

State Allocation Board Meeting

State Capitol Building

Room 3191

Sacramento, CA 95814

Wednesday, August 4, 2010

4:00 P.M.

Reported by  
Peter Petty

**APPEARANCES**

Members Present:

Cynthia Bryant, Chair	Senator Loni Hancock
Assembly Member Julia Brownley	Scott Harvey
Assembly Member Joan Buchanan	Senator Bob Huff
Assembly Member Jean Fuller	Senator Alan Lowenthal
Lyn Greene	Kathleen Moore

Staff Present:

Lisa Silverman, Acting Executive Officer  
Lisa Kaplan, Assistant Executive Officer  
Lisa Jones  
Sue Genera

Department of General Services (DGS)  
Office of Public School Construction:(OPSC)

Lisa Silverman, Acting Executive Officer  
Juan Mireles  
Rick Asbell  
Brian LaPask  
Stephen Amos  
Barbara Kampmeinert

Office of Legal Services

Lance Davis, Staff Counsel

Also Present:

David Thorman, State Architect, State of California

Public:

David Hutt, San Bruno Parks School District  
Bill Orr, CPHS  
Steve Castellanos  
Crystal Hoff, representing Jim Dobson, Director, SCUSD  
Senator Bob Margett  
Margaret Brown, Los Angeles Unified School District (LAUSD)  
Tom Duffy, Coalition for Adequate School Housing (CASH)  
Stuart Drown, Little Hoover Commission  
Eric Bakke, LAUSD  
Anna Ferrera, County Schools Facilities Consortium

1 P R O C E E D I N G S

2 AUGUST 4, 2010

4:11 P.M.

3 CHAIR BRYANT: We are going to call this Meeting  
4 to order since I think I have a quorum now. So will you  
5 call the roll?

6 MS. GENERA: Senator Lowenthal - [Present];  
7 Senator Hancock - [Present]; Senator Huff - [Present];  
8 Assembly Member Fuller - Here; Assembly Member Brownley -  
9 [Present]; Assembly Member Buchanan - Here; Scott Harvey -  
10 Present; Kathleen Moore - Here; Lyn Greene - Here; Cynthia  
11 Bryant - Here. We have a quorum.

12 CHAIR BRYANT: Thank you. As I started to explain  
13 in our pre-meeting before everybody got here, we do have  
14 very complicated day-to-day, we obviously are in a very  
15 small room, I apologize to the standing room crowd in the  
16 back. We also have two members, Senators Huff and  
17 Lowenthal, who are both on Budget Conference Committee,  
18 which is meeting upstairs right now, and so we are going to  
19 work to accommodate their schedules. I have a sense of the  
20 items that are important to them, so I am going to be taking  
21 things out of order, so you kind of have to pay strict  
22 attention. I did ask staff - I do not know if anyone is  
23 sitting in the hallway, but I did ask staff to try to keep  
24 people posted as to where we are along the way. But I do  
25 not think - hopefully this meeting will not be too long, but

1 we may have delays as we wait for Budget Conference  
2 Committee to give the two Senators a little bit of time to  
3 run down here.

4 So, we will go ahead and get started with Tab 2,  
5 which is Minutes for the June 23<sup>rd</sup> meeting. Is there any  
6 public comment on that item? Any questions or changes from  
7 Board members? Is there a motion?

8 MR. HARVEY: Move approval.

9 MS. MOORE: Second.

10 CHAIR BRYANT: We have a motion and a second. Can  
11 you call the roll?

12 MS. GENERA: Assembly Member Fuller - Aye;  
13 Assembly Member Buchanan - Aye; Scott Harvey - Aye; Kathleen  
14 Moore - Aye; Lyn Greene - Aye; Cynthia Bryant - Aye; Senator  
15 Hancock - Aye.

16 CHAIR BRYANT: So, without any objection, we will  
17 leave all of the roll calls open until our two Senate  
18 colleagues are able to join us, unless there is an objection  
19 to that. I skipped to nine, I did want to ask if there is  
20 any public comment on an item not on the agenda, maybe  
21 someone back in the back standing room is waiting for that  
22 moment. No takers? Okay.

23 Then, we will move on to Tab 3, which is the  
24 Executive Officer's Statement. Ms. Silverman?

25 MS. SILVERMAN: Yes, good evening. I wanted to

1 share with you a few items that we wanted to point out, some  
2 actually very important items today, is the Priorities in  
3 Funding Apportionments. We are pleased to announce that,  
4 enclosed in your Board item or your Board Agenda today is we  
5 will be making live apportionments, which is great news for  
6 this program. This is the third time this year we are  
7 bringing forward real apportionments to this program, which  
8 is great news, which is, again, part of the priorities of  
9 funding.

10 We are also sharing with you that we just wrapped  
11 up also part of the Consent Agenda, is the Overcrowded  
12 Relief Grant Program, and this is the fifth final round for  
13 the ORG Program, and we also wanted to highlight the final  
14 filing date for the sixth filing round was Friday, July 30<sup>th</sup>.  
15 For the sixth filing round, OPSC received nine applications  
16 to replace 90 portables with permanent classrooms, with the  
17 initial estimate of the State's share of \$39 million.

18 We also wanted to share with the Board High  
19 Performance Incentive Grant Projects, part of the Consent  
20 Agenda, is 14 applications containing High Performance  
21 Grants, six under Modernization, eight under New  
22 Construction, for a total of over \$1 million. Included in  
23 that also presented in some of the ORG applications are 11  
24 additional grants for high performance totaling \$1.2  
25 million. So, in total, we are presenting \$2.3 million in

1 high performance grants.

2           We also wanted to highlight, again, the workload.  
3 The workload looks a little different this time we are  
4 presenting. For transparency purposes, again, and working  
5 with the Chair, we are sharing a 90-day workload plan for  
6 our future meetings. You may note the new format of that  
7 plan, which also looks almost equivalent to what your  
8 current agenda looks like, so attached on page 12, 13, and  
9 14 is the Tentative Workload for August 25<sup>th</sup>, September 22<sup>nd</sup>,  
10 and November 3<sup>rd</sup>. And with that, we also wanted to share an  
11 important item as far as - we also wanted to show an  
12 attachment, it is also our Appeals Log, a Facility Hardship  
13 Request Log, as well, is also attached, and that is  
14 highlighted on page 15 and 16. So, as we move forward in  
15 our 90-day work plan, as we present items in the calendar,  
16 those projects will be moving forward, and so, just to  
17 highlight, again, the log is there and we are adding a layer  
18 of transparency and some structure to our process. We would  
19 also be reporting out at the next meeting the first  
20 quarterly report of the Financial Statements for Year end  
21 June 30<sup>th</sup>, 2010, and again, we wanted to reflect the actual  
22 budget that we were allocated for '10-'11, and also share  
23 with you our actuals that we spent down for the program in  
24 the administering the program. And we are going to report  
25 quarterly starting again with September 30<sup>th</sup>, '10, and report

1 at the next November Board. So that would also be included  
2 in your 90-day work plan. Again, it is to add transparency  
3 as to how the money is being spent for the program. With  
4 that, I will open it up to any questions.

5 CHAIR BYRANT: Are there any comments or questions  
6 for Ms. Silverman? Okay, great. I did want to just say,  
7 Lisa and I, along with our colleagues at DGS have worked  
8 really hard to try to improve that, you know, we have had  
9 questions over that admin item, and I think when we get down  
10 to Tab 15 and you hear from Chief Deputy Director Stephen  
11 Amos, we will talk more about it. I just feel really good  
12 about the progress we have made, and I think the Board will  
13 start sensing a change in just the amount of transparency  
14 between the Board and the staff, things that, you know, we  
15 all know what we are talking about. So I just really want  
16 to thank staff just for doing that, it is really helpful.

17 The next item is Tab 4, the Consent Agenda. Is  
18 that you, Lisa?

19 MR. MIRELES: The Consent Agenda is ready for your  
20 approval, Madam Chair.

21 CHAIR BRYANT: Okay, are there any questions on  
22 that? Is there a motion?

23 MR. HARVEY: I would move approval of Tab 4.

24 ASSEMBLY MEMBER BROWNLEY: Second it.

25 CHAIR BRYANT: We have a motion and second. I

1 forgot to ask for public comment. Hearing none, is there  
2 any objection to substituting our roll call we have going  
3 right now?

4 ASSEMBLY MEMBER BUCHANAN: I abstain, so I -

5 CHAIR BRYANT: Okay. Oh, that is right. Call the  
6 roll, please.

7 MS. GENERA: Assembly Member Fuller - Aye;  
8 Assembly Member Buchanan - Aye; Scott Harvey - Aye; Kathleen  
9 Moore - Aye; Lyn Greene - Aye; Cynthia Bryant - Aye. It  
10 carries.

11 CHAIR BRYANT: Okay, thanks. But we are leaving  
12 it open.

13 Next, we are going to take up Tabs 5 and 6  
14 together, as we usually do, Status of Funds. Ms. Silverman.

15 MS. SILVERMAN: Yes, I draw your attention to Tab  
16 5. Actually, if I can jump you ahead on page 131, what we  
17 wanted to share with the Board is actually some great news.  
18 We want to report out that we released \$517 million in our  
19 Bonds, so, again, that speaks highly to the money being  
20 released to build schools and to stimulate the economy. And  
21 part of the movement in the cash, nearly \$470 million  
22 represents the March 2010 sale, so, again, because of the  
23 certifications, because of the bond sale, that actually drew  
24 down a significant amount in that particular bond sale.

