, 30,  
14 40 schools, the variation in expense for the same school and  
15 the same facility and arguably with the same utility and the  
16 same life is sometimes extraordinary.

17           I don't have a problem if a district decides that  
18 we're a wealthy district and we want to build a really nice  
19 iconic school and if you've ever been on a school board and  
20 go to their meetings, you'll see the table where the  
21 architects are there and they show you their award-winning  
22 designs.

23           But we then, if they've made that decision, are  
24 committing taxpayer funds for the other half of that and I'm  
25 not sure if at some future point, we might not want to have

1 a discussion about the extent to which we commit taxpayer  
2 funds. For example, there may be a district which is able  
3 to spend that kind of money and that would typically be a  
4 wealthier district and in that sense we are committing on a  
5 per square foot basis perhaps quite a bit more taxpayer  
6 money than we might to another district.

7 And I just throw that out there as something that  
8 we might want to consider because I bet the variability is  
9 pretty big.

10 So I'll just let it go at that and just make  
11 those --

12 CHAIRPERSON SHEEHY: Okay. I have Ms. Moore,  
13 Assemblywoman Brownley, but I'm first going to ask  
14 Mr. Mireles a question.

15 Juan, isn't it -- aren't our grants based --  
16 aren't they formulaic and so --

17 MR. MIRELES: Yes.

18 CHAIRPERSON SHEEHY: And so -- I mean if a school  
19 district refuses to build additional features that might be  
20 considered optional by some other district, they're not  
21 necessarily committing a higher level of State dollars, are  
22 they, because they -- the dollars they get are based upon  
23 the eligibility as calculated under the school facilities  
24 program. Is that -- that's my understanding. Am I --

25 MR. MIRELES: That's correct. Yes.

1           CHAIRPERSON SHEEHY: Is that right?

2           MR. MIRELES: That's correct.

3           CHAIRPERSON SHEEHY: Okay.

4           SENATOR WYLAND: Does that mean though that the  
5 square foot or some similar allocation is precisely -- I  
6 doubt it means that, that it's precisely the same, but it's  
7 a formula based on the type of facilities and that sort of  
8 thing; right?

9           MR. MIRELES: No. It's strictly a per pupil grant  
10 amount and actually in fact, Senator, this -- part of the  
11 discussion that we're going to have later on in Tab 15 deals  
12 with actual costs of school projects on a per square foot  
13 basis.

14          SENATOR WYLAND: Okay. And then you'll talk about  
15 the formula and how you're making that decision.

16          MR. MIRELES: Yeah. It's important to note the  
17 distinction. The one thing is to note that the per pupil  
18 grant amounts are formula driven and they are based on per  
19 pupils which generally mean the number of classrooms in a  
20 project, but the other part that we're going to talk about  
21 later talks about the actual amount that it costs to build  
22 certain projects which may get to your question as far as,  
23 you know, the number of -- the amount per square foot.

24          SENATOR WYLAND: And there obviously is some  
25 variability in certain places, but I mean so that is

1 something we will discuss and I think is important to  
2 discuss.

3 MR. MIRELES: Yes.

4 SENATOR WYLAND: All right. Good.

5 CHAIRPERSON SHEEHY: Ms. Moore.

6 MS. MOORE: Senator Wyland, I just wanted to make  
7 sure on your -- the career technical education, there is a  
8 law that indicates that we do do a report on that part of  
9 career technical education that is a part of the project and  
10 I can have Mr. Yeager speak to that if you'd like right now  
11 or is it that you would like the information from the  
12 Department of Education on what's occurring there? And  
13 that's separate from, you know, that we placed the amount of  
14 money for actual career technical education facilities  
15 separately as well.

16 So there's two career technical education  
17 components occurring right now in this program.

18 SENATOR WYLAND: Right. You're talking about the  
19 money, the special bond money specifically for CTE.

20 MS. MOORE: Right. That we're going to go out to  
21 the third round on.

22 SENATOR WYLAND: Right.

23 MS. MOORE: There's that component and then as  
24 districts come in -- and I don't know the specifics and if  
25 we need that, Fred can talk to that, but as districts come

1 in, they do report what they're doing around career  
2 technical education in each application.

3 SENATOR WYLAND: I think that's the part that I  
4 don't know of others may be interested in, probably at the  
5 point at which the Department considers or makes the  
6 approval depending on the answers to those questions, even  
7 though it may be quite a bit later than it once appeared,  
8 that's something I'd like to see --

9 MS. MOORE: We'd certainly be happy to share that  
10 with you.

11 SENATOR WYLAND: And I appreciate that.

12 MS. MOORE: Okay.

13 CHAIRPERSON SHEEHY: Ms. Brownley.

14 ASSEMBLY MEMBER BROWNLEY: I just wanted to say I  
15 would think that would be a very good discussion, the points  
16 that you've raised and on the issue of adequacy on CTE, I  
17 absolutely agree that we need to sort of shine a special  
18 light on that because we are hoping that CTE -- the  
19 classroom of CTE, if you will, is going through a major  
20 transformation. That's -- we're hoping for that outcome.

21 And so I do think that we need to give a special  
22 look at that to see how we're progressing and how we're  
23 doing.

24 On the other hand, I don't want to lose sight of  
25 tracking or making sure that we have, for example, the

1 appropriate science laboratories in schools or SMART boards  
2 in classrooms that might really enhance better teaching of  
3 instruction and I don't want to lose sight of those things  
4 because I think sometimes we can -- a pendulum can swing out  
5 so much that we sort of lose sight of some of the other.

6           So I just wanted to kind of add that as part of --  
7 but I think it's an important -- a very important discussion  
8 to have.

9           SENATOR WYLAND: I think you're absolutely correct  
10 in that, Assemblywoman, and I feel the same way because a  
11 particular -- say a modernization project may not include  
12 any -- appropriately any CTE but might be a renovation of  
13 science labs, for example. So -- about which I'm equally  
14 interested.

15           ASSEMBLY MEMBER BROWNLEY: Right.

16           SENATOR WYLAND: I just think it's one way of --  
17 since that's been shorted, of trying to see that the  
18 applicant is thinking about that and has a plan, but I agree  
19 with --

20           CHAIRPERSON SHEEHY: Okay. We do have a motion  
21 and a second on the floor. Is there additional questions or  
22 comments by Board members on the Consent Calendar? Anybody  
23 from the general public want to weigh in on the Consent  
24 Calendar.

25           Seeing no one, all in favor>

1 (Ayes)

2 CHAIRPERSON SHEEHY: Consent Calendar's approved.  
3 Ms. Silverman, could you please present to us the **Status of**  
4 **Fund Release Report**.

5 MS. SILVERMAN: Yes. As a result of the last  
6 month's Board, we thought we'd provide more transparency on  
7 the fund disbursements as a result of the March and April  
8 bond sale.

9 So to capsulate, we received \$548 million in the  
10 March sale land to date we have provided 99 percent of those  
11 funds to school districts. And the \$4.3 million balance you  
12 see there is funds that have already been set aside for  
13 career tech education projects and one charter school  
14 project.

15 So in essence, those funds have already been  
16 committed to.

17 The next item is to highlight the April sale. We  
18 received \$1.4 billion in bond proceeds. To that extent, we  
19 have released \$761 million in funds which represents 53  
20 percent of the proceeds. So we're actually making a lot of  
21 progress here and what we wanted to highlight in the lower  
22 chart is -- and I know we've heard some feedback and we're  
23 definitely going to come back and fine tune this a little  
24 bit more --

25 CHAIRPERSON SHEEHY: Excuse me, Lisa. I want to

1 make sure we're all following. You're still on page 116 and  
2 now you're working on the chart at the bottom.

3 MS. SILVERMAN: 16, correct. Correct.

4 CHAIRPERSON SHEEHY: Okay. Thank you.

5 MS. SILVERMAN: Correct. So what we wanted to  
6 highlight is out of that April sale, we still have  
7 \$329 million that could be released for active projects that  
8 have an active apportionment and we wanted to do a  
9 comparison of the apportioned projects to reflect that we  
10 still have \$739 million of those projects on our workload,  
11 but we don't have active fund releases.

12 So with that, again once we receive fund releases  
13 for these projects, we can actively move those funds over  
14 for disbursement. So I'll open floor up to questions.

15 CHAIRPERSON SHEEHY: Questions of Ms. Silverman on  
16 the Status of Fund Release? Oh, I'm sorry. Ms. Brownley.  
17 We'll get there. We will get there.

18 ASSEMBLY MEMBER BROWNLEY: Thank you, Mr. Chair.  
19 Yes. I just had one question and that is I know at the last  
20 meeting that we had here, Laura Chick was here and we had  
21 the opportunity to meet her and I think she was introduced  
22 as part of her function is to oversee some of the stimulus  
23 money as it relates to what we are doing here.

24 And I notice on this particular item it talks  
25 about the Build America Bonds which are a part of the, you

1 know, stimulus package, but indeed when you look at the  
2 chart below it, it's actually all California State money.

3 And so I'm trying to understand if we are  
4 receiving Build America Bonds, how that -- and if we are or  
5 we are not and how that intertwines into the buckets of  
6 money that we have.

7 And so if I could get somebody to answer that for  
8 me. I don't understand because it references funds from  
9 Build America funds, but then the chart down below has all  
10 California funding sources.

11 MS. SILVERMAN: Well, I know the March sale that  
12 was for specific Proposition 1D and so when the Treasurer's  
13 Office was assessing the bond market, you know, at that  
14 time, you know, ARRA and the new incentive programs to sell  
15 these bonds, yes, they are general obligation bonds, but I  
16 understand it was a marketing aspect of trying to sell these  
17 bonds.

18 So in essence, they did sell it under the guise of  
19 Build America Bond proceeds and so with that, it is an  
20 incentive for the State. They receive a reduced interest  
21 cost on that issuance, so that was the explanation we  
22 received.

23 ASSEMBLY MEMBER BROWNLEY: Can you -- so then what  
24 this chart is demonstrating is that we use the marketing  
25 tool of Build America Bonds --

1 MS. SILVERMAN: To get --

2 ASSEMBLY MEMBER BROWNLEY: -- and these bonds,  
3 even though they're State bonds, we got them at a reduced  
4 interest rate?

5 MS. SILVERMAN: Interest cost --

6 ASSEMBLY MEMBER BROWNLEY: Uh-huh.

7 CHAIRPERSON SHEEHY: Ms. Brownley, may I -- for  
8 benefit of your question and the committee members and the  
9 audience, would it be okay if I elaborate on that a little  
10 bit?

11 Now I may not get this exactly right, but I think  
12 that the March sales were sales of the Prop. 47 and Prop. 1D  
13 bonds; is that right, Lisa?

14 MS. SILVERMAN: March sale was exclusively 1D.

15 CHAIRPERSON SHEEHY: Exclusively 1D; okay. So  
16 what happened is in April, they used the Build America Bonds  
17 and one of the reasons -- one of the factors that added to  
18 Treasurer Lockyer's success in that sale, recall we thought  
19 he was only going to be able to sell several billion dollars  
20 in April and he did 7-, is that the Build America Bonds have  
21 a much larger potential market than the tax exempt bonds.

22 Tax exempt bonds are not bonds that big pension  
23 funds would buy, for example, PERS or STRS or -- you know,  
24 the Texas Teachers Retirement System or other pension funds  
25 because pension funds don't have a tax liability.

1           So therefore pension funds and those types of  
2 institutional investors are looking at yield. And so  
3 they're typically not interested in the tax exempt bonds,  
4 which makes our market for selling school bonds smaller.

5           With the Build America Bonds, they were marketed  
6 and they trade and sell and price at like taxable bonds, but  
7 what happens is, is that -- and so taxable bonds have a  
8 higher interest rate, so they're more attractive.

9           But the benefit that we get through the federal  
10 program is, is the Federal Government actually rebates back  
11 to the State of California a certain amount of the interest  
12 money that we have to pay.

13           So the result of that is, is because they have the  
14 higher interest rate for the investors, the Build America  
15 Bonds reach a much broader array of institutional investors  
16 that we might otherwise be able to do and we were very  
17 successful.

18           So you're right, they are in fact State general  
19 obligation bonds and they are rated based upon California's  
20 ability to repay them. But the program under which they  
21 were sold and the additional benefit the State gets is in  
22 fact some federal ARRA funds to lower our net interest cost  
23 and hopefully that helpful. That's about the extent of my  
24 knowledge. I'm not sure I could go any further any that.

25           ASSEMBLY MEMBER BROWNLEY: Yeah. And then Laura

1 was here and as I said at the last meeting, I thought that  
2 the Governor made a really wonderful appointment. I think  
3 that Laura's perfect for sort of overseeing how the State is  
4 doing with regards to stimulus money.

