

MINUTES
State Allocation Board
February 24, 2010

Upon notice duly given, the monthly meeting of the State Allocation Board was held in Room 447 of the State Capitol in Sacramento, California on February 24, 2010 at 4:00 p.m.

Members of the Board present were as follows:

- Cynthia Bryant, Chief Deputy Director, Policy, Department of Finance, designated representative for Ana Matosantos, Director, Department of Finance (DOF)
- Ron Diedrich, Acting Director, Department of General Services (DGS)
- Kathleen Moore, Director, School Facilities Planning Division, California Department of Education (CDE), designated representative for Jack O'Connell, Superintendent of Public Instruction
- Lyn Greene, appointee of Arnold Schwarzenegger, Governor of the State of California
- Senator Alan Lowenthal
- Senator Loni Hancock
- Senator Bob Huff
- Assembly Member Jean Fuller
- Assembly Member Julia Brownley
- Assembly Member Joan Buchanan

Representative of the State Allocation Board (SAB) was as follows:

Lisa Kaplan, Assistant Executive Officer

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

Lisa Silverman, Acting Executive Officer
Juan Mireles, Policy Manager, Program Services

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

Teresa Boron-Irwin, Senior Staff Counsel Specialist

With a quorum present, Ms. Bryant, Chair, called the meeting to order at 4:10 p.m. The Chair welcomed Governor Appointee, Lyn Greene, to the SAB. The Chair also recognized Assembly Member Buchanan filling in for Assembly Member Torlakson, and congratulated Lisa Silverman on her new position as Acting Executive Officer to the OPSC.

PRIOR MINUTES

The Chair stated that there were concerns regarding the Minutes, but those concerns were addressed through revisions. The Chair called for a roll-call vote to approve the Minutes for the January 27, 2010 SAB meeting and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller				X
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Ron Diedrich	X			
Kathleen Moore	X			
Lyn Greene			X	
Cynthia Bryant	X			
Total	8		1	1

Motion:Carried X Failed **EXECUTIVE OFFICER'S STATEMENT**

The Executive Officer informed the Board of the following:

Funded Approvals

For the first time since December 2008, the OPSC provided active apportionments totaling approximately \$110 million at this SAB meeting. There is \$136 million available to provide apportionments to projects that previously received an unfunded approval.

High Performance

At the January 27, 2010 SAB, staff was directed to assemble a workgroup consisting of stakeholders, including architects, school district representatives, the Collaborative for High Performance Schools and the Coalition for Adequate School Housing (CASH) to address concerns related to participation in the program for modernization funding. Staff is coordinating two meetings in the month of March in anticipation of presenting an item to the April Implementation Committee meeting.

Seismic Mitigation

A special Implementation Committee meeting has been scheduled for March 4, 2010 to discuss revisions of the regulations to increase participation in the program.

Update on Bond Market

Mr. Blake Fowler from the State Treasurer's Office provided an update on the current status of the State's Bond Market.

Outreach - Audit

On February 17, 2010, staff had the opportunity to present "What to Expect in an Audit" at the Santa Clara County Facilities meeting. The purpose of the presentation was to provide tips in identifying the appropriate documentation needed to have a successful audit. This presentation was well received by the district participants.

EXECUTIVE OFFICER’S STATEMENT (cont.)

Outreach – Audit (cont.)

Staff will be conducting similar workshops on March 5th at the Butte County Office of Education, March 12th at the Merced County Office of Education, and March 19th at the Orange County Office of Education. The Division of State Architect (DSA) will also be presenting at these upcoming events.