25 We also wanted to highlight, Moving Forward will

1 be reporting out in the next couple of weeks the fund  
2 releases that we released in July. This is actually  
3 reflective of June's activity, but we are reporting out for  
4 July's activity is we released almost \$99 million in the  
5 program through the month of July, so, again, that is great  
6 news for the program. I am not sure if we have any  
7 questions in that area. I could actually refer to tab 6. I  
8 know we have been moving quite fast this month and, again,  
9 we have had some revisions that came in at the last minute.  
10 We wanted to post for this Board real time numbers and  
11 reflect the apportionments that we are posting this month,  
12 so, again, that was a significant amount of change that we  
13 are moving forward, but we are collectively going to be  
14 processing over \$246 million in unfunded approvals, so that  
15 is great news. And we are also processing \$22 million in  
16 the Emergency Repair Programs. So that shows an unmet need  
17 of \$115 million in Emergency Repair. Can I draw your  
18 attention to the charts that we have? Again, highlighting  
19 Proposition 1D, that reflection in the apportionment of  
20 today, we have so far apportioned \$4.2 billion in  
21 Proposition 1D, and have presented over \$1 billion of  
22 unfunded approvals with the remaining bond authority in  
23 Proposition 1D of over \$2 billion. And Proposition 55,  
24 again, referring to the pie chart, the initial program was  
25 provided \$10 billion of funds, and we have apportioned \$8.9

1 billion to date. We have unfunded approvals of \$561  
2 million, remaining bond authority of \$512 million.

3 And the last Proposition we want to share is  
4 Proposition 47. This program received over \$11.4 billion.  
5 We have apportioned over \$10.8 billion to date. We have  
6 \$438 million of unfunded approvals, and we have over \$151  
7 million of remaining bond authority. So, with that, I will  
8 open it up if you have any questions.

9 CHAIR BRYANT: Are there any questions for Ms.  
10 Silverman? Okay, then, moving on to Consent Specials, which  
11 is Tab 7 and 8. Did you want to discuss one?

12 SENATOR HANCOCK: Yeah. Madam Chair, I am not  
13 sure how removing items from the Consent Calendar formally  
14 proceeds, but I would like to remove Tab 8.

15 CHAIR BRYANT: Okay, that is fine. We will go  
16 ahead and remove Tab 8, but since we are going to hear it -

17 SENATOR HANCOCK: We could move Tab 7?

18 CHAIR BRYANT: We could move Tab 7, and then we  
19 will do Tab 8 in a little while because Senator Huff also  
20 wanted to hear that discussion.

21 SENATOR HANCOCK: Oh, okay.

22 CHAIR BRYANT: So, is there a motion on Tab 7?

23 SENATOR HANCOCK: I would move Tab 7.

24 MR. HARVEY: Second

25 CHAIR BRYANT: We can now substitute the previous

1 roll call, correct? Okay. Then, that will be approved.

2 Next, we will go on to Tab 9, Priorities and  
3 Funding. And we will come back to Tab 8 if anyone is  
4 interested.

5 MR. MIRELES: Thank you, Madam Chair. This item  
6 is a result of the Board's May 2010 action to establish a  
7 priority funding round. By approving this item, the Board  
8 is making apportionments for 78 projects using the \$408  
9 million that was made available for these purposes. We will  
10 have approximately \$208,000 in cash from that \$408 million  
11 that will revert back to the typical process, since we did  
12 not have enough funds to fund the next project in line. The  
13 next project in line was about \$9.5 million; that is why we  
14 have \$200,000 remaining. As you can see on stamped page  
15 166, we receive requests for 500 out of the 611 projects.  
16 This was an overwhelming amount of response. We were  
17 excited to get so many responses to this program; however,  
18 we did not have enough money to fund all of them. Again, we  
19 had \$408 million to be able to apportion, and we also had  
20 about 11 projects that did not submit a certification, and  
21 they were above the line, so there were a number of reasons  
22 that they had suggested that they did not submit - the  
23 primary reason was because they were not comfortable with  
24 signing contracts within the 90-day requirement.

25 Another issue that came up during the Priority

1 Funding round discussion was whether we are going to be able  
2 to use Bond source switching so that projects were funded in  
3 date order regardless of what bond source was assigned. No  
4 project that originally was scheduled to receive a Labor  
5 Compliance Program Grant had to give up that grant to  
6 participate. The OPSC was able to split fund, all of the  
7 projects, to be able to accommodate these requests. The  
8 breakdown of Bond Source switching can be found on Stamped  
9 page 167.

10           And then, finally, another important component to  
11 this process was the certification that Districts had to  
12 make to be able to participate. The main condition was  
13 basically that Districts had to come in within 90 days to  
14 submit a Fund Release Request and they have to submit the  
15 original signature copy to our office by November 2<sup>nd</sup>, and I  
16 highlight that fact because I want to make sure that the  
17 Board, as well as the public, is made aware that we are  
18 expecting these signed fund release requests to our office  
19 by November 2<sup>nd</sup>, and we will be working with school districts  
20 to make sure that they are aware, we will be sending  
21 letters, we will be sending e-mails, we will be calling  
22 them, to make sure that they are aware of the requirements  
23 so that full disclosure is available.

24           If I can direct you to stamped page 168, this is  
25 Attachment A on the item. I am sure most of you received a

1 letter from a school district asking about the way the list  
2 was ordered. The bottom of the list shows a number of  
3 projects that were all received on January 3<sup>rd</sup> of 2009. So,  
4 the question was, how did the OPSC order these project. And  
5 the basic answer is that we used the project number. But I  
6 wanted to spend just a little bit of time to explain how  
7 that was made. The first number that the OPSC looked at was  
8 the first two-digit number, which if you look at the first  
9 project that was submitted on January 30<sup>th</sup>, was a "50." This  
10 represents a New Construction project, so we looked at those  
11 projects 50 and then went down the list, 51, 52, and so  
12 forth. Then, we looked at the five-digit District Code that  
13 is assigned to the District, to again go in order, and then  
14 we would look at the next two digit number, which are zeros  
15 for all these projects, but that represents a high school  
16 attendance area. And finally, if there is still a time, we  
17 looked at the actual project number. This order has been  
18 used to place projects on the Unfunded List since the spring  
19 of 2009, so what we did was, when we created this  
20 attachment, we wanted to make sure that we used the same  
21 list that has been published and approved by the Board for  
22 quite some time. So, that is why we had the project listed  
23 in that order. So, along with that, we also have several  
24 other attachments, Attachment A represents just all the  
25 projects that are going to get funded; Attachment B is

1 splitting out the projects by Proposition 1B; Attachment C  
2 lists all the projects that were funded from Proposition 47;  
3 and finally, Attachment E is a listing of all the projects  
4 on the Unfunded List. With that, Madam Chair, we have a  
5 couple of recommendations for this item, and then a separate  
6 discussion on future prioritizing of these projects.

7           So, the first recommendation is to approve the  
8 projects on Attachment A. We also have a recommendation  
9 that all of the projects receiving apportionments are  
10 subject to the New Construction Grant adjustment that has  
11 yet to be made, so the projects will not be considered for  
12 one final, so they can receive that adjustment; third,  
13 declare that if contracts for the projects receiving  
14 apportionments are awarded on or after August 1<sup>st</sup>, 2010, the  
15 project may be subject to Labor Compliance Code Section  
16 1771.75(E). And finally, we are also requesting that staff  
17 come back and provide a fund report at the December 2010 SAB  
18 meeting to discuss the overall process of this funding round  
19 priority.

20           CHAIR BRYANT: We are trying to see if we can get  
21 another room, and so right now the Senate has offered us  
22 Room 112 downstairs, and then I think the Assembly can make  
23 4202 available, 4202 might be a good option because our  
24 colleagues can just move across the hall, so how long does  
25 it take you to move your stuff to a new room?

1           THE REPORTER: About 30 minutes, probably, to  
2 break it down and set it up again - at the best.

3           CHAIR BRYANT: Well, I think my recommendation is  
4 we suffer. I feel terrible, it is awful seeing all of you  
5 stand back there, but I hate for us to - should we take a  
6 vote of the entire room? Who wants to stay here as opposed  
7 to being here a half hour longer? Stay here, okay. Thank  
8 you. Thanks so much, Rebecca. Who put it into law that we  
9 have to have our things transcribed? You know? Maybe we  
10 should try to seek a statute change on the transcription  
11 since we are also broadcasting, maybe we can - not that we  
12 do not love our Court Reporters, but we just like to be able  
13 to move. So, anyway, continue on, I am sorry.

14           MR. MIRELES: That is okay. So, we have a couple  
15 of recommendations to make apportionments to these projects.  
16 Again, as I stated earlier, there was some concern about the  
17 order of the projects, so we are recommending that we  
18 approve the list on Attachment A, as it has been published  
19 and ordered previously. There is also the possibility that  
20 the Board wants to have a separate discussion on how to  
21 order these types of projects that are received on the same  
22 day for the future establishment of the Unfunded List. So,  
23 I think, Madam Chair, we can go through and have discussion  
24 about this current apportionment list, and then, should the  
25 Board decide to discuss how we proceed in the future, have

1 that separate conversation after this discussion is had.  
2 So, with that, I would be happy to answer any questions.

3 CHAIR BRYANT: Are there any questions for Mr.  
4 Mireles on this item? Ms. Buchanan.

5 ASSEMBLY MEMBER BUCHANAN: We talked about this  
6 briefly the other day. You know, I do not know what the  
7 best way is to order it, but the bottom line is, if an LEA  
8 has a higher number than another LEA, it gets funded and the  
9 other one does not. So, I mean, really what you are doing  
10 is sorting your project numbers just in numerical order, and  
11 you will automatically have your - 50 is - your New  
12 Construction will fall higher than the other, and if a  
13 school has LEA numbers higher, it will fall higher than in  
14 other schools.

15 MR. MIRELES: That is correct.

16 ASSEMBLY MEMBER BUCHANAN: You know, I know, in  
17 essence it is sort of picking winners and losers, but when  
18 you cannot fund a full date, you know, those Districts that  
19 have just higher numbers assigned automatically are always  
20 going to fall to the bottom, so I just think it is worth  
21 discussion as to whether or not that should be - if we are  
22 going to fund and we cannot fund a full date, whether or not  
23 we should be funding that order, whether there should be  
24 some kind of random process, or how we should be dealing  
25 with that.

1           MR. MIRELES: And the Board does have some  
2 options, but again, the main discussion is to make these  
3 apportionments and whether we want to keep the list that has  
4 been used and make an apportionment using Attachment A, and  
5 then perhaps having a separate conversation on how we move  
6 forward in the future so that school districts and  
7 stakeholders are aware of any changes to the process and the  
8 Unfunded List, since it has been used for quite some time,  
9 this particular list.

10           ASSEMBLY MEMBER BUCHANAN: Yeah, but we have never  
11 had this situation come up in the past. Am I correct?