5           So I guess I'm trying to understand what -- you  
6 know, what her role might be here because it's really --  
7 it's more State dollars than it is stimulus money; is that  
8 correct?

9           CHAIRPERSON SHEEHY: Well, perhaps we could have  
10 Ms. Chick -- maybe we should have her come in to our next  
11 Board meeting and we could address those questions directly  
12 to her. I don't --

13           ASSEMBLY MEMBER BROWNLEY: I'm not sure if I have  
14 any more questions beyond that, but I was just -- just  
15 trying to understand.

16           CHAIRPERSON SHEEHY: Well, I don't know that I  
17 have the comprehensive answer to this, but I think that her  
18 interest in what we're doing is in fact because we use the  
19 Build America Bonds as a way to sell and that therefore we  
20 are getting direct rebates from the Federal Government which  
21 is part of the ARRA money that was appropriated. So I think  
22 that's what it is.

23           ASSEMBLY MEMBER BROWNLEY: Okay.

24           CHAIRPERSON SHEEHY: I think it's as simple as  
25 that, but we can certainly arrange to have her --

1 MS. SILVERMAN: Right. We can definitely try to  
2 arrange that.

3 CHAIRPERSON SHEEHY: -- come back in and address  
4 this body if there's an interest in doing that.

5 Senator Wyland and then Kathleen Moore.

6 SENATOR WYLAND: I share that same interest  
7 because when I'm looking at the page 116, what I see is  
8 State money and so maybe I -- that could be explained.

9 I see 1D at the top and I assume that was from the  
10 March sale.

11 MS. SILVERMAN: Correct.

12 SENATOR WYLAND: And that proceeds released to us  
13 were the 548 million and those were projects -- well,  
14 whatever stays there and we release that money.

15 MS. SILVERMAN: Correct.

16 SENATOR WYLAND: We've done that. And then in the  
17 second part, the Build America Bonds, I'm confused because I  
18 see in the little schedule there, it lists again 1D and 55  
19 and 47. Are those Build America Bonds, the others? I'm  
20 confused what --

21 MS. SILVERMAN: Well, you know, we have projects  
22 on our active list and unfortunately when we had the March  
23 proceeds come available, you know, the distinction was they  
24 had 1D character. I mean so we had to provide them a list  
25 in which we can fund projects that actually had a 1D

1 apportionment.

2           But obviously the Treasurer's Office and, you  
3 know, the agencies recognize that there's more than just 1D  
4 need. So in essence, we provide them a certification of  
5 active apportioned projects that had fund releases. So they  
6 want to provide -- ability to provide funds to those other  
7 projects in the other propositions.

8           So that's why there's a distinction. They only  
9 gave us a certain pot of money to fund a certain pot of  
10 apportionments for those particular bond source. So that's  
11 why we have the distinction because we can't go beyond that  
12 line of proceeds.

13           SENATOR WYLAND: So what does it mean in the  
14 second little chart there where it has 1D and it's  
15 587 million and that's different from the first chart and  
16 then below that, it's got 55 and 47.

17           MS. SILVERMAN: Right.

18           SENATOR WYLAND: Those are -- are those --

19           CHAIRPERSON SHEEHY: Ms. Silverman, may I address  
20 Senator Wyland's question?

21           MS. SILVERMAN: Yes.

22           SENATOR WYLAND: Yeah. I'm just confused.

23           CHAIRPERSON SHEEHY: So the Build America Bonds is  
24 a program under ARRA, but in order for any state to take  
25 advantage of it -- well, let's -- strike that comment.

1           In order for California to take advantage of it  
2 and to issue general obligation bonds, we have to have bond  
3 authority on the books to do that.

4           SENATOR WYLAND: Right.

5           CHAIRPERSON SHEEHY: So just because the Federal  
6 Government made this Build America Bond program available,  
7 we wouldn't have been able to benefit from that at all if  
8 the voters hadn't already authorized Proposition 1D,  
9 Prop. 55, and Prop. 47, so on and so forth.

10           So when we -- so when the Treasurer sold Build  
11 America Bonds, they were credited against --

12           SENATOR WYLAND: Okay.

13           CHAIRPERSON SHEEHY: -- these different GO bonds  
14 that the voters had already authorized. We had to use our  
15 existing authorization. Does that help, Senator?

16           SENATOR WYLAND: A lot.

17           CHAIRPERSON SHEEHY: Okay.

18           SENATOR WYLAND: And so what you're saying is in  
19 other words, rather than under Prop. 55 go out and attempt  
20 to those bonds, the proceeds from the Build America Bond  
21 sales, that much, 428 and a half million was simply  
22 credited.

23           CHAIRPERSON SHEEHY: Correct. That's exactly  
24 correct, Senator.

25           SENATOR WYLAND: Does that mean -- I'm sorry. I'm

1 just wondering, does that mean later on -- does that use up  
2 part of that bonding authority or later on can we go out and  
3 sell more after that?

4 CHAIRPERSON SHEEHY: No. The State's ability to  
5 sell general obligation bonds is directly tied to what the  
6 voters have authorized. So without regard to, you know,  
7 whether it was 55 or 47 or 1D or whatever, whatever the  
8 total amount of authority that the voters have given the  
9 State to issue, the State can issue up to that amount.

10 SENATOR WYLAND: Okay. I guess the only question  
11 I would have is how are these numbers -- how is our share  
12 determined? The Treasurer came to the first few meetings  
13 and my understanding was that when that March sale -- when  
14 those proceeds came in, they would be not only allocated to  
15 make up all that borrowing we did from all those other  
16 funds, but then there'd be money for some of these projects  
17 and indeed there has been.

18 And I suspect, Mr. Sheehy, you know there is some  
19 process where then it's allocated between transportation and  
20 all the other places it goes.

21 CHAIRPERSON SHEEHY: Sure. Senator Wyland, I'm  
22 happy to go over that again. I'm going to apologize in  
23 advance if I get one of the details out of order wrong.  
24 It's been a couple months since I've been through this,  
25 but --

1           SENATOR WYLAND: And if you'd rather do it  
2 separately, I don't want to take people's time with this.

3           CHAIRPERSON SHEEHY: What's the pleasure of the  
4 Board?

5           SENATOR WYLAND: I'm happy to --

6           CHAIRPERSON SHEEHY: Would you like for me to talk  
7 about that now or would you like for me with Senator Wyland  
8 offline? I'm happy to go either way.

9           SENATOR WYLAND: I won't -- my feelings won't be  
10 hurt.

11          CHAIRPERSON SHEEHY: I'm happy to do that.

12          SENATOR WYLAND: We can do -- let's do that  
13 afterwards.

14          CHAIRPERSON SHEEHY: Okay. All right. Senator  
15 Wyland, could you have your --

16          MS. MOORE: I actually think it's an important  
17 question, so I'd be interested in the answer.

18          SENATOR WYLAND: I just want to know why do we get  
19 548 million instead of 230- or 670-.

20          CHAIRPERSON SHEEHY: Okay. I'll give it the  
21 10,000 foot view. We got enough funds into the school  
22 facility program to pay off out of the 2.4 -- approximately  
23 \$2.4 billion in apportionments that this body had made  
24 through the beginning of this year up through December 17th  
25 of 2008, which is when the freeze was put on the Pooled

1 Money -- when the Pooled Money Investment Board put a freeze  
2 on the Pooled Money Investment account loan program.

3 This both had \$2.4 billion in outstanding  
4 apportionments for which no fund releases had been made.

5 Now, in addition to that, there were billions of  
6 dollars of other obligations in transportation, in water, in  
7 housing, in natural resources across the board. All the  
8 different -- there was over 5,000 State public works  
9 projects that were in various stages of beginning or  
10 completion.

11 And nobody saw the PMI freeze coming and therefore  
12 there were hundreds of millions of dollars in bills  
13 outstanding that were in the pipeline ready to be paid that  
14 all of a sudden couldn't be paid because the Pooled Money  
15 Investment Board wasn't going to do any more loans and we  
16 were out of bond markets, had been out of the capital  
17 markets for months and months because of two things:  
18 because of the State budget crisis and because of the crisis  
19 in our financial institutions and partial collapse of the  
20 capital markets in the fall of 2008. Okay?

21 So what the Department of Finance did working with  
22 the Pooled Money Investment Board -- and Finance is one of  
23 the three members of that board along with the Treasurer and  
24 the Controller -- is we came up with a plan on -- in  
25 priority order how we would use the funds if the

1 Treasurer -- if the Treasurer was successful in selling  
2 bonds in March and April.

3 Now we know that the Treasurer was successful in  
4 selling bonds in March and April. He sold approximately  
5 \$14 billion in bonds.

6 Again I apologize if I don't get the figures  
7 exactly right, but the first \$7 billion of those sales were  
8 necessary simply to pay the Pooled Money Investment account  
9 back for loans which it had already made, not only for this  
10 program but for transportations programs and various  
11 aforementioned programs, which meant that there was  
12 approximately \$7 billion of net proceeds that were on the  
13 table to allocate.

14 Then the decision how to allocate those funds were  
15 based upon the following criteria. At the time that the  
16 Pooled Money Investment Board put on a freeze on PMIA loans,  
17 it also came up with a process where it exempted  
18 approximately -- and I don't know the exact number. It was  
19 about 217's the number that sticks out in my head --  
20 projects. And these projects were across the board in every  
21 policy area in State government that were exempted from the  
22 freeze, and they exempted for a number of different reasons,  
23 but they involved things like health and safety, the extreme  
24 cost to the State involving litigation, and other things  
25 that would result if we just stopped them in their tracks.

1           And so the first priority was if we sold bonds was  
2 to go back and pay for the work that had been done on the  
3 projects that we exempted. In other words, the people that  
4 we said keep building, we had a commitment to pay them. So  
5 that was number one.

6           The second priority on those funds was to go back  
7 and pay all of the contractors, all the builders, all the  
8 folks that had in good faith been doing public works  
9 projects, whether it be trail repair work in San Diego  
10 County or road paving up in, you know, Tehama County or  
11 whatever it was, but who got caught up in the freeze and  
12 they weren't able to get reimbursed and there were a large,  
13 large -- hundreds of millions of dollars of costs associated  
14 with bills that were unpaid. So that was the second thing  
15 that we had to do. And that wasn't hundreds of millions.  
16 It was actually billions.

17           So when we went through all that process, we also  
18 came down then to commitments that the State had made for  
19 the bond funds before which it was -- hadn't released any  
20 funds and this program had a \$2.4 billion commitment for  
21 which it hadn't released funds.

22           When we went through this process, this sort of,  
23 you know, accounting process, there was enough money to fund  
24 whatever it was, you know, 2 billion of the 2. -- so we  
25 funded everything that we could possibly fund with the money

1 on hand with the understanding being that sometime in the  
2 '09-'10 fiscal year, which starts July 1st of 2009, we'd be  
3 able to see at least \$400 million more in bonds which would  
4 take care of the full 2.4 billion in apportionments that  
5 this body had made.

6 So that was the general process. There's more  
7 detail to it than that. I'll spare you the detail. I'd be  
8 happy to meet with you or your staff in a separate meeting  
9 on it. Does that help?

10 SENATOR WYLAND: I appreciate that and --

11 CHAIRPERSON SHEEHY: Sure.

12 SENATOR WYLAND: -- and if we could meet  
13 separately, I'm just interested in the prioritization.

14 CHAIRPERSON SHEEHY: Okay.

15 SENATOR WYLAND: Thank you very much.

16 CHAIRPERSON SHEEHY: Certainly. Juan, help me.  
17 Where are we? I've lost track.

18 MS. SILVERMAN: Status of Funds.

19 MS. MOORE: Can I just make one last comment --

20 CHAIRPERSON SHEEHY: Yes, Ms. Moore.

21 CHAIRPERSON SHEEHY: -- on the stimulus. Just  
22 from a layperson's perspective and I think it's important  
23 for school districts to know as well, that we -- there are  
24 no stimulus funds in this program, that we are not receiving  
25 any dollars of stimulus funds. By selling the bonds that we

1 had the authority to sell and that always run this program,  
2 the State has a benefit from that because they have a lower  
3 debt ratio now to pay back those bonds.

4           So the State has the benefit, if I'm saying that  
5 correctly -- Tom, I'd like to make sure -- of not having as  
6 much debt service because the interest rate is zero or  
7 little and the program still gets the amount of money that  
8 it always got and it's generated by the authorization that  
9 the voters gave us.

10           So they gave us, you know, 12 billion in  
11 authorization. Ultimately we're going to have \$12 billion  
12 worth of bond money that comes to this program that we  
13 expend out to build schools.