CONSENT ITEMS

There was much discussion surrounding the entire Consent calendar. The Board expressed concerns regarding the issue of applying the Construction Cost Index (CCI) to projects, and requested that it reconsider its actions taken at the January 27, 2010 SAB meeting regarding the CCI and the development rate items. Assembly Member Brownley specifically wanted to address the “magical cut-off date” of when the CCI would apply and when it would not. The Chair explained that the CCI and the development rate issues were two separate actions. Assembly Member Brownley responded that the request for reconsideration would be directed only at the development rate issue. She further stated that there were quite a number of projects on the list whose dates went back to early 2009 and took a really long time to get through the system, and she did not want those projects to be penalized based on the Board’s decision of when the CCI would apply to those projects. Mr. Juan Mireles, representing the SAB staff, explained that the OPSC processes projects based on “date received” and projected SAB dates are scheduled so that the applications continue to be processed. Ms. Moore stated that the manner in which projects are presented to the Board has been a longstanding practice, although it has never been in regulation, that projects would be approved within a 90 to 120-day time frame. Mr. Mireles responded that the 90 to 120-day timeline was an objective the OPSC worked toward when there were fewer programs (i.e., New Construction and Modernization) and now there are additional programs in place, but the OPSC is still doing the best that it can to process all applications in a timely manner. Assembly Member Fuller stated that the action regarding the CCI caused the Board to make retroactive changes to projects and school districts did not have adequate notice that the rate would be changing. A motion was made to approve the Consent calendar, with the exception of the “Amended Unfunded Approvals” (page nos. 36 through 181) and the “Unfunded Approvals” (page nos. 182 through 240). Ms. Moore recused herself from voting on the Elk Grove Unified School District consent item, but voted to approve all other consent items. The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock				X
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Ron Diedrich	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	9			1

Motion:

Carried X
 Failed ___

The Board continued discussing what action to take concerning the “Amended Unfunded Approvals” and the “Unfunded Approvals” items. The Chair asked if there was public comment, and the following individuals addressed the Board:

CONSENT ITEMS (cont.)

- Mr. Richard Gonzalez, representing Richard Gonzales and Associates, along with the Sierra Sands Unified and the East Side Union High School Districts, expressed concerns regarding timing and processing delays within the OPSC for these two school district applications. He stated that both school districts responded affirmatively to all of the requirements of the 15-day letters back in July and August 2009, and it was not until January 2010 that their applications were presented to the SAB. He further stated that if there had been a December 2009 SAB meeting, both applications would have been presented and, therefore, would have been subject to the higher per-pupil allowance (2009 CCI).
- Ms. Lisa LeBlanc, representing the Fresno Unified School District, informed the Board that although the District has two projects on the February unfunded approvals list, one of the projects has significant needs; that project has been put out to bid and is currently under construction. She also stated that if the Board were to approve the decrease in funding for the February list that would mean a significant drop in funding available to the District for this project.
- Ms. Christina Becker, representing the Santee Elementary School District, stated that she felt that this discussion was very fair and that the District would appreciate if its projects were subject to the old CCI (2009 CCI).
- Mr. Tom Duffy, representing the CASH organization, stated that the Board could segregate the February unfunded approvals from the March unfunded approvals in order not to harm school districts. The OPSC could then treat those projects as if they had a February date because the projects were on the February agenda.

Senator Huff made a motion to not act on these two items (Amended Unfunded Approvals and Unfunded Approvals) until the March SAB meeting but segregate the February items from the March items, and get a legal opinion that provides parameters on what the Board can do. The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock				X
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Ron Diedrich	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	9			1

Motion:

Carried X

Failed

Mr. Mireles asked if the projects for March were going to be calculated at the 2010 or 2009 CCI level. The Chair replied that that issue would have to come back to the Board with staff providing options because of the date issues.

Assembly Member Brownley also asked that the legal opinion address the reconsideration of the decision taken on the development rate item at the January 27, 2010 SAB meeting.

SPECIAL CONSENT

Dos Palos-Oro Loma Joint Unified/Merced 58/75317-00-001

Fort Sage Unified/Lassen 58/75036-00-001

In considering the items above, the Board made a motion to take one action, which would approve the staff's recommendations for each item. The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock				X
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Ron Diedrich	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	9			1

Motion:

Carried X

Failed —

SPECIALS/APPEALS

School Facility Program Activation of Unfunded Approvals

The Acting Executive Officer presented this item to the Board. A motion was made to approve staff's recommendations, which were 1) to provide State apportionments for all projects listed on Attachment A; 2) find that the State apportionments for certain projects be adjusted based on the staff's review of the district's available contribution for financial hardship; and 3) find that these State apportionments are not full and final until the Board has made the adjustment pursuant to Education Code Section 17072.11(b). However, the motion excluded the Lammersville Elementary School District. The Chair asked if there was public comment on this item and the following individuals addressed the Board:

- Mr. Richard Gonzalez, representing Richard Gonzalez and Associates, indicated that the projects subject to the financial hardship criteria outlined in SFP Regulation Section 1859.81 and on this particular funding list did not receive an apportionment because the State ran out of funding authority; rather, it was because the State chose not to sell voter-approved bonds. Therefore, these projects should not be subject to the re-evaluation. He further stated that the Board had requested staff to bring forward emergency regulations that would address the impacts of the budget crisis situation on school districts. He noted that staff did provide emergency regulations but those regulations did not address financial hardship districts.
- Mr. Matt Pettler, representing School Facility Consultants, indicated that there are two distinct issues; the unfunded list and unfunded approvals. He stated that the unfunded list was created in 2001 because the SAB was out of modernization funding and there was no bonding authority left so a regulation was created in order to maintain a list of those projects. He further stated that when the funding freeze came about in December 2008, the SAB looked at several ways to ensure school districts were held harmless. In March 2009, the SAB adopted the process of making unfunded approvals, and part of that action, there would be consideration of an unfunded list when the State runs out of bonding authority. It was also noted that in the context of all this action was the ability to ensure school districts were not harmed by the funding freeze.

SPECIALS/APPEALS (cont.)***School Facility Program Activation of Unfunded Approvals*** (cont.)

- Ms. Susan Stuart, representing the Alisal Union Elementary School District, stated that by requiring financial hardship projects to go through an additional audit could delay projects and also change the amounts because the amounts of bond sales change on a weekly/monthly/yearly basis. She further encouraged the SAB to hold these projects harmless.
- Mr. Scott Andersen, representing the Brentwood Union School District, stated that his District should not be subject to the financial hardship re-review as the District is on the unfunded list due to an OPSC error. He indicated that the District received an actual State Apportionment prior to the funding freeze. Ms. Moore asked where Brentwood was on the list. Staff clarified that Brentwood would be on the list for funding. The Acting Executive Officer stated that the revision to this item did not post correctly and that the District would not be subject to the financial hardship re-review.
- Mr. John Peukert, Assistant Superintendent for the San Bernardino City Unified School District, addressed the term “unfunded list” and believes that it is a verbiage issue rather than a statutory issue. He stated that an unfunded list refers to bond money that would be remaining. He suggested that if it were changed to “reserve list of unfunded approvals” that could clarify things. He further provided a status update on the District’s financial hardship projects; they are shovel-ready.
- Ms. Ana Ferrera, representing the County School Facilities Consortium, stated that the regulation is being applied in a very different way of what was intended.
- Mr. Terry Tao, legal counsel for the Alisal Union Elementary and San Bernardino City Unified School Districts, addressed the term unfunded list and stated that it has a different meaning today with regard to the Pooled Money Investment Board freeze than it did the year it was created in 2001 when it referred to an unfunded list, which meant no money was available on the bonds.
- Mr. Tom Duffy, representing the CASH organization, stated that when the funding freeze initially hit, the CASH in its effort to be proactive and eliminate panic in the School Facility Program (SFP) proposed that the OPSC unplug the programmatic clocks, including the financial hardship regulations. He indicated that the OPSC did not accept the financial hardship regulations proposal. He further stated that it is an issue of fairness; the State makes the rules and applies the rules to the school districts but the rules do not apply to the State.

Mr. Jason Hernandez, representing the SAB staff, responded that the Education Code stipulates that school districts must make all reasonable attempts to fund their local matching share of their projects. If they cannot do that, they can enter into the Financial Hardship Program by meeting qualifying criteria, and by having a review completed to determine what funding is available to show that they have made all reasonable effort to contribute to their project. He indicated that once a district has received financial hardship approval that approval is frozen for 180 days. He also indicated that financial hardship projects that have been sitting on an unfunded list for 180 days, those projects still qualify for financial hardship; however, a modified review is then initiated to determine if anything has changed regarding contribution to the projects. It was also stated that this process is necessary to ensure bond accountability and without these financial hardship re-reviews, there will be no accountability.

There was much discussion surrounding the issue of financial hardship re-reviews. The Chair restated the initial motion, which was to approve the staff’s recommendations, and it failed for lack of a second. However, Ms. Moore made a motion to approve staff’s Recommendation Nos. 1 and 3, and request staff to revisit the issue concerning financial hardship and holding school districts harmless; in the same spirit and approach when the Board unplugged the clock for projects. The Chair asked if the motion included Lammersville and Ms. Moore replied yes, it includes Lammersville. Mr. Diedrich requested to amend the motion to pull Lammersville off and vote on it separately. Ms. Moore did not accept that amendment.