12           MR. MIRELES: No, we had not had to draw a line  
13 within the same date.

14           CHAIR BRYANT: Okay, Ms. Fuller.

15           ASSEMBLY MEMBER FULLER: Back in the good old days  
16 when I was a Superintendent many many years ago, they had a  
17 random drawing that they assigned numbers to anyone within  
18 the same day, and then that took care of this problem when  
19 the time came up because it was often in those days that you  
20 would split a day in order to be able to give out the money,  
21 because the problem is, if you do not have a system like  
22 that, then you are either going to have leftover money that  
23 you have to give later, or you have to figure out how to  
24 take money from another kind of fund, and then replace it  
25 with the other kind of money, and it is not really workable.

1 So, in this case, you know, we are at the space where we  
2 would have to pick winners and losers if we were to change  
3 this, and that could take a very long time for all of us,  
4 and still no one would feel any better than they feel today,  
5 probably, because the same number of winners are going to be  
6 there, just maybe different people. So, it seems to me that  
7 we really ought to investigate a random drawing type. I  
8 mean, if you go back to the Leroy Greene days, all of you  
9 that are a little older know that is how they did it, you  
10 know, and I suppose you could time stamp them in, as well,  
11 but I know that is harder. So, it would be my suggestion  
12 that, as painful as this is to leave this list as is,  
13 otherwise our goal was to give as much money out as we  
14 could, and we all realize that not getting as much money out  
15 the door could cause us other problems for today, but that  
16 we direct staff to come up with a random drawing system  
17 that, when people turn their application in, they know what  
18 their number is, and then, when things like this come up,  
19 you could fall back on that numbering system. And I think  
20 that, if you can find anybody as old as me, you can find  
21 someone who already knows how to do it.

22 CHAIR BRYANT: Mr. Harvey.

23 MR. HARVEY: Thank you, Madam Chair. I want to  
24 fish on this one. We have an item later on where we are  
25 transferring - potentially transferring - dollars from the

1 Overcrowded School Program, I think I am getting it close,  
2 some \$225 million. Could we take whatever amount is with  
3 the shortfall in this \$408 and add something to it so that  
4 everybody on January 30<sup>th</sup> is made whole?

5 MS. SILVERMAN: That is Bond Authority, it is not  
6 cash. What we are dealing here is cash.

7 MR. HARVEY: All right, we have no other cash  
8 anywhere that we could move to make up the difference?

9 CHAIR BRYANT: Do you mind if I answer that?

10 MS. SILVERMAN: Sure

11 CHAIR BRYANT: You know, I actually have had a  
12 couple times where I was just lying awake trying to think  
13 this all the way through, and there is a possibility that we  
14 will have some reversions in the next couple months, and  
15 there may be more money in our program, and the problem is  
16 that, in this Priorities and Funding round, we have this  
17 very strict timeline and we have a special regulatory  
18 package for it. So, when I think about these - I think it  
19 is five or six - projects that are on January 30<sup>th</sup> that get  
20 dropped by where we drew the line, when you look at the  
21 list, you can see how it is just going to totally move up,  
22 and I am confident that, in the next time we do a bond sale,  
23 they will on a natural hit, hit them because they are just  
24 going to be so far up on the list because we have cleared  
25 out everything above them, that I am confident that they

1 will be funded. We could also, if we have a substantial  
2 amount of reversions, do an apportionment, a traditional  
3 apportionment, and they still could potentially - I am not  
4 promising - still potential reach those Districts. But, we  
5 also have other Districts that are above the line, that  
6 chose not to participate, that have a priority in funding,  
7 as well. So, as much as I agree with Assembly Member  
8 Fuller, it is very painful. I feel bad for the District and  
9 I actually thought one of the options would be to say,  
10 "Okay, we'll just stop above January 30<sup>th</sup> and leave \$90  
11 million on the table," but that is not good for our program  
12 either because, I think Lisa highlighted this in her EO  
13 Report, we are doing a very good job at getting cash out  
14 right now, and I have seen the letter that Treasurer Lockyer  
15 wrote to one of our stakeholders, where he also talked about  
16 the amount of cash in our program, and I feel terrible for  
17 the Districts that are left out on that January 30<sup>th</sup>, just  
18 like I feel bad for February, second, and on down the line,  
19 but I think that we are overall, for the good of the  
20 program, if we move forward now. And also, the list has  
21 been published for - it is over a year. We had a discussion  
22 of it at the Board meeting and we talked about it in our  
23 Subcommittee Hearing. Everyone knew this was a risk, and  
24 even though it does not feel very good, I think that if we  
25 make a commitment to fixing the randomness, or a time stamp,

1 or a lottery, in the future we will not have a situation  
2 again. Then, wherever we draw the line, we are golden -  
3 well, someone always loses. That is just my thought. Are  
4 there any other comments? Senator Hancock?

5 SENATOR HANCOCK: As I was just listening to the  
6 discussion and perusing the list, I notice that there are a  
7 number of grants below the line, unfunded, that want  
8 overcrowding relief, and yet we are talking about moving  
9 money out of overcrowding Relief into New Construction, and  
10 I thought that was because there really was not that much  
11 drawdown on Overcrowding Relief.

12 MR. MIRELESS: Senator, the item that we have on  
13 the Board is for transferring funds from the Critically  
14 Overcrowded Schools Program, which is a little different  
15 than the Overcrowded Relief Grant program. The project that  
16 you see below the line, those are under a different program,  
17 which is the overcrowded relief. The item on the agenda to  
18 transfer funds is from the other Critically Overcrowded  
19 Schools Program.

20 MR. HARVEY: But it is not really funds, it is  
21 apportionment.

22 MR. MIRELES: It is bond authority, yes.

23 SENATOR HANCOCK: Okay, and it is impossible to  
24 use the two Overcrowding sources of revenue to fund  
25 Overcrowding? So one is not being used, so we are going to

1 transfer out of it for the other one that does not have  
2 enough money to pay?

3 MR. MIRELES: Yeah. They both have very distinct  
4 criteria to qualify for each of those programs, so they have  
5 separate requirements to be able to participate.

6 SENATOR HANCOCK: Are they different fund issues?  
7 Or are they different programs within one voter approved  
8 bond?

9 MR. MIRELES: The Critical Overcrowded Schools  
10 Program received funding from Proposition 47 and 55. The  
11 Overcrowded Relief Grant received funding from Proposition  
12 1D, so, different bond funds.

13 SENATOR HANCOCK: Okay, thank you.

14 MS. MOORE: I just have three points, first, I  
15 agree with what has been talked about today about the list.  
16 I think it has been available, it was random where it landed  
17 in that respect, and that, to remain integrous [sic], I  
18 think what has been published to date, it is the only action  
19 that I would support, that we would support, and it is  
20 unfortunate for those that are below the list on the same  
21 day. That being said, whatever we consider for changing, I  
22 would recommend that we consider that prior to anything  
23 going forward because it could shape how people want - you  
24 know, if we say it is date ordered, the date ordered people  
25 will be there if they know that they get cut off. So,

1 whatever we consider, I think we should consider it absent  
2 any funding to provide so that we give it a good vetting.  
3 And I think that the Board would like to go that direction.  
4 And then, third, I would just like to very much compliment  
5 staff and, actually, I think the whole universe that was  
6 involved in this process. It appears that everybody  
7 understood it and that, for those that wanted to participate  
8 did, the communication was very good between the Office and  
9 out to staff, and I believe that everyone knew what was  
10 going on with this, and sometimes we cannot say that about  
11 the system. So, I am complimentary to you and to the  
12 community, the Facilities community, in working with us to  
13 solve a problem that I think will, for the future, portend  
14 very well for us when we compete with other infrastructure  
15 needs for bonds.

16 CHAIR BRYANT: Okay, I agree. Any other questions  
17 or comments. Ms. Buchanan.

18 SENATOR BUCHANAN: Yeah. I know I brought up the  
19 issue and I am perfectly comfortable with Assembly Member  
20 Fuller's suggestion. I think we need to get out the money.  
21 The schools need the money. Unemployment in the  
22 construction industry is high, so we need to do all we can  
23 to create jobs. You know, I would like to emphasize,  
24 though, that I do not really see the numbering system  
25 totally as random because it truly goes in School District

1 order, the only thing that ends up being a little bit random  
2 is the project number that is assigned within Districts.  
3 So, I would fully support Assembly Member Fuller's  
4 recommendation that we move forward, knowing that the other  
5 projects on that date are likely to be funded in the next  
6 round, and that, though, as we move forward, we have some  
7 process that is truly either random or prioritizes projects  
8 in terms of the time they are received, or whatever, but it  
9 does not always end up with the School District with the  
10 highest LEA number falling to the bottom.

11 CHAIR BRYANT: And when do we think - we have  
12 obviously gone back and forth with both - well, everyone  
13 that has worked on this item in OPSC, everyone at the table  
14 and in the room that we have talked about coming back with  
15 something. And I suspect what it will be is more in the  
16 random area because the way OPSC gets applications, it is  
17 hard to date stamp or time stamp them. When would we bring  
18 that back?

19 MS. SILVERMAN: Just to throw it out there, I  
20 mean, because I know if we decide to have an extended  
21 program of some sort, obviously, I agree, we need to work  
22 this issue out. I am not sure if I am going to throw this  
23 out, maybe a committee assignment to talk about the  
24 randomness, or play out how it was provided in the past,  
25 historically, how was it done? You know, we are all

1 somewhat new players here on the table and I think that to  
2 hear from the community sort of how they want to play this  
3 out because, you know, you are right, there are some winners  
4 and losers and all after you do a lottery system, you have  
5 to create some kind of system that is palatable for  
6 everybody.

7 CHAIR BRYANT: Okay, well, it would be my  
8 preference that we get this resolved before we put anyone  
9 else on the unfunded list. So, whether our committee has to  
10 meet again in September, we can do that so that - I mean in  
11 August - so that we can bring an item back sooner rather  
12 than later.

13 MR. MIRELES: Just one thing to add, Madam Chair.  
14 We do have another lottery system that we have used within  
15 our Charter School Facility Program that we actually used to  
16 fund certain projects, so there is something that we could  
17 take a look at within the current School Facility Program  
18 that we could also mirror.