14           ASSEMBLY MEMBER BROWNLEY: Then the question is do  
15 we have any obligation to the Federal Government in terms of  
16 having this opportunity.

17           MS. MOORE: That would probably be something that  
18 they would need to answer. I can tell you because we work  
19 on the tax side as well -- this is all on the tax side of  
20 ARRA. The Department of Education has got two programs,  
21 qualified its own academy bond program and we also have --  
22 we're working with the Governor's office and Department of  
23 Finance and others for the qualified the school construction  
24 bond program.

25           They're all on the tax side of ARRA, and the tax

1 side is not as -- there is not as much accountability as  
2 just the direct grant side. So all those districts that  
3 receive Title 1 funding and stabilization, there's a lot of  
4 accountability there.

5 On the tax side, it is much less because it is the  
6 Federal Government making up the difference of a tax credit.  
7 So I think, you know, that -- what's her last --

8 CHAIRPERSON SHEEHY: Chick.

9 MS. MOORE: -- Chick would be the best person to  
10 answer that question, but it probably has put this body and  
11 the program into some additional reporting.

12 CHAIRPERSON SHEEHY: Ms. Moore, I think you're  
13 right. I think that -- I think you're generally right in  
14 your assessment of the situation, so I don't argue with  
15 that. I would just point out that we wouldn't have got the  
16 \$2 billion that we got if we didn't sell the Build America  
17 Bonds.

18 MS. MOORE: Because we could sell more.

19 CHAIRPERSON SHEEHY: We just wouldn't have got --  
20 Bill Lockyer I think is the first person that would tell you  
21 if he was here that had we not been marketing the Build  
22 America Bonds in April, we wouldn't had as wide of a market  
23 and we wouldn't have been able to sell tax exempt school  
24 bonds to the tune of billions of dollars at that point. We  
25 just wouldn't have been able to do it.

1           So you're right, there are no additional funds in  
2 the program, but we were able to sell more bonds at a point  
3 in time that was difficult for the State, and, you know,  
4 like all the rest of the federal funds that we take, I know  
5 Mr. Lowenthal who's on the conference committee -- by the  
6 way, nice job -- and --

7           SENATOR LOWENTHAL: Thank you.

8           CHAIRPERSON SHEEHY: -- I'm glad that you came up  
9 with a comprehensive proposal to address our budget  
10 situation and we just -- we look forward to the process  
11 moving forward.

12           But I'm sure that Mr. Lowenthal could comment on  
13 the conference committee. They saw a number of proposals  
14 where actions that they took would affect our ability to  
15 receive federal funds, and so there's strings attached.

16           SENATOR LOWENTHAL: That's right.

17           CHAIRPERSON SHEEHY: And so our using these Build  
18 America Bonds also have some strings attached because we're  
19 getting a direct subsidy from the Federal Government on the  
20 interest rates, and I know that Federal General Accounting  
21 Office has been all over us on how we're accounting for the  
22 ARRA funds and they do consider this part of it and I --  
23 that's about the extent of my knowledge.

24           I'd be happy to have Ms. -- we can request --  
25 Juan, why don't we request Laura Chick to come to our next

1 meeting so some of these issues could be addressed directly  
2 with her to give this body a better idea what her interest  
3 from an accountability standpoint -- a bond accountability  
4 standpoint as I think that would be helpful.

5 Senator Wyland.

6 SENATOR WYLAND: So just I think then to summarize  
7 that part, because of the availability of the Build America  
8 bonds which the Treasurer determined he could sell, for all  
9 the reasons you've cited, Mr. Sheehy, because of that and  
10 because of the proceeds, we were then able to attribute to  
11 Prop. 1D, 55, and 47 proceeds we otherwise -- the  
12 Treasurer -- we could not have sold.

13 CHAIRPERSON SHEEHY: It's unlikely that the --

14 SENATOR WYLAND: So -- yeah.

15 CHAIRPERSON SHEEHY: It's unlikely that we would  
16 have been able to. That's right.

17 SENATOR WYLAND: So in other words, we were able  
18 to use some of that bonding authority otherwise we wouldn't  
19 have done and we even get a break. So our obligation I  
20 think, if I understand Assembly Member Brownley's question  
21 correctly is our obligation is simply to repay the Build  
22 America Bondholders, but since the interest rate is somewhat  
23 higher -- I think it's something like -- I think they're  
24 issued like at 7 and a half percent or something --

25 CHAIRPERSON SHEEHY: Significantly higher.

1           SENATOR WYLAND: Yeah. But we also get a break  
2 from the feds, so -- so it may then bring it back down in  
3 line with what it would be with normal --

4           CHAIRPERSON SHEEHY: That's right. The net cost  
5 to the State would be comparable to our tax exempts.

6           SENATOR WYLAND: And then the only other question  
7 which maybe we don't need to take any more time here that  
8 I'm interested in is when money comes in, how is our  
9 share -- I know you described it in general. I'm real  
10 curious in a separate meeting how we can get as much as  
11 possible.

12           CHAIRPERSON SHEEHY: Okay. Mr. Wyland, this -- my  
13 comment goes to any of the Board members that would like to  
14 follow up with me or anybody in our Department of Finance on  
15 that specific issue, how we're going to deal with this going  
16 forward, we'll be more than happy to meet with you  
17 individually, with your staff, whatever -- whatever your  
18 pleasure is on that. We're happy to do that. We want to be  
19 as transparent as possible.

20           So that's my commitment and I'm going to stick to  
21 it. Okay. So I think we're still on item 5; is that right,  
22 Ms. Silverman?

23           MS. SILVERMAN: Correct.

24           CHAIRPERSON SHEEHY: And that's just a report.  
25 There's no action required?

1 MS. SILVERMAN: No action required.

2 CHAIRPERSON SHEEHY: If there's no objection from  
3 the Board, we'll move to item 6. Do you have anything more  
4 to add on item 6 --

5 MS. SILVERMAN: No.

6 CHAIRPERSON SHEEHY: -- Ms. Silverman? Have we  
7 covered all that?

8 MS. SILVERMAN: Yes.

9 CHAIRPERSON SHEEHY: That was also a nonaction  
10 item, correct?

11 MS. SILVERMAN: Correct.

12 CHAIRPERSON SHEEHY: Okay. Without objection  
13 then, we'll move to our **Consent Special items**, starting with  
14 Tab No. 7, and Mr. Mireles, can you walk us through the  
15 three items that are on the Consent Special today.

16 MR. MIRELES: The three items on the Consent  
17 Special are all facility hardship projects which means that  
18 they have imminent health and safety. They've demonstrated  
19 that they met the qualifying criteria.

20 So beginning with Tab 7, we have a project for  
21 Susanville. This project had two classroom buildings that  
22 were reconfigured by the district that resulted in  
23 noncompliance with the fire code requirements.

24 The fire marshal had closed the school down. We  
25 have concurrence from the fire marshal that there is an

1 imminent health and safety issue. This is a conceptual  
2 approval for the mitigation which would cost the State about  
3 \$1.9 million.

4 Staff has reviewed the eligibility criteria. They  
5 meet the requirements. We recommend an approval.

6 On Tab 8, we have another project for Corcoran  
7 Joint Unified. This project had a fire at the multipurpose  
8 and kitchen facility. They did receive some proceeds from  
9 the insurance. They are requesting to get the difference to  
10 pay the total project cost and this project has an estimated  
11 total cost to the State of 149,000. This is actually an  
12 unfunded approval consideration as they have the plans  
13 approved through CDE and DSA.

14 And finally on Tab 9, we have a project for  
15 San Bernardino City Unified. This is a rehabilitation  
16 project for another unfunded approval request. They -- the  
17 district is doing modernization work and discovered  
18 asbestos, so they have an asbestos abatement project  
19 qualified under facility hardship. This would have an  
20 estimated cost to the State of about 1.7 million and again  
21 all three projects have met the criteria to qualify for the  
22 facility hardship program and we recommend that the Board  
23 approve all of them.

24 So with that, they're all ready for your review or  
25 if you have any questions.

1           CHAIRPERSON SHEEHY: Thank you, Juan.

2           MR. MIRELES: Sure.

3           CHAIRPERSON SHEEHY: Mr. Harvey.

4           MR. HARVEY: Juan, if I can, I'd like just a  
5 couple questions on Item No. 7. I have a policy question  
6 and a couple of procedural questions.

7           On the policy side, can you clarify for me, did we  
8 participate in any of the funding when the district  
9 personnel built noncompliant facilities?

10          MR. MIRELES: No. It's my understanding that we  
11 did not.

12          MR. HARVEY: That's very good news. This is also  
13 very frightening. How does a school district do this?

14          MR. MIRELES: Actually I don't know if we have any  
15 representatives from the district. That's a question that  
16 the district may be better able to answer.

17          CHAIRPERSON SHEEHY: Do we have a representative  
18 of the Susanville Elementary School here?

19          MR. GONZALEZ: Hello there. Richard Gonzalez from  
20 Richard Gonzalez & Associates and representing Susanville.  
21 And, no, they did not use any State dollars to do this work.  
22 This work was done 30, 40 years ago and apparently it was my  
23 understanding a community activity that occurred to  
24 partition the building areas.

25          MR. HARVEY: Is it possible that it was compliant

1 40 years ago and now it's not or was this done without any  
2 inspections or permits?

3 MR. GONZALEZ: We are unaware of building  
4 inspections or improvements or approvals.

5 MR. HARVEY: I'm more interested in the process  
6 side, although this was awfully tough to read in all candor  
7 and because kids are really at risk here and they're being  
8 dispensed in nearby locations and can't utilize the school  
9 of their choice, what I'm trying to understand the public  
10 policy reason for a conceptual approval because it means  
11 they've got to come back now and actually apply for these  
12 funds.

13 How long ago did they apply for this conceptual  
14 approval and what kind of staff time did it take you to  
15 review it? If they had just asked for the money up front,  
16 how much sooner could we have gotten the money to them to  
17 eradicate this horrible problem?

18 MR. MIRELES: The district applied approximately  
19 in March '08 and because these projects are health and  
20 safety issues, we worked very closely with the district to  
21 meet all the requirements. If there's documents that they  
22 don't have, we do request them, we work with them, we do  
23 offer some flexibility because again these are health and  
24 safety issues.

25 Now I do want to point out that the conceptual

1 approval does require that we do an initial review on the  
2 eligibility in terms of facility hardship criteria. If the  
3 Board grants a conceptual approval, the district then comes  
4 back for a funding application, but we don't reevaluate the  
5 merit of the facility hardship. It's just basically a  
6 review for a funding application.

7           So there is no double work, if you will. It's  
8 basically either it's done at the conceptual part -- the  
9 conceptual prior funding or we do it all at the funding, but  
10 there is no double work for these types of projects.

11           MR. HARVEY: So from a district's perspective, the  
12 reason you do a conceptual is it gives you the certainty  
13 that you're going to qualify eligibility-wise.

14           MR. MIRELES: That's correct. They have certain  
15 assurances that this project qualifies and they can move  
16 forward and spend the additional time and resources to get  
17 the additional plan approval from the Department of  
18 Education, the Division of State Architect, and those other  
19 agencies.

20           MR. HARVEY: The downside is that a district keeps  
21 students disbursed. You have a health problem still  
22 standing and in this case, they applied for this conceptual  
23 approval in March of '08. When if they had come in in March  
24 of '08 and said we're going to do a funding application for  
25 the hardship, would they have had their money by now?

1           MR. MIRELES: The requirement is that they would  
2 have had to have had the plans approved through the Division  
3 of State Architect and the Department of Education for them  
4 to come in for a full funding.

5           So back then, it's our understanding that they did  
6 not have the approvals necessary. In fact I don't think  
7 that they still do. That's why they came in and applied on  
8 a conceptual basis, can they move forward with this type of  
9 project.

10          MR. HARVEY: Okay. I don't want to spend a lot of  
11 time. It just seemed to me that this was perhaps an  
12 unnecessary step for a district when there's a health and  
13 safety issue involved. You get something conceptually. It  
14 takes you over a year to do that. You go back and although  
15 it's a quicker review because you've already established  
16 eligibility, you're still having to come back to us again  
17 and there's a gap -- a delay if you will in correcting a  
18 problem.

19          I just was troubled by that, but if it's -- if  
20 there's good public policy reason for it, I will end my  
21 questions.

22          CHAIRPERSON SHEEHY: Okay. Are there additional  
23 questions on this item? So Mr. Mireles has walked us  
24 through Tabs 7, 8, and 9, the Consent Specials. Are there  
25 other questions?