SPECIALS/APPEALS (cont.)***School Facility Program Activation of Unfunded Approvals*** (cont.)

The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock				X
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Ron Diedrich		X		
Kathleen Moore	X			
Lyn Greene		X		
Cynthia Bryant		X		
Total	6	3		1

Motion:Carried XFailed ***State Allocation Board Audit Sub-Committee Update***

Senator Lowenthal presented an overview of the Audit Sub-Committee meetings held August 11, 2009 and December 14, 2009. He stated that an Attorney General Opinion indicated that if audit procedures are applied mechanically, invariably, and inflexibly in every case, such processes would be considered void as underground regulations and need not be formally adopted in accordance with the provisions of the Administrative Procedure Act (APA). He also stated that the Audit Sub-Committee would need to conduct further analysis to determine if audit guidelines and procedures should be subject to the APA. He further indicated that the Sub-Committee would establish an audit working group that could work with the Sub-Committee staff, which is Lisa Kaplan, to develop audit guidelines that would be reviewed by the Sub-Committee and then submit the guidelines to the SAB for approval. The Acting Executive Officer responded by stating that government audits should follow government auditing standards, which are referred to as Generally Accepted Auditing Standards as adopted throughout the United States and governmental entities, numerous State agencies and local education agencies. Those standards are the standards that the OPSC is trying to achieve and with that requires the independence from management oversight, organizations and the auditor entity because it would compromise the integrity of the audit. She indicated that audit organizations must be free from external interference or influence that could improperly limit or modify the scope of an audit. The proposal establishing a working group would go against the standards of the independence by allowing external agencies to influence selection of the audit scope and procedures. The Acting Executive Officer further stated that the SAB's legal counsel opined that establishment of a new audit process or a change in the audit process does not require the OPSC to go through the APA. She also indicated that the School Facilities Program bonds, Propositions 47, 55, and 1D, specify that audits will be performed and those audits will provide transparency of the program as well as transparency in the ballot measure. Further, the Governor's Executive Order S-20-09 directs governmental agencies that spend bond funds to institute a front-end accountability structure.

Mr. Tom Patton, Deputy Attorney General, addressed the Board regarding his opinion. He stated that the conduct of audits should be handled by the OPSC acting on behalf of the DGS Director and that the SAB should not undertake to engage auditors on its own. The DGS/OPSC already has that authority and they are doing that on behalf of the SAB.

SPECIALS/APPEALS (cont.)***State Allocation Board Audit Sub-Committee Update*** (cont.)

The Board directed Senator Lowenthal to establish a working group that could work with the Sub-Committee staff, Lisa Kaplan, to develop audit guidelines. Ms. Moore suggested that someone from the CDE that works in audits be made part of the working group. The Acting Executive Officer requested that other State audit agencies be participants, specifically the Fiscal Crisis Management Assistance Team.

Public Comment

Mr. Tom Duffy, representing the CASH organization, addressed the Board and indicated that there was a great deal of defensiveness over the issue of audits with the OPSC. He also indicated that something had changed in what the OPSC was asking for in the audits. Further, he stated that the terms accountability and transparency keep echoing and from a school district perspective, it's a two-way street; we've got knowledgeable people and we want to work with the OPSC.

State Allocation Board Rules and Operating Procedures

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. The Chair stated that the Board needs a Sub-Committee to decide a lot of issues like when an item can be brought back, how to deal with staff appeals, how to deal with a reconsideration, and write out the rules exactly as they need to be. Senator Lowenthal stated that Senator Hancock will not only serve on the Sub-Committee but will chair the Sub-Committee. He further stated that Assembly Member Brownley, Mr. Harvey, and Assembly Member Fuller will also serve on the Sub-Committee. Ms. Moore made a motion, and carried, that in the interim, the Board will operate under Roberts Rules of Order until such time as the Sub-Committee has had the opportunity to meet and make a recommendation for the Board to support different operating rules and procedures.

Frequency of State Allocation Board Meetings and Impact of Furloughs

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. Senator Huff made a motion, and it carried, to have monthly SAB meetings and the Chair was given direction to work with staff on outstanding, current, and new Board items/issues.

Public Comment

Mr. Tom Duffy, representing the CASH organization and Mr. Lyle Smoot, representing the Los Angeles Unified School District, addressed the Board in support of Option #3.