19 CHAIR BRYANT: Okay, all right. Good. Is there a  
20 motion on Tab 9?

21 ASSEMBLY MEMBER FULLER: I will make the motion.

22 CHAIR BRYANT: Moving staff recommendation.

23 MS. GREENE: Yeah, I will make a motion that we  
24 keep the list as in Exhibit 1, but that we ask staff to  
25 return with a random system prior to our next listing, for

1 us to review before allowing.

2 CHAIR BRYANT: Okay, so the staff recommendation  
3 plus bringing back the randomness. Is there a -

4 ASSEMBLY MEMBER FULLER: I second.

5 CHAIR BRYANT: All right. Can you call the roll?

6 MS. GENERA: Senator Hancock - Aye; Assembly  
7 Member Fuller - Aye; Assembly Member Brownley - Aye;  
8 Assembly Member Buchanan - Aye; Scott Harvey - Aye; Kathleen  
9 Moore - Aye; Lyn Greene - Aye; Cynthia Bryant - Aye. It  
10 carries.

11 CHAIR BRYANT: Okay, so since we have a theme here  
12 today of randomness, let's move on to Item 11. I am  
13 skipping over Item 10, just to be clear. Tab 11.

14 MR. MIRELES: Mr. Rick Asbell will be presenting  
15 the item, Madam Chair?

16 CHAIR BRYANT: I see that he is putting on his  
17 jacket. I was suspicious it was him.

18 MR. ASBELL: Good evening, Madam Chair, Board  
19 members. My name is Rick Asbell. I am an Operations  
20 Manager with Fiscal Services. And if I could direct you to  
21 page 292? So, the purpose of this item is to present three  
22 school districts who requested to deposit proceeds from the  
23 sale of school assigned property, which is purchased solely  
24 with District funds, into each School District's General  
25 Fund. Staff is highlighting this item because this is the

1 first time the school districts are taking advantage of an  
2 amended Education Code. As a part of the State Budget  
3 process, the Education Code was amended last year to allow  
4 school districts to deposit the proceeds from the sale of a  
5 school siting into District's General Fund when the purchase  
6 is entirely with local funds. Education Code 17463.7, which  
7 became effective July 28<sup>th</sup>, 2009, will sunset on January 1<sup>st</sup>,  
8 2012. This statute still requires proceeds deposited into  
9 the General Fund to be used for one time expenditures that  
10 do not commit the school district to future costs, are not  
11 recurring in nature, and are not related to ongoing  
12 operations. The amended statute eliminates the 10-year  
13 lock-out from the School Facility Program; however, there is  
14 a five-year lock-out for Deferred Maintenance Program.

15           Previously, the Board had to approve the transfer  
16 of proceeds into General Fund, however, the amended statute  
17 only requires school districts to submit documents to the  
18 Board to certify the following: they have no deferred  
19 maintenance needs, are not violating local bond provisions,  
20 and the property is not suitable to meet projected school  
21 construction needs for the next 10 years. The District must  
22 also present their plan for expenditure of site sale  
23 proceeds to their local school board.

24           Now, if you would look to page 294, we have an  
25 itemization of the three Districts that are making this

1 request, and so, in the case of San Bruno Park, they had a  
2 site they sold for \$30.5 million, what they are asking for  
3 is the one time expenditure to their General Fund of \$12.1  
4 million; for Orchard Elementary, site sale proceeds was  
5 approximately \$4.9 million, they are requesting a one-time  
6 expenditure of \$565,000; and for Millbrae, they sold their  
7 site for \$20.1 million, and the amount they are requesting  
8 to transfer is \$3.1 million. Because no action is required  
9 by the Board, staff recommends that the Board accept the  
10 certifications provided by the School Districts. Further,  
11 staff recommends that future items on this topic be placed  
12 on the Consent portion of the agenda. With that, I would be  
13 happy to answer any questions you may have.

14 CHAIR BRYANT: Are there any questions on this  
15 item?

16 SENATOR HANCOCK: I would move the item.

17 CHAIR BRYANT: Is there a second?

18 MS. GREENE: Second.

19 CHAIR BRYANT: Is there any public comment?

20 MR. HUTT: I am David Hutt, Superintendent from  
21 San Bruno Park School District. I would like to thank you  
22 for the opportunity to put a tool in place so that we could  
23 do some things financially. I also would like to share with  
24 the Board that we are very appreciative of staff's help and  
25 guidance along in terms of the process. Thank you.

1 CHAIR BRYANT: Thank you. And hopefully you are  
2 going to be the only person that ever testified on this  
3 issue because it should be relatively consent-like from this  
4 point forward. So we will just substitute our previous roll  
5 call unless there are objections? Okay, thanks.

6 MS. BROWNLEY: I would like to ask a question.

7 CHAIR BRYANT: Sure.

8 MS. BROWNLEY: I just wanted to know, in terms of  
9 the balance for these particular Districts, what happens  
10 with the balance money? Are they free to do with that money  
11 whatever they want?

12 MS. SILVERMAN: Yeah, I believe that is true and,  
13 again, it is a one time -

14 MS. BROWNLEY: So they are requesting one time  
15 monies to go into one-time expenditures in their General  
16 Fund, but there is a balance in some cases, not in Orchard  
17 Elementary, and so that balance of money then just goes into  
18 the General Fund as one-time, as well?

19 MS. SILVERMAN: They have to follow the same  
20 rules, so they may have a balance, but they have not  
21 designated as to where they have spent it.

22 MS. BROWNLEY: Thank you. Thank you, Madam Chair.

23 CHAIR BRYANT: Okay, thank you. I think we do  
24 need to call the roll because I did not - we do not think we  
25 had Ms. Brownley on the roll yet, right?

1 MS. GENERA: No, she voted last time.

2 CHAIR BRYANT: Okay, I apologize. All right,  
3 then, so we will move on to Tab 13. This is High  
4 Performance Incentive Grants. State Architect.

5 MR. THORMAN: Madam Chairman, I am pleased to be  
6 here. At the May Board meeting, you all -- excuse my Texas  
7 term there - approved regulatory changes to HPI grant  
8 funding and, as part of that motion, the Office of Public  
9 School Construction and the DSA were asked to work with CHPS  
10 and to collaborate for high performance schools to determine  
11 if the DSA review process could be coordinated with their  
12 review process. We have met with them a number of times,  
13 and we met this morning with the Chairman, and we kind of  
14 came to some goals for what we wanted to achieve, and these  
15 are all in the report that we put together. The first is to  
16 encourage holistic sustainability with CHPS verification,  
17 the second is to avoid duplication of efforts between the  
18 State and CHPS for HPI project reviews, the third is to  
19 streamline combined review processes, HPI funding, and CHPS  
20 verification, the fourth, to save Districts money, and the  
21 last, to increase the number of healthy high-performing  
22 schools.

23 We came up with a number of options, there are two  
24 that we are bringing forward. The first option provides  
25 established HPI plan review for items in the HPRC, and all

1 projects regarding HPI Grants that relate to the bricks and  
2 mortar. The second option includes the first, but also  
3 includes DSA verifying the remaining CHPS certification  
4 points for the design phase. So, really, it takes all of  
5 the design phase, puts the responsibility on DSA working in  
6 conjunction with CHPS. That is our recommendation that we  
7 move forward in this area. We do feel that it will  
8 encourage Districts to seek CHPS verification. Potentially,  
9 we think it is going to save money, in fact, we are not  
10 going to move forward unless it does, and reduce the time  
11 spent by the Districts and their consultants, and will avoid  
12 potential sole source legal and labor issues. So, that is  
13 kind of a quick summary, and I will be glad to answer any  
14 questions.

15 CHAIR BRYANT: And I just wanted to add, I did sit  
16 down with the State Architect and with CHPS earlier today,  
17 and I am confident that we can - I think I am confident that  
18 we can flesh out both of these options and bring back a  
19 really good program for the Board's consideration.  
20 Hopefully, I mean, I am suggesting we do it by the next  
21 meeting because, as Senator Hancock knows, I want to check  
22 this box. My take is at another meeting because the second  
23 option does take some regulation revision, but we committed  
24 to speaking, the three of us speaking, once a week just to  
25 make sure we stay on track so that we can get it back here

1 as quickly as possible. And I was getting confused  
2 listening one day to one, and one day to the other, and now  
3 that I had them both there, I believe we are on the same  
4 page. So, that, if there are any questions or comments on  
5 this item? Okay, then - oh, Senator [sic] Harvey - Mr.  
6 Harvey.

7 MR. HARVEY: It is an upgrade, thank you very  
8 much. The only comment that I saw for the first time was  
9 Option 2, costing the DGS additional costs for staff and  
10 training. If we are saving dollars, does this provide a  
11 mechanism to allow us to hire what you believe may be higher  
12 staff needs?

13 MR. THORMAN: Yeah, that comment was with regard  
14 to any of the other options outside of Option 1. I do  
15 believe that the Option 2 that we are proposing might  
16 increase the staff need, but very slightly, I do not think  
17 it is a major factor. The fees would, of course - they are  
18 paid separately for all of the service, so that we cover any  
19 additional staff or student.

20 CHAIR BRYANT: And I think we have the goal of, a)  
21 keeping the budget of money we are spending in the program  
22 at DSA the same, and reducing the overall fee to the School  
23 District, too, our top priority. So, trust me, this will  
24 concern and I am on top of that.

25 MR. THORMAN: She is on it.

1           MR. HARVEY: Well, I do appreciate your good faith  
2 in working this through. I think we had a very robust  
3 discussion at our last meeting, and I think this is where it  
4 should be and I compliment all the parties who worked hard  
5 to make this a reality.

6           SENATOR HANCOCK: Ms. Bryant? I just have to add  
7 my voice to thank you for your leadership on this, very  
8 much, and for the parties for coming to the table and really  
9 getting down to achieving the goals of the High Performance  
10 School Program, and look forward to you coming back with  
11 regulations, if needed, but a program that we can vote on.

12          CHAIR BRYANT: Okay, we will do that as quickly as  
13 possible. I know there is public comment on this item.