1 MS. MOORE: I'll move the Consent Specials.

2 CHAIRPERSON SHEEHY: We have a motion.

3 ASSEMBLY MEMBER BROWNLEY: Second.

4 CHAIRPERSON SHEEHY: And a second by Ms. Brownley.

5 All in favor.

6 (Ayes)

7 CHAIRPERSON SHEEHY: Okay. We've approved the  
8 Consent Specials.

9 Now we have a request here. The next one would be  
10 Glendale which we could do now, but we did have a request.  
11 Assembly Member Buchanan is here and she wanted to know if  
12 we could take Item No. 11 out of order. The staff has  
13 recommended we approve the seismic item for **San Ramon** and  
14 she wanted to have an opportunity to address the Board. Is  
15 there any objection to moving item 11?

16 SENATOR LOWENTHAL: No.

17 CHAIRPERSON SHEEHY: Seeing none, Juan, will you  
18 present Item No. 11.

19 MR. MIRELES: Sure. This is our first **seismic**  
20 **mitigation program** that we have under our current  
21 regulations. I do want to point out that there's a great  
22 deal of discussion on the program and changes to the  
23 program. However, this project met the criteria as it  
24 stands today.

25 It is our first project. There is a gym

1 replacement. They had some soil liquefaction problems.  
2 They met all the criteria. So we recommend that the Board  
3 approve this as a facility hardship under the seismic  
4 program.

5 CHAIRPERSON SHEEHY: Great. Thank you.  
6 Assemblywoman Buchanan.

7 ASSEMBLY MEMBER BUCHANAN: I think that summarizes  
8 it really well. I was actually on the school board when we  
9 went through all of this. So since it's on for consent,  
10 maybe to speed up the day -- and it's been a long day for  
11 many of us -- if there are any questions, I could answer  
12 them or our Assistant Director of Facilities, Margie Brown,  
13 is happy to answer any questions that you have.

14 MR. HARVEY: No questions. Just a hardy thanks.

15 ASSEMBLY MEMBER BUCHANAN: Right.

16 MR. HARVEY: I'm so grateful that we are actually  
17 putting dollars to work in this area.

18 ASSEMBLY MEMBER BUCHANAN: We're very grateful as  
19 well. So we'd request your aye vote on this.

20 CHAIRPERSON SHEEHY: Now, there is one little  
21 hitch here though, Assemblywoman.

22 SENATOR LOWENTHAL: You're not getting the money.

23 CHAIRPERSON SHEEHY: This falls under the no good  
24 deed goes unpunished. One requirement that the staff forgot  
25 to put in the write-up, before the funds can be released,

1 Ms. Brown is going to have to some karaoke for us.

2 ASSEMBLY MEMBER BUCHANAN: Well, better that  
3 Ms. Brown do karaoke then me.

4 CHAIRPERSON SHEEHY: Okay. Assemblywoman, sorry  
5 that we had to keep you waiting so long, but we really  
6 appreciate you coming for the Board. If there's no  
7 questions or comments here --

8 SENATOR HANCOCK: Move the item.

9 CHAIRPERSON SHEEHY: We have a -- Mr. Wyland.

10 SENATOR WYLAND: I just want to make sure I  
11 understand the liquefaction. Does that mean that you  
12 discovered that there was a problem with the -- you  
13 discovered the seismic?

14 ASSEMBLY MEMBER BUCHANAN: It was an old gym and  
15 we did a number of different inspections. One was by a  
16 soils engineer and his analysis was that if we had -- I  
17 forget what magnitude earthquake, but not a really high  
18 magnitude, that the soils would be subject to liquefaction  
19 in which case the gym collapses and we have a major problem.

20 SENATOR WYLAND: You had some symptoms and you  
21 figured out what it was?

22 ASSEMBLY MEMBER BUCHANAN: Yes.

23 SENATOR WYLAND: All right. Thank you.

24 CHAIRPERSON SHEEHY: Okay. We have a motion  
25 and --

1 ASSEMBLY MEMBER BROWNLEY: Second.

2 CHAIRPERSON SHEEHY: -- we have a second. All in  
3 favor.

4 (Ayes)

5 CHAIRPERSON SHEEHY: Congratulations, Ms. Brown.

6 ASSEMBLY MEMBER BUCHANAN: Thank you very much.

7 CHAIRPERSON SHEEHY: Okay. Now we're going to  
8 move onto to Item No. 10 which is **Glendale Unified**. We've  
9 had a lot of discussion on this item. I don't know that we  
10 need to go through all that again. I know, Mr. Garrick, you  
11 have not been part of those discussions. Staff indicated to  
12 me that you might want some additional information. I'm  
13 sure your colleagues and our staff would be happy to address  
14 it.

15 I think it is fair to say that Assemblywoman  
16 Fuller had voted in favor of this when she was here. The  
17 Chair and Mr. Harvey and Ms. Girard had voted no, but I do  
18 think there's enough support to move this item tonight,  
19 but -- that said, what's the pleasure of the Board?

20 SENATOR HANCOCK: I would move the item.

21 SENATOR LOWENTHAL: Move the item.

22 CHAIRPERSON SHEEHY: Okay. We have a motion and a  
23 second by Senator Lowenthal. Mr. Garrick.

24 ASSEMBLY MEMBER GARRICK: Staff did brief me  
25 yesterday and I've had a chance to review it and I concur

1 that we should move the item. Thank you.

2 CHAIRPERSON SHEEHY: Okay. We have a motion and  
3 second on Item No. 10 and we're going to -- I'm going to ask  
4 for a roll call vote on this and we're going to leave the  
5 roll open for Mr. Harvey to add on.

6 MR. NANJO: Mr. Chair, if I could just ask for --  
7 oh, I'm sorry.

8 ASSEMBLY MEMBER BROWNLEY: Mr. Chair.

9 MR. NANJO: Mr. Chair, if I could just ask for a  
10 clarification. As I understand this item, staff has laid  
11 out a number of options. Which one are you voting on?

12 CHAIRPERSON SHEEHY: On the Glendale -- oh, I  
13 apologize. That's -- I think we better decide that before  
14 we vote on it.

15 ASSEMBLY MEMBER BROWNLEY: Yeah. I would like to  
16 amend the motion to support Option 3.

17 CHAIRPERSON SHEEHY: Okay. So Ms. Brownley is  
18 moving Option 3.

19 MS. GARRITY: Yes. I'll second.

20 ASSEMBLY MEMBER BROWNLEY: Or amending Senator  
21 Hancock's motion.

22 CHAIRPERSON SHEEHY: Amending -- Ms. Hancock  
23 accepts that?

24 SENATOR HANCOCK: Um-hmm. Yes.

25 CHAIRPERSON SHEEHY: Okay. Are we all in

1 agreement? I want to make sure we do the right thing. I  
2 want to make sure that the Board does the right thing. So  
3 we're all in agreement that it is Option No. 3?

4 SENATOR LOWENTHAL: Yes.

5 CHAIRPERSON SHEEHY: Okay. All right. So we have  
6 an amended motion by Senator Hancock, a second by Senator  
7 Lowenthal. I'm going to wait for Mr. Harvey so he can catch  
8 up.

9 MR. HARVEY: Sorry.

10 CHAIRPERSON SHEEHY: It's okay. Scott, we are on  
11 Tab No. 10, which is the Glendale Unified item.

12 MR. HARVEY: Yes. Senator Hancock has moved the  
13 Recommendation No. 3 which is consistent with the past vote  
14 that we had on this and I asked for a roll call vote. We  
15 have a motion and a second. Lisa, can you call the roll.

16 MR. NANJO: Mr. Chair, if I can.

17 CHAIRPERSON SHEEHY: Yes.

18 MR. NANJO: Just for the record, I think there are  
19 some legal concerns with Option No. 3. Those have been  
20 stated before. I won't bother the Board with repeating  
21 them, but there is some concerns there. Thank you.

22 CHAIRPERSON SHEEHY: By way of reference in our  
23 past meeting, we'll note the legal concerns. I think those  
24 were fully discussed by this Board. They're a matter of  
25 public record. I don't think there's any new concerns and

1 we certainly don't need to rehash that now.

2 MR. NANJO: I agree.

3 CHAIRPERSON SHEEHY: Please call the roll.

4 MS. JONES: Okay. Senator Lowenthal.

5 SENATOR LOWENTHAL: Aye.

6 MS. JONES: Senator Hancock.

7 SENATOR HANCOCK: Aye.

8 MS. JONES: Senator Wyland.

9 SENATOR WYLAND: Aye.

10 MS. JONES: Assembly Member Brownley.

11 ASSEMBLY MEMBER BROWNLEY: Aye.

12 MS. JONES: Assembly Member Torlakson.

13 ASSEMBLY MEMBER TORLAKSON: Aye.

14 MS. JONES: Assembly Member Garrick.

15 ASSEMBLY MEMBER GARRICK: Aye.

16 MS. JONES: Scott Harvey?

17 MR. HARVEY: No.

18 MS. JONES: Kathleen Moore.

19 MS. MOORE: Aye.

20 MS. JONES: And Tom Sheehy.

21 CHAIRPERSON SHEEHY: No. Okay. So that motion  
22 passes. So let's move on now to Tab No. 12 which is the --  
23 oh, this is -- okay. We have the next two items are  
24 technical items, but they're necessary to conform to the  
25 emergency regulations we adopted earlier this year.

1 Staff -- who's going to present this? Is that Barbara  
2 that's going to present this?

3 MR. MIRELES: Yes. Ms. Kampmienert.

4 CHAIRPERSON SHEEHY: Okay. So we're on Tab  
5 No. 12, which is the **School Facility Inactive Preliminary**  
6 **Apportionments.**

7 MS. KAMPMIENERT: The following item addresses the  
8 preliminary apportionments in both the critically  
9 overcrowded schools program and the charter school  
10 facilities program.

11 And at the January 2009 meeting, the Board  
12 approved the fiscal crisis emergency regulations that would  
13 allow for a preliminary apportionment to be considered  
14 inactive during the time in which the State is in a fiscal  
15 crisis.

16 And on March 25th, the Board declared a fiscal  
17 crisis and these regulations were approved by the Office of  
18 Administrative Law on April 22nd, 2009. Therefore now that  
19 the regulations are approved and in order to protect the  
20 statutory timelines that were provided for the preliminary  
21 apportionments, we request that the Board make the  
22 declaration that the preliminary apportionments on the  
23 attachments be considered inactive.

24 CHAIRPERSON SHEEHY: Thank you, Barbara.  
25 Questions or comments of Board members? This is really --

1 as I understand really strictly a technical item which  
2 conforms to our action of the adoption of the emergency regs  
3 earlier this year.

4 MR. HARVEY: Move approval.

5 CHAIRPERSON SHEEHY: We have a motion.

6 MS. MOORE: I just have a question.

7 CHAIRPERSON SHEEHY: Ms. Moore.

8 MS. MOORE: Does it mean that we've captured all  
9 projects under these -- under this -- these two items, that  
10 there won't be any others coming forward or will you be  
11 bringing forward projects over time that get a different  
12 12-month time frame?

13 MS. KAMPMIENERT: I believe we've captured all of  
14 the projects with this one item.

15 MS. MOORE: Okay. And then I'll be voting  
16 affirmatively, but I'll abstain from the Elk Grove School  
17 District item -- individual item on here.

18 CHAIRPERSON SHEEHY: Okay. So -- Mr. Harvey, so  
19 your motion -- okay. So we have a motion by Mr. Harvey. Do  
20 we have a second?

21 ASSEMBLY MEMBER BROWNLEY: Second.

22 CHAIRPERSON SHEEHY: We have a second by  
23 Assemblywoman Brownley. All in favor.

24 (Ayes)

25 CHAIRPERSON SHEEHY: Okay. Tab 13, Ms. Sharp, are

1 you here? Like the last one, this one is a technical item  
2 which conforms to our adoption of the emergency regulations  
3 earlier this year. Ms. Sharp.

4 MS. SHARP: Yes. This item addresses the  
5 **Emergency Regulations** that were passed at the February Board  
6 regarding the **joint use and career technical education**  
7 programs. Basically these regulations allowed up to a  
8 12-month extension for the current 12-month time period that  
9 districts have to complete their approvals through the  
10 Department of Education and the Division of the State  
11 Architect.

12 As mentioned earlier, the Board determined there  
13 was a fiscal crisis at the March 25th Board meeting. The  
14 Office of Administrative Law approved these regulations on  
15 April 30th, 2009. So moving these projects in Attachment A  
16 is joint use -- one joint use project and Attachment B are  
17 the career technical education projects requesting an  
18 extension and staff requests the Board to approve these  
19 requested extensions.

20 CHAIRPERSON SHEEHY: Thank you, Tracy. We have a  
21 motion by Assemblywoman Brownley. We have a second by  
22 Ms. Moore. All in favor.