REGULATIONS/POLICY***Modernization Funding for Accessibility and Fire Code Requirements***

Ms. Mash Lutsuk, representing the SAB staff, presented this item to the Board. Ms. Lutsuk gave a brief history of the Modernization Excessive Cost Hardship Grant regulations set forth by the Board in 1999, and the one-year trial amendment to this regulation section in 2006. She also indicated that the proposed regulatory amendments incorporated SAB direction and stakeholders' input and provided funding flexibility for replacement projects.

REGULATIONS/POLICY (cont.)

Modernization Funding for Accessibility and Fire Code Requirements (cont.)

Public Comment

The following individuals addressed the Board in support of staff’s Option #3.

- Mr. Lyle Smoot, representing the Los Angeles Unified School District.
- Ms. Christina Becker, representing the Santee Elementary School District.
- Ms. Joann Branch, representing the San Diego County Office of Education.
- Ms. Lynn Scott, representing Aspen Street Architects, supports Option #3 but also encouraged the Board to implement the choice of a three percent or a 60 percent for like-for-like replacement.
- Mr. Richard Gonzales, representing Richard Gonzalez and Associates, asked for clarification as to whether the worksheet is required for both the three percent and 60 percent proposals because his staff is hearing from the OPSC staff conflicting information.

The Chair asked staff to clarify like-for-like replacement. Ms. Lutsuk explained that in most like-for-like replacement when a building is demolished and a new like-kind building is erected the cost for code requirements (accessibility, fire codes, etc.) are already built into the design and those projects are not able to use the checklist and obtain the 60 percent grant. In this case the three percent rule would apply. However, in some like-for-like projects with code requirements built into the design there is additional work outside the structure that can be itemized and the 60 percent grant may be used to the benefit of the district. Currently, there is requirement for both 60 percent and three percent options to have an architect complete the DSA accessibility and fire code checklist even though the 3 percent option checklist is used for data collection only.

Senator Hancock asked if it wouldn’t make life easier by choosing Option #3. Ms. Lutsuk emphasized that with this option districts would still be required to have an architect complete the DSA accessibility and fire code checklist and that there have been concerns regarding the extra fees architects charge for this service. Assembly Member Brownley made a motion to approve staff’s Option #3, which was take no action, and come back with the forms (checklist) and the like-for-like replacement issue at the next SAB meeting. The Chair called for a roll-call vote and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal	X			
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Ron Diedrich	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	10			

Motion:

Carried X
 Failed —

REGULATIONS/POLICY (cont.)

Implementation of Senate Bill 592

Ms. Barbara Kampmeiner, representing the SAB staff, presented this item to the Board. The Chair asked if there was any public comment on this item and Mr. Tom Duffy, representing the CASH organization and Ms. Tanya Wolters, representing the California Charter Schools Association, addressed the Board and commended staff on wonderful staff work. Ms. Wolters indicated that there were a couple of clarifications that they would need to work with staff on as the regulations proceed through the APA process. Assembly Member Brownley made a motion to approve the staff's recommendations, which were: 1) to adopt the proposed amendments to the SFP regulations and begin the regulatory process; and 2) authorize staff to file the proposed SFP regulations with the Office of Administrative Law. The Chair called for a roll-call vote to approve the staff recommendations and the motion carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Lowenthal				X
Senator Hancock	X			
Senator Huff	X			
Assembly Member Fuller	X			
Assembly Member Brownley	X			
Assembly Member Buchanan	X			
Ron Diedrich	X			
Kathleen Moore	X			
Lyn Greene	X			
Cynthia Bryant	X			
Total	9			1

Motion:

Carried X

Failed

REPORTS

High Performance Program Report

Mr. Brian LaPask, representing the SAB staff, presented this item to the Board. At the January 2010 meeting the Board requested staff to address the lack of High Performance (HPI) grant requests for modernization projects. Mr. LaPask highlighted three main findings when discussing this item with stakeholders: 1) need for school board commitment to high performance schools; 2) scope work for modernization is often so narrow that it is difficult to meet the minimum point threshold; and 3) HPI grant amounts for modernization projects are too low to be an incentive. Senator Hancock referenced a proposal she had distributed to the SAB regarding HPI funding. She outlined the proposal; one of its major components being to provide \$250,000 per school site for a new school or major modernization that includes the whole building approach and it is third-party reviewed by the DSA or an approved third-party reviewing body. Mr. LaPask replied that he had received the proposal and it was under consideration along with others from work groups. Senator Lowenthal requested that the legislative staff be included in this work group. The Board directed staff to accept the staff's report and to include Senator Hancock's proposal and bring it back as an action item at the April 2010 SAB meeting.