14          MR. ORR: Bill Orr, the Executive Director of the  
15 Collaborative for High Performance Schools. I wanted to  
16 start off by thanking Cynthia for her leadership and in  
17 bringing us all together. I definitely feel like we are on  
18 the same page, working especially toward the second option.  
19 And I just wanted to emphasize that, while we can come up  
20 with an agreement in terms of how to apportion the work and  
21 how to streamline our internal processes, ultimately it is  
22 about working for the schools. So, I think the final test  
23 as to whether or not the solution that we come up with is  
24 whether or not it is a compelling solution, that it is  
25 viewed as a better process, will result in better schools,

1 will be faster and more streamlined, transparent, and  
2 ultimately more cost-effective. So, you know, I think that  
3 is really the underpinning as we look back two years from  
4 now, the bottom line will be how many schools took us up on  
5 the opportunity to get high performance incentive funding  
6 and follow it through with CHPS verification. So, I think  
7 we are on the right track and look forward over the next  
8 several weeks to seeing if we can pin down the details.

9 CHAIR BRYANT: Okay, thank you. All right, and I  
10 will look forward to working with you. Thanks. And so we  
11 can just deem that accepted, unless there is other public  
12 comment.

13 I actually realized that I failed to ask for  
14 public comment on Tab 9, which was the prioritization  
15 funding item, which, if anybody has anything to say on that,  
16 I apologize. Okay, good.

17 Moving on to Tab 14.

18 MR. LAPASK: Good evening. Brian LaPask with  
19 OPSC. I have a quick update for the Board on the School  
20 Facility Program Joint Use Projects. Each year, we have a  
21 funding cycle that culminates in July and we have all the  
22 projects that we receive in the past year that we present  
23 for approval. We started off this funding cycle with no  
24 bond authority, so we did collect applications, we got five,  
25 and we deemed four of them eligible. They are worth \$5.9

1 million and we also have a rescission that was approved in  
2 today's agenda that would bring the total up to actually  
3 \$1.2 million for what we have available. So, it is a quick  
4 report, just to update the Board and where we are at. We  
5 are going to bring back another item to the 8/25 meeting  
6 that will further update the Board on where we are at with  
7 possible bond authority or funding for these projects.

8 CHAIR BRYANT: Okay. Are there any questions.  
9 Ms. Brownley.

10 ASSEMBLY MEMBER BROWNLEY: I was just, in terms of  
11 exploration around looking at other fund balances that we  
12 might in some sense transfer into this account, one is the  
13 Relocateable Program Funds as one that, at least, I thought  
14 of. But I just wondered if we had explored those options.

15 CHAIR BRYANT: Do you want to answer that?

16 MS. SILVERMAN: What we plan to do in the next few  
17 weeks is, when we report out next Board meeting, is  
18 collectively assess what cash we have in our various pots,  
19 cash in there, and actually reconcile some of the  
20 rescissions we have. And so, then, collectively the Board  
21 can decide at the will of the Board, how they want to  
22 disburse that cash. You know, is it disbursed as cash or  
23 the Joint Use Program, or disbursed as cash for other needs  
24 in the program, disburse the cash for the next project on  
25 the list. So, we plan to bring that discussion in the next

1 few weeks.

2 CHAIR BRYANT: Is there any public comment on this  
3 report?

4 MR. CASTELLANOS: Hi. I am Steve Castellanos. I  
5 am an architect in private practice and with [inaudible] as a  
6 project, Program Executive, and I wanted to come today - I  
7 do not usually come to these meetings, but I wanted to come  
8 today and speak in favor and ask for your support of the  
9 Joint Use Program funding. We all know, and in my  
10 community, at least, that Joint Use Agreements make a  
11 tremendous amount of financial sense, and they are good for  
12 our communities, they encourage support of our community,  
13 and their schools, and I think we all know that public  
14 schools thrive when neighborhoods are a part of their  
15 children's education. The program provides resources that  
16 schools need for improved and new facilities at less cost to  
17 the state taxpayers. Because of these local partnerships, I  
18 think, as well, that hopefully we can all agree, that two  
19 uses, for one, building is a smart investment of taxpayer  
20 money and benefits the entire local community, as well as  
21 local schools. I know, at least in my community, there are  
22 many things that are city can no longer do, and they are  
23 looking to reduce redundancy while building partnership.  
24 So, this makes for stronger communities, as well. The  
25 concept, I would like to think, is simple. We know

1 sometimes it can be hard to achieve these partnerships, but  
2 in fact, I think it is rather simple. The Chair of  
3 Resources in the facilities keep costs down for everybody  
4 and keeps our local communities and schools healthy and  
5 thriving, as I have said. So, in closing, I urge you to  
6 support this, this program. Thanks very much.

7 CHAIR BRYANT: Thank you. Okay, so I am going to  
8 return to Tab 8, which is the Overcrowded Relief Grant  
9 Program funding. And I am now clicking through issues that  
10 the two Senators had issues with, and can revisit them when  
11 they get there. I think I have their permission to proceed.  
12 And I think they will be here in 10 minutes. That is the  
13 rumor.

14 MR. MIRELES: Madam Chair, we are presenting the  
15 Overcrowded Relief Grant Program and presenting the next  
16 funding cycle. Staff has processed 20 Overcrowded Relief  
17 Grant Applications for approximately a total of \$118  
18 million, to qualify for the program. The program allows  
19 Districts to reduce the number of portables on eligible  
20 overcrowded sites. An overcrowded site is defined as having  
21 a school site population density that is equal to 175  
22 percent for or greater, and this is as recommended by the  
23 California Department of Education. In addition to the  
24 projects that we have on the list, there are also 11  
25 projects that also qualify as High Performance, so we did

1 want to highlight that these projects may come in and  
2 receive funding from the Overcrowded Relief Grant, but they  
3 also have a high performance Incentive Grant component to  
4 them. With that, Madam Chair, we are proposing that the  
5 Board approve the unfunded approvals as shown in the  
6 attachment on stamped page 143.

7 CHAIR BRYANT: Senator Hancock, do you have any  
8 questions?

9 SENATOR HANCOCK: Yeah.

10 CHAIR BRYANT: I just turn to you.

11 SENATOR HANCOCK: Well, because I took it off the  
12 Consent Calendar. I have a comment and a concern.  
13 Sometimes when we are looking at the agenda where there are  
14 so many hundreds of items, we will just pull an item and  
15 look at it in more depth than we can obviously look at all  
16 of them. In this case, we pulled the grant Sacramento City  
17 Unified that is here, and it is for a charter school called  
18 The Met School. But, in looking at it, this is a small  
19 charter school that right now has about 160 students, will  
20 have more students next year, and it qualifies as critically  
21 overcrowded. And I believe that, under the regulations, it  
22 would - it does fall under the existing regulations.  
23 However, when you look at the School District as a whole,  
24 because this is a public charter school, it has closed for  
25 schools this year. It has had a declining enrollment of

1 8,000 students over the last decade, and I am thinking,  
2 since declining enrolment and closing schools is an issue in  
3 many many districts, that before taxpayers' money from all  
4 over the state is spent on construction at any school, if  
5 they are closing schools and having declining enrollment,  
6 there ought to be some indication that there was at least  
7 consideration of putting them into an existing facility.  
8 So, I would really like to ask that the Board take this as  
9 an opportunity to review the regulations, these were set in  
10 regulations, not legislation, so that we ask maybe a more  
11 focused set of questions as this moves forward. Again, we  
12 are told that we have now - I did not realize until today  
13 that we have two different bond funds for Critical  
14 Overcrowding or Overcrowding, but we perhaps ought to more  
15 precisely decide where that money is going to go. I would  
16 be interested in knowing now how many Overcrowded School  
17 proposals do we have? Is there any way that we could fix  
18 really Overcrowded Schools that have no place to go in their  
19 District - with existing money that we have, and then, how  
20 do we make sure we are dealing in the best and most  
21 thoughtful way with the taxpayers' money, let me put it that  
22 way. I know that this program, when it was developed, was  
23 meant for some of the schools that had 5,000 students work  
24 in double-shift; it was not for Districts that were closing  
25 schools, but wanted to build additional buildings on sites

1 they already have. So, to be true to the intent, I guess  
2 what I would do is move the item because the school  
3 qualifies under the rules, under the regulations that we  
4 have, but ask that staff come back with a review and  
5 recommendation of how we can more tightly focus this program  
6 in the future.

7 CHAIR BRYANT: Did you guys have - I know this  
8 just came up today, did you have time to think about it?

9 MR. MIRELES: Yeah. The eligibility and  
10 determination portion of it is determined by the Department  
11 of Education. They are the lead agency to determine which  
12 projects are eligible. It is our understanding that the  
13 information that is used for these projects is based on 2006  
14 enrollment information, and it is my understanding that that  
15 is in statute, but I would defer to Ms. Moore, her staff, to  
16 clarify.

17 MS. MOORE: What I would say is I appreciate your  
18 comments. I think that this program, we are in the fifth  
19 funding cycle of it, and it probably is appropriate to look  
20 at that. A lot has happened over the last three or four  
21 years. It is appropriate to look at how we want to move  
22 forward in the future as a Board, and maybe take your  
23 suggestion one step further and say, why don't we assign  
24 that to the Implementation Committee so that we get a good  
25 vetting, as well, with the community, of facility folks, and

1 then bring that forward. This project did meet the  
2 eligibility criteria that are in place, and we would support  
3 that, but very open to taking another look at where we are  
4 with this program, as you request.

5 CHAIR BRYANT: Does that work for you, Senator  
6 Hancock?

7 SENATOR HANCOCK: It does work for me. I would  
8 like to have a timeline, or at least an initial look at it,  
9 say, you know, in the next month.

10 CHAIR BRYANT: Why don't we do that at our next  
11 meeting? We will report back on a tentative schedule, and I  
12 can work with the two Lisa's on figuring out how it fits  
13 into the Board and maybe even, if - well, we can figure it  
14 out.

15 MS. MOORE: And there is an additional wrinkle  
16 because we just had a filing period close, so there is  
17 another group of projects that have been evaluated under the  
18 same criteria that are going to come forward to the Board.  
19 And I would venture to say, we should probably look closely  
20 at those, but they are going to be judged because the  
21 criteria is existing. However, there is quite a bit more  
22 remaining in the Overcrowded Relief Grant Program and we as  
23 a Board have not taken any further - do we have funding  
24 cycles?