23 (Ayes)

24 CHAIRPERSON SHEEHY: Okay. That item is approved.  
25 Okay. Tab 14 is just a noncontroversial minor item here.

1 This is the **Seismic Retrofit** discussion.

2 SENATOR HANCOCK: Mr. Sheehy.

3 CHAIRPERSON SHEEHY: Yes, Senator Hancock.

4 SENATOR HANCOCK: Actually I'm hoping that we will  
5 be able to hold this item over today for another month. I  
6 very much appreciate the regulations that are before us  
7 today, but a question did arise and a specific example of a  
8 school in my district in which the construction types --  
9 type is not included in the regulations.

10 And specifically this has to do with tile roof.  
11 This is a school with a very heavy tile roof, seismically  
12 unsound wall, and very high shaking, but it would not fit  
13 under these and I think it's because nobody actually  
14 considered tile roofs on a school.

15 So the -- I discussed this with staff. They were  
16 hoping they could come in maybe with some suggested language  
17 today, but they weren't able to do so. So if we held it  
18 over for another month, both OPSC and the State Architect's  
19 Office could comment. We could have some wording.

20 In addition, I did -- we did get an oral opinion  
21 which has been -- they've sent us a letter affirming the  
22 oral opinion from Legislative Counsel that two other items  
23 that we discussed could be adopted by Board regulation. One  
24 was the engineering studies and also the rehousing of  
25 students while seismic work is going on.

1           However, I think we're also very interested in  
2 staying -- making sure that any regulations we adopt would  
3 leave us within the \$199 million that we have.

4           So I think all this can be ironed out if we just  
5 hold this item over for another month and I would move that  
6 we do that.

7           CHAIRPERSON SHEEHY: Okay. Is there any objection  
8 to Senator Hancock's request to give this issue more time to  
9 be worked on? Okay. Hearing none, would it be the pleasure  
10 of the Board -- I would recommend if we have the time and  
11 the interest to have some discussion here about some of  
12 these issues. There are the seismic -- the seismic matter  
13 is complicated and there's a lot of moving pieces and we  
14 could put the discussion off to next time or we could have  
15 some discussion now. What's the pleasure of the Board --  
16 without having taken any action today.

17           ASSEMBLY MEMBER GARRICK: I'd recommend next time  
18 since I probably won't be here. Jean will be. And not a  
19 function of that, but more if you're going to ask her to  
20 vote on something, then it'd be appropriate to have her  
21 present for the discussion associated with the vote.

22           CHAIRPERSON SHEEHY: Okay. All right. That's a  
23 very good point, Assemblyman Garrick.

24           SENATOR LOWENTHAL: May be returning then.

25           ASSEMBLY MEMBER GARRICK: At your service.

1           CHAIRPERSON SHEEHY: Now if we could just get this  
2 type of bipartisanship on the budget, we'd be in really good  
3 shape. Kathleen Moore.

4           MS. MOORE: May I also add that if we're going to  
5 put it over a month, could we also look at the Newhall issue  
6 and the issue of the date and whether that would have an  
7 impact upon the 199 million because I think they testified  
8 before us last time. There was some interest in their  
9 situation and if we're going to have another month, let's  
10 include that.

11           CHAIRPERSON SHEEHY: I'd like to comment on that.  
12 I think that's a good suggestion and I'd like to -- I've had  
13 discussion with Mr. Winger -- Mr. Winger from Newhall, and  
14 I'll just tell everybody here what I told him, which is I  
15 think that what they did was really good, that once they  
16 realized they had a problem, they didn't sit around and  
17 wait, but he just went ahead and he took care of that  
18 problem and I think that, you know, he really should be  
19 commended for doing that.

20           I also told him, for what it's worth, that I was  
21 inclined to support his request to see if he could get some  
22 funds for that as a result of what we've adopted, but what  
23 I've also told him all along -- and it dovetails with what  
24 Senator Hancock said -- is that in my view of the world, I  
25 think any action that we take on Newhall since it'll have

1 implications to other districts need to be considered in the  
2 context of the money that we have on the table which is the  
3 199 million. And I think in the context of that that there  
4 is an opportunity to see if we can do something for Newhall,  
5 perhaps some other districts, but it may come at the expense  
6 of some other districts not getting funded. We just have a  
7 limited pot of money and I think that, you know, this body's  
8 in a position to come up with a good policy direction how we  
9 can spend those funds. So --

10 MS. MOORE: Yeah. So if we could just analyze,  
11 you know, what other districts might that include and how  
12 dollar value that may be, then I think that would help our  
13 decision making at the next Board meeting.

14 CHAIRPERSON SHEEHY: Juan, are you -- have you  
15 made enough progress looking at the Newhall situation so  
16 that when you come back to the Board -- when OPSC comes back  
17 to the Board next month you can give us more detailed  
18 information on what other districts may qualify under the  
19 process that Newhall is looking at?

20 MR. MIRELES: Yeah, we should. We've made some  
21 progress, but we still don't have conclusive analysis, but  
22 we hope to have them by next Board.

23 CHAIRPERSON SHEEHY: I think it's important for  
24 the Board to have that. Okay. Mr. Duffy.

25 MR. DUFFY: Thank you. Chairman and members, Tom

1 Duffy for C.A.S.H. I appreciate your comment, Senator,  
2 about a dangerous project that may not fit the criteria and  
3 I think it would be very helpful if what we wrote and what  
4 you would adopt would give some authority for discretion to  
5 be used by the State Architect as they review these  
6 projects.

7           We don't know what's out there. We don't know how  
8 many other projects may be like the project that you have in  
9 mind. So that would be one thing that I would ask you to  
10 take into consideration.

11           The other -- asking your staff to take into  
12 consideration as they move to look at this. The other is I  
13 appreciate the movement on the extension of the number of  
14 types of buildings as well as that 200ths of a percent  
15 change from the 1.7.

16           I would recommend that there be some consideration  
17 for greater movement than that, something like on the order  
18 of 1.5. We have a limited supply of bond authority. It's  
19 not really dollars yet -- limited supply of bond authority.

20           By the discussion that we had last week and  
21 Mr. Sheehy and Mr. Harvey both reacted when I said, well,  
22 can we make unfunded approvals above that authority, the  
23 199.5, I think that may be difficult, but if you have  
24 authority for a certain amount of money, and you do, why not  
25 open this up so that districts can begin to come in.

1           And I appreciate your comments also, Senator,  
2 about the engineering study cost and also the interim  
3 housing. I think those two things will really cause  
4 districts to want to weigh into this program and it's a  
5 difficult thing for a school district to do. We've talked  
6 about this before -- to basically impugn a building, to  
7 basically say we cannot -- we can no longer have children in  
8 this building.

9           And I think by changing the opening parameters as  
10 I've suggested and I think as you suggested, Senator, we  
11 would encourage districts to come in. They would feel  
12 safer. Thank you very much.

13           CHAIRPERSON SHEEHY: Thank you, Tom. Mr. Smoot.

14           MR. SMOOT: Good afternoon. Lyle Smoot  
15 representing Los Angeles Unified School District. I want to  
16 just kind of bounce off what Tom said and say we concur with  
17 most of those statements. Just a quick briefing on LA's  
18 issues and situation.

19           We believe that we have 19 buildings in LA that  
20 are of concern under the seismic considerations, if you  
21 will. At 1.7, we only have one of those buildings eligible  
22 for funding. At 1.5 we still only have one of those  
23 buildings eligible for funding.

24           So understanding the whole issue of the amount of  
25 money, et cetera, nonetheless these are buildings that we

1 believe are of concern and we'd like to see a real serious  
2 public discussion about the level of the GSI, the ground  
3 shaking intensity, level at which to establish the program.  
4 Thank you.

5 CHAIRPERSON SHEEHY: Thank you, Lyle. Mr. Harvey.

6 MR. HARVEY: I look forward to this discussion  
7 because it is so vitally important that we make sure kids  
8 are safe, but the haunting issue is if you push the bubble  
9 one way on ground intensity, you have to keep it tighter on  
10 the building types. If you liberalize that and you can't go  
11 too far on the shake test because we do have this ceiling.

12 It would be so much easier if we didn't have a  
13 ceiling.

14 And the other thing that guides us is the  
15 Education Code section which requires that we attack the  
16 most vulnerable. So therein lies the fun we're going to  
17 have is determining how we want to define vulnerability. Is  
18 it going to be heavy tile roofs. Is it going to be ground  
19 shake. Is it going to be building type.

20 But I think we're all aware that every time you  
21 lean one way, you've got to ratchet down the other. So it's  
22 going to be a very fruitful discussion.

23 I was very excited about the set-aside when I  
24 first came on this Board until I realized that it was a  
25 ceiling. I realized that there were impediments and I

1 realize that there was perhaps liability if we don't do  
2 things. So I hope next month we can finish our discussion  
3 and get something which is fair and balanced for all.

4 CHAIRPERSON SHEEHY: Any additional comment from  
5 Board members on this item? Seeing none, we have one more  
6 item and then we will have a closed session with our  
7 counsel.

8 MS. MOORE: I just -- I did have a quick comment.

9 CHAIRPERSON SHEEHY: Yes, Ms. Moore.

10 MS. MOORE: I'm sorry, Tom. I didn't get my --  
11 get it in there right away.

12 Here's my concern. We really have identified the  
13 buildings. The report continues to say how many there are.  
14 It's been ratcheted down from I think 77 to 25 and then it  
15 could be more.

16 What's of concern to me is if we know the  
17 buildings that we would like to fund and we cannot get those  
18 people to come forward for that funding, first, I'd like to  
19 know why. What is it that is not -- is preventing the 25  
20 now known buildings or schools that have the problem of  
21 coming forward. What is the problem?

22 And then secondarily, I would be more supportive  
23 of Mr. Duffy's open the door wider, may create a little  
24 competition, and also it's -- provide incentive for others  
25 to say someone else is going to get your money if you don't

1 come forward.

2 But there's something fundamentally flawed here  
3 that we have a program and it's been in place for a long  
4 time. We know the district. We know the buildings and  
5 they're not coming forward.

6 So I'd like that addressed as we address this next  
7 month.

8 CHAIRPERSON SHEEHY: Okay. Very good. I concur  
9 with your comments, Ms. Moore.

10 So we're going to move on now to Item No. 15 and,  
11 Masha, are you going to present that?

12 MS. LUTSUK: Yes.

13 CHAIRPERSON SHEEHY: Okay. Thank you.

14 MS. LUTSUK: Good afternoon. The purpose of this  
15 report which is located behind Tab 15 and that is on  
16 page 157 is to update the Board on the process that we are  
17 following for determining the best way to make a  
18 recommendation on **new construction grant adjustments**.

19 And the authority for this comes from  
20 Assembly Bill 127. It requires the Board to conduct an  
21 analysis on the relationship between SFP grants and costs of  
22 new construction and the law allows the Board to increase or  
23 decrease the new construction grants to cause the grants to  
24 correspond to costs of construction.

25 For this analysis to be conducted, it is necessary

1 to collect actual costs and project information from school  
2 districts. This information is not available at the time of  
3 funding.

4           We have begun collecting information on new  
5 construction projects in July of last year. We're using an  
6 online data gathering tool. It's basically a questionnaire.  
7 It was developed from the survey template that was first  
8 designed by the Grant Adequacy Ad Hoc Committee that was put  
9 together a couple years ago to address the high bid  
10 situation in the State.

11           There were also subsequent discussions of the SAB  
12 Implementation Committee about the tool. We capture  
13 information on costs. We ask about a project's scope and we  
14 also ask questions and ask districts to report any changes  
15 to the projects that were made after funding when districts  
16 may be have to downgrade materials or eliminate certain  
17 project elements due to bids and high costs.

18           As of the end of March, which is what we're using  
19 for our cutoff date of this year's study, we have received  
20 information about 600 projects. We will not be able to use  
21 all of this information due to errors and some of the  
22 inapplicable items.

23           However, even after making exclusions, we believe  
24 that we will have an adequate data sample to make some  
25 conclusions on the issue and present to the Board and more

1 importantly we now have actual project information gathering  
2 process reported from the field and as far as we know, this  
3 data in this format is not available through any other  
4 source.

5           Because districts report information at three  
6 different stages in the project during the life of a  
7 project, there's data available that spans at least the last  
8 three years or so. We still have a challenge and we will  
9 have a challenge in making prospective decisions on grant  
10 amounts using historical data, but having that historical  
11 data really gives us a powerful tool in analyzing the trend

12           In other words, if the historical data  
13 consistently shows inadequacy of grants, the Board will have  
14 that information to make decisions on adjustments.

15           And in an attempt to develop an approach to this  
16 analysis, we have initiated discussions at three  
17 Implementation Committee meetings. We have been hesitant to  
18 review the data before we developed the approach because we  
19 did not want a situation in which a desired outcome from  
20 either side of the argument drives the methodology.