REPORTS (cont.)**High Performance Program Report** (cont.)Public Comment

- Mr. Bill Orr, the Executive Director for the Collaborative for High Performance Schools, addressed the Board in support of Senator Hancock's proposal.
- Mr. Bill Savidge, representing West Contra Costa Unified School District and the CASH organization, expressed his support of the working group and Senator Hancock's proposal.

Status of Emergency Repair Program Funding

Ms. Masha Lutsuk, representing the SAB staff, presented this item to the Board, and the Board accepted this report as presented.

Bond Market Update

Mr. Blake Fowler, representing the State Treasurer's Office (STO), presented a power-point presentation to the audience and to the Board on the General Obligation Bond (GOB) Bond Program. In his report, Mr. Fowler explained the role of State entities in GOB Financings: The DOF is responsible for prioritizing project needs and determines which bond acts and departments receive funding from bond sales. The STO prepares, markets, and issues bonds to fund project needs and works with state agencies to ensure bond funded projects meet federal tax law requirements. Departments administer bond programs and approve disbursement of bond funds. The State Controller's Office processes and tracks bond expenditures for funded projects and ensure proper accounting and treatment of bond funds. Mr. Fowler went on to report that the OPSC received more funding from calendar year 2009 for publicly offered GO bond issues than any other department. He finished his presentation by outlining the STO's preliminary GOB issuance plans for 2010 which could range from \$7-14 billion.

Assembly Member Buchanan asked under what circumstance does the OPSC borrow from the Pooled Money Investment Account or sell Commercial Paper? Mr. Fowler stated that previously nearly all GOB projects were funded from the PMIB account and that now they have switched to funding projects directly from bond proceeds. An alternative is issuing Commercial Paper which is a short term financing in advance of bond sales. Assembly Member Brownley asked how accurate the estimated \$4-7 billion in the first six months of 2010 is. Mr. Fowler could not speculate. She then asked if the STO captured school districts' local bond sales which Mr. Fowler replied that it may be tracked by the Debt and Advisory Commission but he was unaware of it. Senator Huff asked how the STO determines how much in bonds to sell. Mr. Fowler replied that there were a few factors that are involved in determining that, some being what was included in the budget, project needs, and what they think the market will bear. Senator Huff also wanted to know if from those sales is it the responsibility of DOF to determine where the money goes, to transportation or education, which Mr. Fowler confirmed they did.

Mr. Chris Ferguson, representing the DOF, addressed the Board and confirmed that the OPSC had communicated the list of unfunded approvals and what bond sources they need in what dollar amounts.

Ms. Moore reported on a meeting requested by the Board in November 2009, which was held with herself, Assembly Member Torlakson's staff, the STO and the DOF. At this meeting they discussed creating a plan which would display to school districts when funding would be available so they might be better able to bid projects. Ms. Moore reported that the Director of the DOF asked the Board to take a look at outstanding funds that have not been claimed by school districts and also how to prioritize projects for future cash flow.

REPORTS (cont.)***Bond Market Update*** (cont.)Public Comment

Mr. Duffy, representing the CASH organization, addressed the Board and commented on the outstanding funds that have not been claimed by school districts, a large portion of which are dedicated to Career Technical Education Facilities Program projects.

Status of Fund Releases

The Acting Executive Officer presented this item to the Board, and the Board accepted the Status of Fund Releases report as presented.

Status of Funds

The Acting Executive Officer presented this item to the Board, and the Board accepted the Status of Funds report as presented

INFORMATION/REFERENCE

State Allocation Board Meeting Dates for the 2010 Calendar Year

School Facility Program Unfunded List as of November 4, 2009

School Facility Program Workload List of Applications Received Through January 29, 2010

Emergency Repair Program Unfunded List as of January 27, 2010

Emergency Repair Program Workload List of Applications Received Through January 29, 2010

Facility Hardship/Rehabilitation Approvals Without Funding as of January 27, 2010

ADJOURNMENT

There being no further business to come before the Board, the Chair adjourned the meeting at 8:38 p.m.



LISA SILVERMAN, Acting Executive Officer