25 MS. SILVERMAN: We have not committed to another

1 funding cycle -

2 MS. MOORE: Maybe that is a good opportunity for  
3 us to fix the Regs --

4 MS. SILVERMAN: Right.

5 MS. MOORE: -- first, because we introduce another  
6 accounting cycle.

7 CHAIR BRYANT: And then we could then sooner,  
8 rather than later, it seems like what we ought to strive  
9 for.

10 SENATOR HANCOCK: And could you also just give us,  
11 you know, like the five center paragraph in the report on  
12 Fund 1 and Fund 2, Critically Overcrowded Relief and  
13 Critically Overcrowded Grant? Just so we understand,  
14 because I quite honestly thought there was one fund that we  
15 were drawing from.

16 CHAIR BRYANT: We can do that.

17 ASSEMBLY MEMBER FULLER: I do not disagree with  
18 anything that is said, I just have - because I know nothing  
19 about this School District or this charter school, but I  
20 have one cautionary note, and that is I do not know if this  
21 charter is chartered under the school district, or its own  
22 charter, or how that works.

23 MS. KAPLAN: It could be chartered under the  
24 county or the state, as well. Yes, that is the point, so in  
25 that case, if it is its own independent charter, not

1 chartered within the school system itself, that school  
2 system, then trying to force them into using the school  
3 district's facilities probably is a legal difficulty that  
4 could not be overcome on the basis of money. I mean, it  
5 does make sense if this is a charter within the school, that  
6 they could be looking at the feasibility of some of the  
7 other existing facilities; but if they are not, if they are  
8 a charter from the state, or from the county, or from  
9 another entity, then that would be like telling the school  
10 district next door that they have to go to another school  
11 district on the other side of town and use their empty  
12 buildings. So I think we have to be very very careful to  
13 realize that there are jurisdictional lines that have to be  
14 observed, and that you do not want to penalize someone based  
15 on their specific organizational requirements that pre-  
16 existed this application.

17           SENATOR HANCOCK: If I could just comment. You  
18 know, it is my understanding, and I could be wrong because  
19 we were, you know, on top of everything else, we were  
20 scrambling through this binder, right, that this is a public  
21 school charter, so that there would be -

22           ASSEMBLY MEMBER FULLER: Within the school  
23 district.

24           SENATOR HANCOCK: Yeah, however, let me just say,  
25 look folks, we are using taxpayers' money all over the State

1 of California to fund this program. So it is not like we  
2 are forcing you to do X. I think that we as a board have to  
3 look at how, I mean, there are people selling clothes at  
4 Wal-Mart to pay their taxes so that we can give tax money to  
5 schools, to build schools. So, we do need to at some point  
6 really set, I think, a fairly high standard for what  
7 constitutes how we give that money out because, if there is  
8 a school somewhere that does have 5,000 students on a  
9 campus, and it is going double-session, it is more than just  
10 the date you submitted your application. You know, I think  
11 it is just time to look at it. I understand what you are  
12 saying, both Jean and I agree.

13 ASSEMBLY MEMBER FULLER: I just want to be  
14 absolutely certain.

15 SENATOR HANCOCK: Yeah.

16 ASSEMBLY MEMBER FULLER: I understand and I do not  
17 disagree, I just want to be absolutely certain that when it  
18 comes back, staff is absolutely certain that we are not  
19 asking them to cross legal lines on this situation, based on  
20 money is the only priority, because I think that that would  
21 be unnecessarily difficult and I preface my statement with,  
22 I do not know who chartered them at all, but I think that is  
23 an important consideration and it makes a difference.

24 CHAIR BRYANT: Assembly Member Buchanan.

25 ASSEMBLY MEMBER BUCHANAN: I represent a district

1 that has a state charter and the district is still  
2 responsible for a space for that, for those schools. But I  
3 do not see this as a charter public school issue.

4 SENATOR HANCOCK: No, no.

5 ASSEMBLY MEMBER BUCHANAN: I see this as an issue  
6 of, if we have schools that have declining enrollment, that  
7 are closing schools, then the question is, can they  
8 accommodate the students within the existing facilities or  
9 not. And I think it is much more complicated, though, than  
10 just counting up classrooms because you take a district like  
11 Sac Unified, they may have space 10 miles away, in which  
12 case it makes no sense whatsoever to take kids away from  
13 their neighborhood, to shuttle them all the way across town.  
14 So, I think it is a great question. I think it is more  
15 complex than probably just looking at numbers on a piece of  
16 paper, and I think it would be great to have staff take a  
17 look at that issue and come back to us with, you know, what  
18 a reasonable criteria might be, or whether the current  
19 criteria works well.

20 CHAIR BRYANT: We do have public comment.

21 MS. HOFF: Hi. My name is Crystal Huff. I am  
22 with Sac City Unified School District. I am here for Jim  
23 Dobson, he is the Director. I just wanted to clarify that  
24 The Met is a dependent charter, so it is part of the school  
25 district, and it was something that we looked at very

1 carefully was any of our vacant schools, and most of the  
2 ones that are closed are being occupied by independent  
3 charters now, so it makes it really difficult when we try to  
4 move them because they are being partially occupied by other  
5 programs. So, that is something that we did consider.  
6 Thank you.

7 CHAIR BRYANT: Thank you. Any other public  
8 comment on this item? Because we do have a motion and a  
9 second, so could you call the roll?

10 MS. GENERA: Senator Hancock - Aye; Assembly  
11 Member Fuller - Aye; Assembly Member Brownley - Aye;  
12 Assembly Member Buchanan - Aye; Scott Harvey - Aye; Kathleen  
13 Moore - Aye; Lyn Greene - Aye; Cynthia Bryant - Aye. It  
14 carries.

15 CHAIR BRYANT: Thank you. Let's go on to Item - I  
16 think we should go to Item 12. I know I am doing my random  
17 thing, and I wanted to just take one second, I completely  
18 forgot at the beginning of this meeting to welcome Assembly  
19 Woman Buchanan, who has been appointed permanently to the  
20 State Allocation Board. Sorry to Assembly Member Torlakson,  
21 but glad to have you here. So, thank you. Oh, Senator  
22 Margett is in the audience, I did not see you, you are  
23 behind this guy, behind Bob, yeah. So, Senator Margett is  
24 here.

25 SENATOR MARGETT: You know this guy, but you did

1 not know that guy.

2 CHAIR BRYANT: I know. How are you?

3 SENATOR MARGETT: I am well, thank you.

4 CHAIR BRYANT: It is good to see you. Okay -  
5 yeah, what are you doing here?

6 SENATOR MARGETT: Just checking up is all.

7 CHAIR BRYANT: All right, so let's move on to Tab  
8 12, which is Transfer of Critically Overcrowded School  
9 Facilities.

10 MR. MIRELES: This is the other Overcrowded  
11 Schools Program, Critically Overcrowded Schools problem.  
12 This program is a little different. Basically, the  
13 Districts have the opportunity to come in and request a  
14 preliminary apportionment, which basically acts as sort of  
15 the reservation of funds. Then, the Districts have up to  
16 five years to come in and convert that preliminary  
17 apportionment. What "converting" means basically is that  
18 they have to come in with plans and specifications approved  
19 by the Department of Education, by the Division of State  
20 Architect, and submit a full funding application. This item  
21 takes a look at what has been reserved initially, well, it  
22 has actually been set aside in bonding authority, and what  
23 is remaining in terms of money that might be available to be  
24 transferred to the new construction program. A critical  
25 component of this program was that, originally, there was a

1 15 percent reserve set aside, this reserve was designed to  
2 make sure that projects had enough money between the  
3 preliminary apportionment stage and the final conversion.  
4 So, there was an additional 15 percent that was reserved,  
5 that was approximately \$283 million, and because most of the  
6 projects have already converted, one of the things that we  
7 are doing with this item is revisiting that initial reserve  
8 and recalculating it to reflect the number of projects that  
9 have yet to be converted. If you look at the bottom of the  
10 item, we have a current total reserve amount of \$390.3  
11 million plus an additional \$67.5 million in unused building  
12 apportionments, based on the expected amount from the August  
13 25<sup>th</sup> Board. This gives us remaining bond authority of \$457.8  
14 million. If we use this as a starting point and reduce the  
15 newly calculated 15 percent, which is 15 percent of the  
16 amount of money that has yet to be converted, this amount is  
17 \$167 million, so 50 percent of \$167 million equals about \$25  
18 million minus \$35.1 million, and this \$35.1 million is based  
19 on a Board action in 2009 to make this funding available for  
20 Proposition 47 projects that have already converted, but may  
21 have additional clean-up costs as they move forward to  
22 construction.

23 Reducing those two amounts, this gives us our  
24 remaining amount of \$387.7 million. What staff is proposing  
25 is that we reserve those amounts and transfer \$225 million

1 to the new construction program. This will result in a  
2 remaining reserve of \$232.8 million for the Critically  
3 Overcrowded Schools Program, but it also allows us to  
4 transfer some much needed dollars into a new construction  
5 pot. With that, we would recommend that the Board authorize  
6 the transfer of \$225 million. And I would be happy to  
7 answer any questions.

8 CHAIR BRYANT: Are there any questions? I know we  
9 have public comment.

10 MS. BROWN: Thank you. Good afternoon, Margaret  
11 Brown, Los Angeles Unified School District. I wanted to let  
12 you know that LAUSD is in support of the transfer of the  
13 \$225 million in Critically Overcrowded Schools funding,  
14 which leaves a balance of \$232.8 to convert and finalize  
15 projects. I wanted, though, to reiterate that LAUSD support  
16 is based on our conversations with staff, that no other  
17 transfers of the remaining \$232.8 are made until all five  
18 School Districts have the opportunity to know their final  
19 costs and complete the remaining 33 COS projects. It is not  
20 actually in the write-up, but I wanted to reiterate that  
21 LAUSD support.