21           A lot of discussions at the Implementation  
22 Committee meetings focused on criticisms on the actual  
23 reporting process. There are questions about the accuracy  
24 of data especially with projects that are reporting  
25 estimated project costs.

1           There were other stakeholders that urged us to  
2 discard the entire data collection effort and start all  
3 over, exchange it for another approach.

4           We do recognize that the reporting process is new  
5 to everybody including districts and OPSC staff. We have  
6 questions that come up often.

7           We have refined the process. We have refined the  
8 instructions that are provided. We are initializing a  
9 triage process to address any questions on the reporting  
10 that will come up right when the reporting is done and not  
11 several months later.

12           We do plan on additional outreach such as  
13 workshops -- hands-on workshops and we're also looking at a  
14 process to consider potential changes to the data gathering  
15 to streamline the process.

16           We would like to proceed with the data analysis as  
17 we have outlined for the Implementation Committee. We have  
18 already begun work in this direction and this would  
19 represent the fastest approach to making a recommendation to  
20 the Board.

21           Developing a completely different process would  
22 delay us further and we did hear concerns from stakeholders  
23 that we're already in the middle of the calendar year and we  
24 have not yet made a recommendation, and I think there was an  
25 expectation that recommendation on these adjustments would

1 be done either concurrently or shortly after we do our  
2 normal adjustment for inflation.

3 We are looking to develop a methodology and we're  
4 taking the time to develop this methodology this year to  
5 hopefully expedite this process next year and thereafter and  
6 we're also recognizing the fact that the impact of the delay  
7 is somewhat mitigated by the fact that no actual  
8 apportionments have been made, so there is less of a direct  
9 impact on projects.

10 We're prepared to proceed with analysis. We want  
11 to use as the basis the steps that we have outlined for the  
12 Imp. Committee. I can go through the methodology in more  
13 detail for you tonight if you'd like to.

14 CHAIRPERSON SHEEHY: No. Let's not do that  
15 because -- I'm sorry. Ms. Lutsuk, I don't we should go --

16 MS. LUTSUK: That's why I'm offering that.

17 CHAIRPERSON SHEEHY: No, no. But the -- let me  
18 just say the reason why I'm saying that is because I know  
19 that there's still not a strong enough consensus on the  
20 approach. I don't think this body tonight is -- my sense is  
21 this body tonight's not going to be ready to approve that  
22 approach because it's not fully cooked. But otherwise, I  
23 would say if we were ready to move on it, I'd say let's do  
24 that.

25 So did you have some additional comments?

1 MS. LUTSUK: No.

2 CHAIRPERSON SHEEHY: Okay. So I think Mr. Duffy  
3 wanted to come address us on this issue.

4 MR. DUFFY: Thank you again, Mr. Chairman and  
5 members. Tom Duffy for C.A.S.H. I appreciate the work that  
6 has been done and there has been dialogue on what should be  
7 in and what should be out.

8 In the early part of this decade, we, the C.A.S.H.  
9 organization, looked at grant adequacy and compared the  
10 grants to the old program and we took a good deal of time to  
11 do that.

12 We shared that information with the State  
13 Allocation Board in 2005 and asked that the Board not just  
14 take our information but take the methodology we used, give  
15 it to OPSC, and ask them to do their own review.

16 That was done. The Executive Officer at the time  
17 convened a group that included practitioners as well as  
18 people within the Office of Public School Construction and  
19 others and there was a good deal of dialogue on what should  
20 be in and what should be out and how the data should be  
21 looked at.

22 If that kind of work could be done again with this  
23 question, we would very much appreciate that. One thing  
24 that we did with our study and we've suggested it with this  
25 study -- our study was concluded in 2005 -- we determined

1 that we wouldn't look at addition -- this is an example. We  
2 wouldn't look at additions of buildings because that  
3 wouldn't give you a clear picture. We had to look at  
4 complete projects where there was a site acquisition and  
5 where there was site development and the like.

6           So we basically sorted data out to look at  
7 projects and that one example. We suggested that. We've  
8 also suggested that only data for projects that have been  
9 completed and so we know what the final tally is should be  
10 included not the estimates that are being received along the  
11 way.

12           So just two examples there, but what we'd ask is  
13 ask your staff to work with us so we could -- we could  
14 dialogue with them. I don't know if this is going back to  
15 the Implementation Committee, but we'd be pleased to work  
16 with them, share our thoughts, and be able to report that  
17 back to you because we really -- there is data here. We've  
18 been critical of some of the data, but we have actually  
19 through the people in Office of Public School Construction,  
20 we asked for the information and we have a stack of  
21 documents about that high.

22           We have reviewed it and we have come to a  
23 conclusion. We sorted differently than they're proposing.  
24 We'd love to share that with them.

25           But our conclusion supports the 6 percent and in

1 fact goes beyond that, but if you could direct your staff to  
2 do that, we'd appreciate it very much and everybody would  
3 see what's happening.

4 CHAIRPERSON SHEEHY: Okay. Tom, thank you.

5 MR. DUFFY: Thank you.

6 CHAIRPERSON SHEEHY: I would encourage you then  
7 continue to work with OPSC and, you know, we're going to  
8 have this item come back to us in July and hopefully by then  
9 we'll have greater consensus around the methodology for  
10 AB 127.

11 MR. DUFFY: Thank you for that and I'll be in  
12 contact with Mr. Mireles. Thank you.

13 CHAIRPERSON SHEEHY: Okay. Great. All right.  
14 So -- I'm sorry.

15 SENATOR LOWENTHAL: Susan was asking.

16 CHAIRPERSON SHEEHY: Ms. Ronnback. Senator  
17 Wyland. Ms. Ronnback.

18 MS. RONNBACK: Thank you. My -- Susan Ronnback,  
19 Interim Assistant Executive Officer for the Board. The  
20 June 5th Implementation Committee was my first  
21 Implementation Committee by the way and some of the things  
22 that had come up regarding this -- and my understanding is  
23 that some of the same issues kept coming up and this was the  
24 third -- June 5th was the third meeting that this was  
25 addressed.

1           But to me the issue that kept going around and  
2 around, you know, the methodology was addressed, but there  
3 seemed to be a lot of the conversation around the collection  
4 tool itself which is called the Project Information  
5 Worksheet.

6           And if we -- I mean one of the reasons that I had  
7 asked that this come to the Board as an information meeting  
8 because I wasn't convinced that the -- we were going to come  
9 to any kind of resolution at the Implementation Committee if  
10 we didn't get past the tool -- the data collection tool.

11           And we were hoping that we'd get some direction  
12 from the Board regarding that tool because it was adopted by  
13 the Board previous to this one, but my understanding is that  
14 there was a year-long process of back and forth about what  
15 should be in the work -- excuse me -- work --

16           CHAIRPERSON SHEEHY: The Project Information  
17 Worksheet.

18           MS. RONNBACK: Thank you. I'm going to stick with  
19 the acronym. So that was just one of my comments and so I  
20 suspect that if -- and I don't know if anyone's --

21           CHAIRPERSON SHEEHY: Susan, do --

22           MS. RONNBACK: -- suggest it go back to the Board.

23           CHAIRPERSON SHEEHY: Do you have a recommendation  
24 on the best way to tee this up for the Board to weigh in on  
25 the PIW? That wasn't meant to be a trick question. I mean

1 I'm at a loss. Yeah, Senator Lowenthal.

2 SENATOR LOWENTHAL: I don't -- I'm just learning  
3 about this myself. I'm wondering do we ever have -- if it's  
4 the problem or the issue is the actual tool itself, the PIW,  
5 do we ever get consultation or outside input on -- from  
6 experts out there on what would -- how we could improve that  
7 instrument?

8 MS. RONNBACK: Well, I wasn't here, so I wasn't  
9 involved, but I understand there was quite a bit of  
10 discussion and deliberation on what was to go into it.

11 CHAIRPERSON SHEEHY: Senator Wyland.

12 SENATOR WYLAND: There was talk about stakeholders  
13 and I guess those are the people who attend these meetings.  
14 Who are they? Who attends the meetings? Who are the  
15 stakeholders? I guess we have Tom Duffy from C.A.S.H. and  
16 SAB. Who are there?

17 MS. RONNBACK: I can't specifically identify  
18 everyone there. It's an open meeting and everyone -- any  
19 person and the public can attend. There's representatives  
20 from districts and the building community and also -- well,  
21 actually school districts and organizations such as C.A.S.H.

22 SENATOR WYLAND: You know, my thought is -- and I  
23 haven't seen this. I would like to see it -- is that I  
24 think experienced builders can cut through this pretty  
25 quickly, but we have a process where just by its very nature

1 is -- there's nothing we can do about it. It's more awkward  
2 because we have a Board we have to go through, but -- and  
3 I'm not sure quite the best way to do that. You wouldn't  
4 want to have someone who had a vested interest, but I think  
5 there might be a couple of consultants out there who do not  
6 have any vested interest in --

7 SENATOR LOWENTHAL: That's what I was thinking.

8 SENATOR WYLAND: -- in any -- and I'll tell you it  
9 is not -- once you get these people, it's not that hard.

10 CHAIRPERSON SHEEHY: Senator Wyland, if those  
11 consultants came back with a recommendation to make the  
12 grant adjustment a negative number, would you still be  
13 willing to support that?

14 SENATOR WYLAND: If --

15 CHAIRPERSON SHEEHY: Because that could be where  
16 we ended up if we went down that road.

17 SENATOR WYLAND: How so?

18 CHAIRPERSON SHEEHY: Well, just based upon the  
19 economy. I carrying a lot of anecdotal information right  
20 now from a lot of different types of construction, including  
21 schools that bids are way down.

22 SENATOR WYLAND: Oh, absolutely they are.

23 CHAIRPERSON SHEEHY: So I mean if we go down the  
24 road of the independent, don't have a dog in this fight, you  
25 know, they could --

1           SENATOR LOWENTHAL: Right.

2           CHAIRPERSON SHEEHY: -- come back with a  
3 recommendation that's a negative number and I don't know --  
4 just realistically I don't know how this Board might feel  
5 about that.

6           ASSEMBLY MEMBER GARRICK: A negative or a  
7 reduced number?

8           CHAIRPERSON SHEEHY: Well, you know, it's --  
9 any -- the ceiling is 6 percent on the grant adjustment  
10 pursuant to AB 127, if I got it right. But there's nothing  
11 that says they couldn't come back at a negative 1 or a  
12 negative 2 or a negative 3.

13           We already heard Mr. Duffy comment he thinks it  
14 should be higher than 6 percent. I think 6 percent is the  
15 ceiling. I'm just saying if we go down that route, you  
16 know, you could end up with a result that wasn't real  
17 popular.

18           SENATOR WYLAND: I think there are factors that  
19 clearly change over time, cost of material -- you know -- I  
20 mean we all know what's happened to the economy and all the  
21 factors that go into costs. It just seems to me aside from  
22 the legislation we ought to have an idea -- and I don't know  
23 quite how we would adjust for this, but we ought to have an  
24 idea of what it costs at a given period of time and space to  
25 build a school because there's wide variation.

1           So -- and I may be posing a separate question from  
2 this one, but I can look at the same period, at the same  
3 area, at the same geographic area, similar schools, and you  
4 can find an enormous variation of what it costs to build a  
5 school --

6           CHAIRPERSON SHEEHY: Yeah.

7           SENATOR WYLAND: -- and that affects how much  
8 money we're giving out and that's sort of the question I'm  
9 asking, which maybe is -- in some way is almost  
10 interrelated.

11          CHAIRPERSON SHEEHY: Well, that's an important  
12 question. Assemblyman Garrick.

13          ASSEMBLY MEMBER GARRICK: I heard a comment  
14 earlier, a lady that was presenting, and she mentioned an  
15 inflation factor and is that -- we're discussing the  
16 6 percent comes in?

17          MS. LUTSUK: The 6 percent is authorized in  
18 addition to the inflation adjustment that the Board --

19          ASSEMBLY MEMBER GARRICK: So you have 6 percent  
20 plus an inflation adjustment.

21          MS. LUTSUK: Right.

22          ASSEMBLY MEMBER GARRICK: Do you have a --

23          CHAIRPERSON SHEEHY: Mr. Garrick, the 6 percent  
24 that Masha's referring to, this Board already granted a  
25 6 percent increase to the per pupil grant based upon

1 inflation and it was a positive number and at the time, I  
2 made the comment that we were using data that was lagged,  
3 that didn't reflect the current construction index, but I  
4 said that there had been other times when the lag had gone  
5 the other way and so, you know, we went along with the full  
6 6 percent which I think was a pretty good adjustment given  
7 our current economic circumstances.

8           This AB 127 adjustment is on top of the 6 percent  
9 increase we've already granted. I'm sorry.

10           ASSEMBLY MEMBER GARRICK: And thank you for  
11 clarifying. And that concerns me and I'm going to just draw  
12 the parallel with the transportation committee that I sit on  
13 and Caltrans -- Mr. Will Kempton who is departing shortly  
14 but -- and shared that instead of getting two to three  
15 bidders, he's getting five to seven bidders on projects and  
16 the price is down between 18 and 22 percent on road  
17 construction projects.

18           And I would hope that this formula had some  
19 flexibility to work both ways and not just up so that we  
20 could as citizens and taxpayers and this Board take  
21 advantage of the market and get more bang for our buck in a  
22 simple term.

23           CHAIRPERSON SHEEHY: Senator Wyland.

24           SENATOR WYLAND: Yeah. I think what Assemblyman  
25 Garrick is saying is sort of pointing to -- and Mr. Sheehy,

1 you also essentially addressed the issue things are going to  
2 change and what we want to do is as fairly as possible  
3 fund -- and as adequately as possible fund those schools and  
4 that may change. Right now we have the possibility -- and I  
5 don't know how that would conform with our rules and the law  
6 there -- of saving money, which later on when it turns  
7 around we could use to fund more schools.

8           So I'm not sure quite how we deal with this and I  
9 would like to see what those criteria area that are being  
10 used now or being developed. But if we could somehow figure  
11 out a way to do that, it would I think be a wise use of  
12 funds. I'm not quite sure yet how to do it.

13           CHAIRPERSON SHEEHY: Well, as I understand it -- I  
14 have a comment, then Ms. Moore I believe. But, Juan, the  
15 Project Information Worksheet, that's a tool that was  
16 developed by a previous Board; is that right?

17           MR. MIRELES: That's correct.

18           CHAIRPERSON SHEEHY: And I know there's  
19 probably -- you know, there are probably lots of -- since it  
20 took a whole year to do, there was probably lots of people  
21 on all sides of those issues and they went round and round  
22 and round. And I understand that this is a new Board.  
23 There are few holdovers, but it just seems to me that we set  
24 ourselves up for a lot of additional debate and discussion  
25 if we have to redo everything.

1           I would think if the State Allocation Board which  
2 was still made up of the same number of appointees from the  
3 same authorities approved that Project Information  
4 Worksheet. I don't know why we have to redebate that  
5 endlessly, but if that's the will of this body, we could do  
6 that, but we do need to have some sort of methodology.

7           Mr. Duffy's offered to continue working with OPSC.  
8 I think if you can help, Tom, that'd be great, but I also  
9 think that, you know, at the end of the day, we shouldn't  
10 have to reinvent the wheel since I'm sure Senator Simitian  
11 and Senator Margett and the other Senators and Assembly  
12 Members that were on this Board along with my predecessor,  
13 Anne Sheehan, and Ms. Moore, I'm sure they -- I know they  
14 spent many, many, many, many hours working on this issue  
15 and, you know, we should be in a position to take advantage  
16 of some of that work.

17           I think Ms. Moore had a comment.

18           MS. MOORE: Just three quick points. Having been  
19 in this a long time, one of the problems that we encounter  
20 is the very thing that you're talking about, Senator Wyland,  
21 and that is we are doing an analysis on a square footage  
22 basis, yet we fund on a per pupil basis.

23           We used to have a program that was based on square  
24 footage. We paid for square footage. You came in with  
25 250,000 square foot high school, by category, we gave you

1 money for that particular high school.

2           We moved off of that ten years ago and said we're  
3 going to give you per ADA amount. You expend it. Here's  
4 the State's share. If it's good, great. If it's not, you  
5 have to make up the difference.

6           We heard from districts. I experienced it in a  
7 district. We made up a lot of difference and that was  
8 during the up years.

9           We're probably in some of the down years now and  
10 there may be some capturing, but I would propose that I  
11 think we're behind in that scenario.

12           So I hope that my legislative colleagues, when we  
13 look at another bond measure, maybe we -- per ADA amount is  
14 not the best way to go because the rest of the building  
15 world works on a square footage basis.

16           So that's one thing, but it's in law and that's  
17 what we have to deal with. But maybe we ought to be looking  
18 at that because I continue to hear people trying to shoehorn  
19 the per ADA into square footage. It's really tough to do.

20           My second point is from the Department of  
21 Education's vantage point, we want to ensure that we are  
22 building not only quality material which I know a lot of --  
23 and quality buildings, we want to ensure that they're  
24 educationally appropriate and adequate.

25           We're concerned about what's been removed and is

1 that being captured. You know, did somebody remove the gym  
2 because they didn't have enough money to do it and yet it  
3 looks like, okay, the amount of money we gave them built a  
4 square footage and it got a square footage dollar amount.

5 We're -- that's what we're interested in. We're  
6 interested in complete schools and I firmly believe that  
7 additions skew the numbers.

8 The per ADA amount was established based on  
9 building complete schools, building an entire school. It  
10 wasn't established on additions and that's a whole probably  
11 another conversation that we'll have to go to.

12 So we're interested in those pieces. I hope that  
13 the Project Information Worksheet or the analysis that's  
14 done with the 600 projects that we have, I hope they're  
15 complete schools and that we can look at the information in  
16 that manner.

17 We tried an outside source. It didn't work very  
18 well and, you know, nobody wants to dredge that up again,  
19 but it didn't work very well either, but I think part of the  
20 issue of that was methodology.

21 So I'm going to be very interested in that final  
22 methodology, what you're talking and what that is, how are  
23 we going to look at the data and what are we throwing out  
24 and what are we keeping in and why.

25 CHAIRPERSON SHEEHY: Before we go -- I have

1 Mr. Harvey, then Senator Lowenthal, but I want to, Kathleen,  
2 follow up, and this is not meant to put you on the spot at  
3 all. But I mean is there any comment that you can make  
4 about the work that the last Board -- last configuration of  
5 the Board did on this Project Information Worksheet?

6 MS. MOORE: Yes, I'd be happy to. It was not easy  
7 and I think ultimately this is how I saw it come down.  
8 There was a lot of discussion in the Imp. Committee. I  
9 believe firmly that districts were opposed to a Project  
10 Information Worksheet and the reason they were opposed to  
11 it, it was yet another piece of information that isn't  
12 actually directly linked to this program.

13 So, for instance, if we funded on a square footage  
14 basis and districts reported that, they'd have to report it  
15 to get their money.

16 This is another piece of information. Someone at  
17 the back end now -- because we've had ten years of projects  
18 that didn't have this and I felt that school districts -- we  
19 never quite came to conclusion on it from the school  
20 district point of view.

21 From the Department's point of view, we were  
22 concerned about elements being lost and I do think there was  
23 an attempt to address that in the Project Information  
24 Worksheet by calling out specific areas and whether they got  
25 built or not.

1           So I do think there was -- they tried to do that.  
2           Ultimately what the Board did, it did approve the Project  
3           Information Worksheet and it was after it went to the  
4           Implementation about three times and it was over the  
5           objection of school districts.

6           That was pretty much my recollection of what went  
7           on. I don't think anyone in the room -- staff, the  
8           districts, anybody -- felt we did a great job of it. We  
9           kind of said let's get through this and it also was in the  
10          time that we just gone through a pretty awful situation with  
11          the outside report. So -- does that help?

12          CHAIRPERSON SHEEHY: No -- thanks, Kathleen.  
13          That's great. I have Mr. Harvey, then Mr. Lowenthal.

14          MR. HARVEY: The fact of the matter is that AB 127  
15          requires us to make a grant adjustment. So we've got to do  
16          something to figure out whether we do that or not and if I'm  
17          reading this initial information report correctly, staff is  
18          suggesting we either do the kind of data that is in the  
19          sheet now or we use something called McGraw-Hill.

20          And they're coming down on the side of what we're  
21          doing now because it's more comprehensive. So to me, a key  
22          question is what is the information. Is this data that we  
23          collect all that superior and I think we're going to have to  
24          have a recommendation from you all on that question:  
25          McGraw-Hill or something else.

1           And the other issue I think is the one that  
2 Ms. Ronnback pointed out to. The last paragraph on page 158  
3 says it's not only the data, it's the collection process.  
4 So it seems to me the other issue that we need to have  
5 before us and there'll be debate I'm sure is what is that  
6 process. Is this data sheet what we should use or something  
7 else.

8           So to me that's how I would bifurcate what you  
9 bring back to us.

10           CHAIRPERSON SHEEHY: Senator Lowenthal.

11           SENATOR LOWENTHAL: I don't want to complicate it  
12 by -- because I was not here before. A little information  
13 is a dangerous thing. I don't really know what I'm talking  
14 about, but I'm a legislator. That never stops me.

15           I was just struck with -- and I got a copy of --  
16 going through the staff comments and they were talking  
17 about -- there was suggestion to use one of the recent  
18 UC Berkeley studies. The Berkeley study did not make a  
19 recommendation, but it did argue for the State to collect  
20 data I think on school construction costs as without this  
21 data, an accurate study, and they go through and I just then  
22 want a copy of the study just to understand -- because we  
23 have these wonderful resources in the State, public  
24 resources, and that was the complex and multifaceted nature  
25 of school construction costs, factors affecting California.

1           I just want to -- I'm not saying -- it'd be nice  
2 to just have them understand what we're doing, just to ask  
3 them this method because they're talking about the  
4 methodology and they actually wrote a report on school  
5 construction costs in California, UC California Center for  
6 Cities and Schools at UC Berkeley.

7           I just don't know why we just don't in some way  
8 access them. That's all I'm saying. It may or may not be  
9 appropriate. I don't know.

10           CHAIRPERSON SHEEHY: Well, on that point, I mean I  
11 think that -- why not invite them to come address the board.  
12 Juan, can you please follow up with Senator Lowenthal's  
13 office and see if we can make that happen.

14           Assemblywoman Brownley.

15           ASSEMBLY MEMBER BROWNLEY: Well, I'm also probably  
16 a dangerous legislator that knows very little and could, you  
17 know, cause a lot of trouble here and I can imagine how  
18 complex this is. I mean just hearing the comments so far,  
19 the regional costs, that's clearly an issue.

20           You build a gymnasium for a high school. It could  
21 be a much more expensive gymnasium. Elementary schools  
22 don't really need gymnasiums or don't usually -- typically  
23 don't have them. But compared to a middle school gymnasium,  
24 I mean it's -- I can imagine why people ended up going back  
25 to a per pupil cost because it could get so complex.

1           But, you know, going back to what Senator  
2 Lowenthal said about what -- going back into the study and  
3 being able to ask the questions, I mean we're not the only  
4 agency in town that's had to wrestle with this kind of  
5 question.

6           I mean, you know, there are other government  
7 agencies building things. I mean I don't know whether there  
8 are other methodologies that other agencies have used that  
9 we could at least compare and contrast and see, you know,  
10 what other methodologies are out there and what are the  
11 benefits and what are the drawbacks, et cetera. But I can  
12 see that it will be an interesting discussion.

13           CHAIRPERSON SHEEHY: Senator Wyland.

14           SENATOR WYLAND: I really appreciate, Mr. Sheehy,  
15 your comment about the hours that were spent and not having  
16 to go back and try to redo that. And I'll just make one  
17 comment really to Assemblywoman Brownley's comment, and I'm  
18 not quite sure today how we would get there and maybe this  
19 is the best way.

20           But all I can tell you is -- and it's the same  
21 with a house. You can build a certain size facility that  
22 has the same utility for dramatically different cost and  
23 with a house, it's the owner's choice.

24           You can build a house for this much or that much,  
25 the other thing, or what the owner can afford. But in this

1 instance, we've got not the district, but we've got the  
2 money we want to spend and I can see why they might have  
3 just given up and -- or thrown their hands -- thrown their  
4 hands up and say let's just go on a per pupil basis.

5 But I do think we ought to address that because if  
6 we had determined that a district can build an adequate  
7 school for a certain amount and we then give what we think  
8 is a fair amount for that and that happens to be less than  
9 someone insist spend but we can spare, that gives us more  
10 money for more districts and more schools and I just -- it's  
11 complicated, but I hope that through this process somehow  
12 we --

13 MS. MOORE: You know what might also be  
14 instructive is we at the last onset of this issue, we  
15 were -- the Department of Education was asked to kind of  
16 weigh in on okay, what should we be building, you know,  
17 which is not an easy topic because we have local control in  
18 California and, you know, different districts do things  
19 differently.