22 CHAIR BRYANT: Ms. Moore.

23 MS. MOORE: When will that be? Do you know? And  
24 are you talking about final close-out of those projects?

25 MS. BROWN: Converted and final close-out, yes.

1 MS. MOORE: Because I would want to - in fact, I  
2 was going to suggest that, as we approve this item, that we  
3 bring it back in December to see where we are with that.  
4 Because this money goes directly into the New Construction  
5 Program, we have drawn down in the New Construction Program.  
6 I certainly support the District, but know also that there  
7 is a 15 percent reserve also for these projects that has  
8 already been set aside, so this \$232 million for the five  
9 Districts that are in Critically Overcrowded Schools is for  
10 anything above and beyond that. Correct? And so, what  
11 kinds of things could be happening at close-out that would  
12 persuade us to continue to keep that type of reserve?

13 MS. BROWN: And I do not just mean close-out, I  
14 just mean change orders throughout the project, as well.  
15 You know, we are in the bid climate where bids are coming in  
16 extremely low, but we are seeing a higher percentage of  
17 changes from contractors, so we do have concerns about where  
18 the numbers ultimately lie, even if we do convert the  
19 projects and get them bid and awarded, then we are seeing  
20 higher and higher change order costs. So, it would not  
21 necessarily need to be closed out like two years at the end,  
22 but we would want to have construction completion and  
23 certification of our buildings.

24 MS. MOORE: So the \$232 million - and it is not  
25 just LA, it is -

1 MS. BROWN: No, there are 33 projects.

2 MS. MOORE: Exactly, and so I am not just talking  
3 about LA, but of those projects which have a 15 percent  
4 reserve already built in, correct, and are coming in the  
5 trend line, is that they are coming in under the amount, I  
6 would want to really see what is it that we should be  
7 reserving out in additional, above 15 percent reserve, for  
8 these projects while there is a demand on the other side for  
9 new construction. And I am not saying we need that today,  
10 but I think that we should revisit this issue, perhaps at  
11 the end of the year Board meeting, because it is going to  
12 get very critical on what is available in New Construction.

13 CHAIR BRYANT: Can I just ask a quick question?  
14 How long, Senator Huff and Senator Lowenthal, are you just  
15 on a break? Or are you going back? Or -

16 SENATOR LOWENTHAL: You call being up there on a  
17 break?

18 CHAIR BRYANT: I meant, with us you are on a  
19 break.

20 SENATOR LOWENTHAL: No, they are still in session.  
21 They are still powering through.

22 CHAIR BRYANT: So how long do you think we have  
23 with you?

24 SENATOR LOWENTHAL: Well, that depends. How long  
25 do you estimate - because we can work our schedules.

1 CHAIR BRYANT: We have really done almost  
2 everything, so we have left - we are on Item 12, we need to  
3 go back to Item 10, and we also have Item 15, and we have a  
4 closed session.

5 SENATOR LOWENTHAL: Forty minutes, 30 or 40  
6 minutes.

7 CHAIRMAN BRYANT: Okay.

8 SENATOR LOWENTHAL: Then we are going to go back  
9 because they are still there, but they said they will hold  
10 the roll open for us in the Conference Committee.

11 CHAIR BRYANT: All right. Senator - Mr. Harvey.  
12 I keep calling you Senator. Mr. Harvey.

13 MR. HARVEY: Thank you so much. I wanted to  
14 underscore what Ms. Moore said. I believe that a Board  
15 action in September '09 even had as a condition for the \$35  
16 that it would be a reservation for a year, and we would come  
17 back and revisit whether or not that is an amount we could  
18 transfer to New Construction, the case needing to have been  
19 made because five years is a long time. So, I think we  
20 should at least have the \$35 million back before us  
21 consistent with that earlier Board action. And if it was in  
22 September, that would mean September of this year, and  
23 hopefully perhaps further discussion about the remainder  
24 above 15 percent because I wholeheartedly endorse what she  
25 said about the set-aside and the lower bids, and the facts

1 of getting this into a program, which is efficient in  
2 apportionments.

3 MS. BROWN: I cannot speak for the other School  
4 Districts, and I do not actually have with me the timing on  
5 the conversions of our projects, but we would be happy to  
6 come back with a date, and I know we may even have discussed  
7 it with OPSC staff, I just do not have it with me. And we  
8 would be happy to come back and tell you what we really  
9 think is happening out there in the marketplace for LA. And  
10 we would also like to stay with the other School Districts  
11 because it is not just about LA, there are 33 projects.

12 MS. MOORE: So, perhaps, I mean, I know you have  
13 the Workload List, but before the end of the year closes  
14 out, maybe we could have this agenda item again because I do  
15 not know what the prognosis is about when we will run out of  
16 New Construction Bonding Authority, but, by example, the  
17 \$250 million, if the Board chooses to do that today, that  
18 increases that amount over time. And perhaps you can give  
19 us an idea when we believe we will be out of New  
20 Construction authority.

21 MS. SILVERMAN: That is correct. I mean, as we  
22 said today, I know it is in your workload in the back of  
23 your book, we have about \$160 plus million in New  
24 Construction that has not been processed by our office, it  
25 is in our house, it is in processing now. If you look at

1 the status of funds, there is about \$150 million in New  
2 Construction, around about that that is sitting in the books  
3 right now, currently. So, it is really critical at this  
4 point in time we do moves to transfer of \$225, but you are  
5 right, as far as revisiting this topic, it is hard to say.  
6 I mean, we have C bids that come up in October, we could  
7 have a spike then, so it may be relevant to have a follow-up  
8 discussion. And as far as, we did survey some of the  
9 districts to figure out the status of them converting their  
10 projects, and to some extent we have not received a full  
11 commitment as to when those projects will be converted. But  
12 -

13 MS. MOORE: I just think that, maybe if we look at  
14 - I know your work with the staff on the Workload List, but  
15 that would give the District the opportunity to then also go  
16 back and look at how their projects are going and what the  
17 trend lines are. But, I think we need to be very very very  
18 very prudent with the remaining funds and it should be  
19 substantiated in order for us to continue to have that type  
20 of reserve.

21 CHAIR BRYANT: And I do think, when you look at  
22 these charts where the blue is getting almost to the close,  
23 we really have a responsibility to be diligent on all of the  
24 fund source issues, and so I think it is perfectly  
25 appropriate to bring it back in December, which would be the

1 next quarter, and we should probably take a look at this  
2 more regularly and frequently as we get to the end of the  
3 line. Mr. Duffy.

4 MR. DUFFY: Thank you, Madam Chair and members. I  
5 am Tom Duffy for CASH. Mr. Harvey, I appreciated you  
6 recalling what the action of last year. I just wanted to  
7 remind the Board and, Ms. Bryant, you were not here at the  
8 time, but CASH LA Unified and CBIA signed a letter, all  
9 three logos on the letter, this was given to the Executive  
10 Officer at the time, basically requesting the transfer in  
11 recognition that LA and other Districts may need some  
12 additional time, and that was almost a year ago, so I think  
13 this is the appropriate time to be looking. I appreciate  
14 your comments, Ms. Moore, because of the critical nature of  
15 what is happening with New Construction. So, I think the  
16 review, as you suggested, is a good thing to do. We have  
17 been in agreement between CBIA and LA Unified and CASH that  
18 this was important that we hold these dollars, keep them  
19 aside for a period of time, and recognize that LA and other  
20 Districts are going to potentially need some additional  
21 funds. So I just wanted to remind the Board of that, and to  
22 make sure that you knew. I think I promised you that  
23 letter, and I will get it to you. Thank you very much.

24 CHAIR BRYANT: Okay, thank you. Any other  
25 comments. Ms. Brownley.

1 ASSEMBLY MEMBER BROWNLEY: Yeah, I just wanted to  
2 make a comment because when we were talking about fund  
3 balances and the New Construction Account, I do not know  
4 whether we discussed Item 6, which is the Status of Funds,  
5 but based on the charts that I am looking at, it is  
6 indicating that there is a \$5.3 million balance only for New  
7 Construction, which was from the corrected version. So I  
8 think it was stated that there was \$100 and some in the Fund  
9 Balance, but if this number is correct, it is only  
10 indicating \$5.3.

11 MS. SILVERMAN: Sorry, I think what the pie chart  
12 reflects is the possibility of the issue of when this Level  
13 3 Developer Fee kicks in, and I think that was the one  
14 illustration pie chart of Prop. 4755 and 1D. We have a  
15 tremendous amount of New Construction on the Unfunded List  
16 and, so, until that kicks in with cash to balance projects  
17 up, then we become the trigger, as it gets closer to blue,  
18 we really need to concentrate on how much we have in  
19 available funding source. But, what is part of that New  
20 Construction pie also is, there is seismic, there is high  
21 performance that is also embedded in there. But if you look  
22 at the Status of Funds in Tab 6, the latter columns  
23 specifically, there is \$5.3 million in just New  
24 Construction. I mean, we can carve out various components  
25 or seismic, but when we talk about just New Construction

1 workloads specifically matched to New Construction that is  
2 sitting in our Workload Reports, that is why we are trying  
3 to keep the eye on the ball, because we have to match the  
4 New Construction Workload to the authority. There are other  
5 pots in New Construction, but we have not talked about  
6 transferring those yet, so we are just trying to keep the  
7 ball rolling and not be able to start having those  
8 discussions about attacking those other bond sources.

9 ASSEMBLY MEMBER BROWNLEY: Thank you for that  
10 clarification. And I think, clearly, I certainly support  
11 that we have a further discussion around this issue and I  
12 just wanted to point that out so we are all sort of on the  
13 same page when we get to that place in terms of the accurate  
14 data on where balances really are.

15 CHAIR BRYANT: Okay, thank you. Is there any  
16 other comment? Oh, sorry.

17 ASSEMBLY MEMBER BUCHANAN: I would like to move  
18 the transfer of \$225 million with the understanding that  
19 staff will do its due diligence in terms of what is actually  
20 required to close out these projects when it brings the  
21 support back to us the next time.

22 ASSEMBLY MEMBER BROWNLEY: I second it.

23 CHAIR BRYANT: Okay, call the roll.

24 MS. GENERA: Senator Hancock - Aye; Senator Huff -  
25 Aye; Assembly Member Fuller - Aye; Assembly Member Brownley

1 - Aye; Assembly Member Buchanan - Aye; Scott Harvey - Aye;  
2 Kathleen Moore - Aye; Lyn Greene - Aye; Senator Lowenthal -  
3 Aye; Cynthia Bryant - Aye.