20 But we did produce a report and it was about a  
21 complete school report and some of the data in that is a bit  
22 astounding actually because it showed that, you know, since  
23 1947 we haven't built any larger or, you know, we have not  
24 added per square foot per students in the State of  
25 California and in fact, you know, it also -- it showed our

1 ranking nationwide and it actually showed that California's  
2 building pretty efficient schools -- well, I don't know if  
3 the word efficient is correct.

4           We're building less per student than most states  
5 in the nation. So I'd be happy to share that with you  
6 because I think it does bring context to the discussion  
7 that's going on here. You know, education has changed a lot  
8 since the 1940s and have we kept pace with that in terms of  
9 what we built.

10           So that's what complicates us in that, you know, a  
11 square footage of a house is a choice, but part of  
12 education -- how our programs are delivered complicates, you  
13 know, the square footage number, so to speak.

14           CHAIRPERSON SHEEHY: Mr. Wyland, can we go to  
15 Mr. Garrick first?

16           SENATOR WYLAND: Please.

17           CHAIRPERSON SHEEHY: Mr. Garrick.

18           ASSEMBLY MEMBER GARRICK: Just could I ask  
19 Ms. Moore for a little clarification on what she was  
20 referring to in terms of California building less per  
21 student than other states. Are you talking about on a per  
22 square foot basis for --

23           MS. MOORE: On a per square foot basis,  
24 California -- Fred, do you remember? I mean we rank about  
25 47th I want to say. It's pretty low per square foot and

1 this -- what we did also is we took a hundred current  
2 projects that were going on right throughout the State and  
3 we looked at what they were in comparison regionally and  
4 nationally to what goes on.

5           So when the program was established and moved from  
6 a square footage program to a per ADA amount, the shift  
7 was -- you know, what was hoped to happen was to equate that  
8 square footage to a per student amount and hopefully then  
9 that would work forward and I'm not so sure it did.

10           Fred, do you remember from our report? Fred  
11 Yeager was the author of it.

12           MR. YEAGER: Yeah. The complete school report --

13           CHAIRPERSON SHEEHY: I'm sorry, sir. I apologize.  
14 Could you please identify yourself for --

15           MR. YEAGER: Fred Yeager of Department of  
16 Education.

17           CHAIRPERSON SHEEHY: Thank you, Mr. Yeager.

18           MR. YEAGER: The complete school report was  
19 presented to the Board on May 23rd, 2007, and one of the  
20 things it did look at was the median square footage per  
21 student in 11 regions throughout the country. That -- it  
22 was a School Construction News Report I believe has an  
23 annual evaluation of school costs and size throughout the  
24 country.

25           And California was grouped with Nevada, Arizona,

1 Hawaii I believe and that region does provide the lowest per  
2 square footage nationally.

3 Now, taking that, we also analyzed 60 complete  
4 schools in there were lower than that regional amount. So  
5 we were the lowest in the lowest region.

6 MS. MOORE: And you could imagine the region that  
7 we were in, you know, does take in the fact that those  
8 states have -- enjoy better weather and so there is some  
9 issues about square footage and what you need to provide  
10 students in the east versus sometimes what you need to  
11 provide them in the west.

12 But even given that, we were very austere in our  
13 square footage per student that we have funded throughout  
14 our history. And I'd be happy to share that report and  
15 what -- I know the Office of Public School Construction in,  
16 you know, collaboration with us, they were looking at -- to  
17 us which I think is appropriate. What is a complete school?  
18 What do the educators say we should be building and that  
19 report was an attempt to look at historically what's  
20 happened here and, you know, maybe where we need to go in  
21 the future.

22 ASSEMBLY MEMBER GARRICK: The study --

23 CHAIRPERSON SHEEHY: I'm sorry. Mr. Garrick. Go  
24 ahead. Go ahead.

25 ASSEMBLY MEMBER GARRICK: The study that you were

1 just explaining and that you referenced earlier seems to be  
2 based on what the industry standard in construction is and  
3 that's on a per square foot basis and it seems that should  
4 be the rule. It seems to work very well in the free market.

5 Speaking as someone who personally has built  
6 hundreds of apartment units, built office buildings, built  
7 retain, and owns and manages them today, I don't know any  
8 other way but per square foot basis for all of those  
9 purposes in the end as far as what you want as the end  
10 result, whether it's a strip center as they're commonly  
11 called, a neighborhood center, or a shopping center, a  
12 regional center, or an office building, you are going to  
13 house people in on a day-to-day, 40-hour week or residents,  
14 be it apartments or single-family homes.

15 The sheet that was supplied to me which I find  
16 helpful and interesting, the Project Information Worksheet,  
17 breaks it down like every project I've ever worked on where  
18 it comes out on a per square foot basis and any other  
19 formula than that just -- and I'll use the term loosely --  
20 throwing money at a project on a per kid basis or per child  
21 basis doesn't seem like it's an appropriate formula at all  
22 particularly when you're dealing with the free market to  
23 build the school for you and you are going to want to get  
24 the most you can for your dollar.

25 When some of the prices that I looked at these, I

1 was absolutely shocked at the price per square foot. Now  
2 granted you have a blend of different types of equipment --  
3 or excuse me -- of facilities here, but when you've got  
4 classrooms, which are generally just square rooms.

5           Having a wife who is a third grade teacher, I've  
6 visited quite a few schools that she's taught at --  
7 multipurpose room, cafeterias, libraries, administrative  
8 support facilities, restroom buildings, things like that,  
9 but when they're out in the \$395 to \$401 per square foot on  
10 this little two-page sheet that seems to give you a nice  
11 summary, one of my wealthier neighborhoods in Rancho Santa  
12 Fe that I believe Mr. Scott is familiar with -- Scott  
13 Harvey --

14           MR. HARVEY: I don't live there, but I am familiar  
15 with it.

16           ASSEMBLY MEMBER GARRICK: Homes with marble floors  
17 and Wolf ranges and the top line of every single item you  
18 can have are coming in at \$350 a foot, less than these  
19 schools are coming in at. It just -- I am absolutely  
20 surprised.

21           CHAIRPERSON SHEEHY: I have Mr. Wyland next, then  
22 Ms. Moore, but I would like to just remind the Board just so  
23 you know we do need to go into closed session to receive  
24 information from our counsel, so I want to make sure we  
25 don't lose our quorum. I don't want to truncate the debate

1 here. I just want to be mindful of the time. Mr. Wyland.

2 SENATOR WYLAND: I appreciate that and this is --  
3 it's tough to discuss this is in a forum like this. This  
4 shows how hard it is to make the government work sometimes,  
5 but we have to make it work.

6 I guess what I think between both what we've heard  
7 here, my intent -- and I don't think Assemblyman Garrick's  
8 intent is in any way to short the educational facility at  
9 all.

10 I mean that facility must be adequate. I don't --  
11 I think both of us absolutely agree about that, that the  
12 facility absolutely must be adequate.

13 I think what Assemblyman Garrick was saying and  
14 I'm saying is that there could be -- something could be very  
15 adequate, very utilitarian, even more utilitarian and have a  
16 wide cost difference and somehow I think it behooves us to  
17 try to deal with that but not with the intent of, gee, we're  
18 just going to, you know, give them a substandard facility in  
19 any way.

20 I'll just give you one example. I was on a board  
21 at a district that was not a wealthy district. We had to  
22 save money and we had to build a couple schools and we found  
23 a system -- I won't go into it in terms of construction, but  
24 we found a system that you could replicate.

25 And we visited award-winning schools, design

1 schools in another neighboring district, very well-known  
2 district, and talked to the staff there, looked at the  
3 facility and then you looked at this other school which  
4 wouldn't have one of those design awards, but when you talk  
5 to staff, they actually loved it, much more so than the  
6 awarded facility simply because it had been designed over  
7 time to work.

8           It worked for the faculty. It worked for  
9 students, you know, the sinks are in the right places in  
10 elementary schools, all those things. So, you know, without  
11 talking us to death, all I'm saying is somehow -- and I  
12 don't know how, but we're obviously working at it. I think  
13 we need to address that question so we save as much money as  
14 possible for -- to build as many schools again as possible.

15           CHAIRPERSON SHEEHY: Okay. Was there an  
16 additional comment, Kathleen, or -- we're going to come back  
17 to this item in July. We have one more -- while we have the  
18 full Board here and we have still a lot of our public  
19 participants, I would like to recognize Mr. Nanjo.

20           MR. NANJO: Thank you, Mr. Chair. Just real  
21 briefly. I think most of the Board members have had a  
22 chance to meet the new incoming counsel for this Board,  
23 Teresa Boron. I wanted to take this opportunity and thank  
24 you for your indulgence, Mr. Chair, just to briefly thank  
25 the Board members for the opportunity of working with you

1 all.

2           It's been an honor and a pleasure to work with a  
3 Board that has the kind of conscientious desire and  
4 passionate interest in the subject matter that this Board  
5 does. I know it's been rather challenging and we haven't  
6 always seen exactly eye to eye, but there is a great deal of  
7 respect on my part for the Board members and the dedication  
8 that all of you show to this.

9           Providing schools and education to our kids is  
10 probably one of the most important tasks that a society has  
11 and I recognize that and that's very evident in the work  
12 that all of you do, your staff does.

13           It's also my opportunity to recognize the OPSC  
14 staff. I know a lot of the new Board members haven't had a  
15 chance to meet them all, but you have an unusually dedicated  
16 group of individuals who really do care about the program.  
17 Again I'm sure that there are situations where the Board  
18 members haven't always seen eye to eye with staff, but I  
19 will verify for both sides that both of your hearts are in  
20 the right place and you're trying to work toward the benefit  
21 of education as a whole and the school kids specifically.

22           So it has been again a very great honor and  
23 pleasure for me to work with both the Board and the OPSC  
24 staff who has been very hard working, dedicated. I work  
25 usually some pretty late hours and I'm always surprised when

1 I get a call on my office phone from OPSC staff members who  
2 are also at their office working very hard and that happens  
3 a great deal.

4 I imagine again this is due to the importance that  
5 everyone recognizes to the work -- importance that everyone  
6 identifies with the work that we do.

7 So again thank you. Due to some work assignments  
8 and some shifting in my office, I've been asked to take a  
9 more larger role in my office as a whole which prevents me  
10 from working with this staff.

11 So if I could recognize Teresa.

12 CHAIRPERSON SHEEHY: Teresa, could you please come  
13 forward.

14 MR. NANJO: Teresa Boron-Irwin is a Senior Staff  
15 Counsel at our office and she has been given the task to  
16 work with this Board. I will be available to assist as  
17 necessary, but she'll be taking the Board starting next  
18 month and working with OPSC staff.

19 So again from myself thank you very much and thank  
20 you, Mr. Chair.

21 CHAIRPERSON SHEEHY: Henry, thank you very much  
22 for your comments. I think that we all take that to heart  
23 and really appreciate the.

24 Okay. Any other public comments before we go into  
25 closed session. We're not going backwards, are we, Lyle?

1 We're going forwards? Mr. Smoot.

2 MR. SMOOT: Thank you. Once Lyle Smoot for  
3 Los Angeles Unified. I'll make this real easy. I agree  
4 with what Ms. Moore said about the contentiousness of the  
5 PIW. It was, it is, it will be a contentious document, but  
6 rather than go backwards, I'd just like to say that a good  
7 part of the problem with not being able to get this through  
8 the Implementation Committee is the lack of ability to see  
9 the data coming out of the contentious worksheet.

10 If you could just direct staff, at least from my  
11 perspective, between now and the next time we discuss this  
12 to take that data, that analysis, however they want to do  
13 it -- I'm not saying let us change it or anything. Just  
14 take the data and the analysis to the Implementation  
15 Committee -- maybe as Tom Duffy said through a subset of  
16 some sort. But let us see that data so we don't have  
17 another Macias report problem.

18 CHAIRPERSON SHEEHY: Okay. Juan, could you please  
19 work with LA Unified to see if there's anything we could do  
20 about making the data more transparent to address some of  
21 his concerns. Okay. Great. Thank you, Lyle.

22 Any further comment? Seeing none, we are going to  
23 go into closed session which means that we need to ask you  
24 all to leave and for those of you that are wondering, we  
25 don't have any more open session business to do, so while

1 you're welcome to stay around, you know, for us to adjourn,  
2 you can, but there's no need to unless you're dying to.

3 We will take a five-minute recess before we start  
4 our closed session.

5 (Whereupon, at 6:15 p.m. the proceedings were recessed.)

6 ---oOo---

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

REPORTER'S CERTIFICATE

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

STATE OF CALIFORNIA            )  
  )  ss.  
COUNTY OF SACRAMENTO        )

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

That the proceedings herein of the California State Allocation Board, Public Meeting, were duly reported and transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on July 14, 2009.

---

Mary C. Clark  
AAERT CERT\*D-214  
Certified Electronic Court  
Reporter and Transcriber