4 CHAIR BRYANT: Okay, I think what I want to do is  
5 go back and clear - lift all the calls on the items that we  
6 have before us, so we can add you two gentlemen on because  
7 all we have left is 10 - 10 and 15.

8 MS. GENERA: Okay, we will start with Tab 2, the  
9 Minutes. Senator Lowenthal - Aye; Senator Huff - Aye; and  
10 Assembly Member Brownley - Abstaining. I was not here. It  
11 carries.

12 Now we are going to Tab 4, the Consent Agenda.  
13 Senator Lowenthal - Aye; Senator Hancock - Aye; Senator  
14 Huff- Aye; Assembly Member Brownley - Aye. It carries.

15 Now we will go to Tab 7, which is the Carlsbad  
16 Unified in San Diego. Senator Lowenthal - Aye; Senator  
17 Hancock - Aye; Senator Huff - Aye; Assembly Member Brownley  
18 - Aye. It carries.

19 Now we will go to Tab 9, Priorities in School  
20 Construction Apportionments.

21 SENATOR HANCOCK: What about Tab 8? We passed  
22 that as amended, and they did not get to vote for it.

23 MS. GENERA: I apologize, I was out of order. Tab  
24 8. So, I am sorry, we are at Tab 8, the Overcrowding Relief  
25 Grant. Senator Lowenthal - Aye; Senator Huff - Aye.

1           We are now at Tab 9. Parties in School  
2 Construction Apportionments. Senator Lowenthal - Aye; and  
3 Senator Huff - Aye. That carries.

4           Now, Tab 11, Site Sale Proceeds. Senator  
5 Lowenthal - Aye; and Senator Huff - Aye. That carries.

6           CHAIR BRYANT: Okay, great. So without objection,  
7 what I would like to suggest is - I always wanted to say  
8 this - if we could have a State Allocation Board Caucus in  
9 the coffee shop, for just the 10 of us, adjourn the hearing  
10 into the coffee shop and we will have a really fast closed  
11 session, and then we will return. So do not go too far.

12                           [Off the record at 5:39 p.m.]

13                           [Back on the record at 6:27 p.m.]

14           CHAIR BRYANT: We are back in open session. We  
15 are returning after adjourning for closed session to discuss  
16 personnel. And my report out from that closed session is  
17 that we have appointed a Personnel Subcommittee that is  
18 going to be co-chaired by Assembly Member Buchanan and  
19 Assembly Member Fuller, and it will also include on the  
20 committee Kathleen Moore and myself. So, that is that item.  
21 Going next to Item 15, the OPSC Review. Mr. Amos.

22           MR. AMOS: Good evening, Madam Chair,  
23 distinguished members of the Board, a pleasure to be here  
24 today. My name is Stephen Amos, I am Chief Deputy Director  
25 of the Department of General Services. It is a pleasure to

1 be here today to talk to you about something that many of  
2 you have asked for a report on, and I have met with many of  
3 you individually and some of you collectively, and welcome  
4 the opportunity to hear your comments and seek your guidance  
5 and advice as we move forward. With your indulgence, Madam  
6 Chair, if I could read you a brief statement in terms I have  
7 prepared for the Board, and then I will open stuff up for  
8 questions?

9 CHAIR BRYANT: That sounds good.

10 MR. AMOS: In my short tenure at the Department of  
11 General Services, I embarked on a mission to learn as much  
12 as I can about the state process of building schools, and I  
13 am uniquely positioned in that context because I am  
14 responsible for two key components, and that is the Division  
15 of the State Architect and the Office of Public School  
16 Construction. These are integral parts, along with the  
17 Department of Education, and actually building a school.  
18 And while many times we get focused on various elements of  
19 the process, we lose the larger context or the larger focus  
20 of what we need to accomplish in order to actually make that  
21 happen. Some have asked me, "What is your charge? And what  
22 do you see as your principal responsibility?" That is to  
23 administer two programs that are responsible for making and  
24 ensuring that State schools are actually constructed, and  
25 done so in such a fashion that are accountable, transparent,

1 and, more importantly, move the economy, that is, find  
2 efficiencies, look to streamline processes, and ensure that  
3 we are collectively accountable for our processes, and that  
4 takes on many many different dimensions. Early on in my  
5 process or my engagement, I sought counsel from a number of  
6 associations and coalitions and that gave me some insights,  
7 and largely their perspective was go out and here raw and  
8 unfiltered from the School Districts the people we serve as  
9 to how we can best serve them. To that end, we engaged on  
10 four Town Hall Forums that was in Oroville, Merced,  
11 Riverside, and Orange County. They were graciously posted  
12 by those School Districts, and the COE in Orange County.  
13 And to that extent, we heard first and foremost what the  
14 concerns and issues that both those that were receiving  
15 services through the Division of State Architect and those  
16 that were being engaged with the Office of Public School  
17 Construction, and in that process we gained a lot of  
18 information about how we could better serve the School  
19 Districts.

20 I was asked to present, and I did so, to Assembly  
21 Member Julia Brownley at the June 16<sup>th</sup> Oversight Committee  
22 for the Education Committee, and at that point, it was very  
23 clear that, while we had taken many steps to address many  
24 different things, we were doing it in a very ad hoc process,  
25 we were dealing with Bid time, we will dealing with Close-

1 Out processes, we were talking about many many different  
2 issues. But, what became clear in that process is that  
3 there were no collective input or process to move that  
4 effort forward.

5 To that end, I committed to and am prepared to  
6 present today largely the overview of the direction in which  
7 we have taken to date, and that is, in the course of 90  
8 days, ending a report on October 1<sup>st</sup>, present to the State  
9 Allocation Board a draft of what we deem to be an Action  
10 Plan. That Action Plan would be processed to two different  
11 elements, one is that we would have an expert working group,  
12 that is, a larger stakeholder interest that would take a  
13 look at the issues, that was balanced between customers and  
14 stakeholders, and we would also have sub-working groups. In  
15 that process, we looked at six core areas that are  
16 principally engaged, and if I may indulge you as to share  
17 these with you, this is an overview of the process that we  
18 are currently engaged in, and I think it is very important  
19 to look at it because it speaks to the complexity of the  
20 process.

21 Building schools has come a long ways in the last  
22 12 years and, to that extent, we have created an environment  
23 that is reported by our customers to be challenging,  
24 cumbersome and an environment that requires much  
25 interpretation and assistance in navigating. So, what you

1 see before you basically is an overview of that process, of  
2 six integrated steps that must take place, and this is what  
3 we refer to as the 40,000-foot look. So, in consultation  
4 with many of you and a number of working groups, we  
5 identified a process where we believe that the customers  
6 coming forth, these are experts that have been engaged in  
7 the process of building schools over the years, and chair  
8 working group environments where they can bring to the  
9 forefront recommendations, that is in the area of planning,  
10 design, plan review, funding, bidding construction, and the  
11 move-in project close-out phase. These are critical pieces  
12 that we need to talk about in a collective whole, that while  
13 we talk about funding a great deal, it is important to  
14 understand that many of the barriers the School Districts  
15 deal with and the impediments we will continue to face as we  
16 try to move funds into the field and make these projects  
17 shovel-ready, and ensure that jobs are being promoted, and  
18 moving these schools to fruition, that there are many  
19 cumbersome challenges. School Districts are challenged by  
20 the fact that, historically we have had unacceptably high  
21 bidding times, exceeding 12 weeks. In collaboration with  
22 Los Angeles Unified School District, the Chancellor's Office  
23 of Community Colleges and a number of other interested  
24 parties, we have been able to identify means in which we can  
25 reduce that. Currently, I am proud to say we are at about

1 4.2 weeks. But, that is one example in the plan review  
2 stage that is not within the State Allocation Board, but it  
3 is directly relevant to how we move these schools forward.

4 On the tail end of the equation is the close-out  
5 certification process. Right now, we have 12,000 School  
6 Districts that have to have their projects closed out and  
7 certified. Of that, Los Angeles itself has over 2,000 of  
8 them, and 900 of them are critical close-outs, that is,  
9 there are \$7 billion of funds that are tied up, that are not  
10 moving forward to close out those projects because we have  
11 not directed the appropriate response or resources to assist  
12 Los Angeles Unified School District. As I stated before,  
13 Los Angeles is an example of a partnership or collaboration  
14 where pilots have been created and efforts are currently  
15 under way. So, I share with you that what I propose will  
16 present a roadmap of collaboration, and furthermore identify  
17 the priorities in these key areas that are customers see,  
18 that need to be addressed. I think this is an important  
19 step forward. Our charge, or the charter that we gave to  
20 each of these subgroups was that they would be able to  
21 identify 10 critical areas that we see as impediments to  
22 progress, or to moving forward in these critical areas. In  
23 addition to that, they would have the opportunity to rank  
24 order those and present to us short term, interim, and long  
25 term steps. These are processes in which they can identify

1 for us whether they are short term, interim, long term,  
2 administrative, legislative, or regulatory fixes or changes  
3 that would be necessary to further this particular area.

4           So, I share this with you to give you a broad  
5 overview. Our anticipation and my commitment have been to  
6 report consistently to the State Allocation Board on the  
7 progress and the engagement. I am proud to say that  
8 Kathleen Moore serves as Vice Chair of this working group  
9 and has been instrumental in providing guidance, along with  
10 Lisa Kaplan, Tom Duffy, and a number of others who have  
11 weighed in on a weekly basis and shaped a lot of what we  
12 have created to date. So, again, we anticipate having a  
13 report that would be in a draft process, due and available  
14 to the State Allocation Board as of October 1, that we hope  
15 that the State Allocation Board will continue to engage and  
16 support. I thank Assembly Member Jean Fuller for her  
17 gracious offer to sit on this working group and to provide  
18 leadership in that effort, also. So, to that end, I would  
19 like to open it up to Madam Chair, any questions, and avail  
20 myself to that process.

21           CHAIR BRYANT: I suspect there are a few  
22 questions.

23           MR. AMOS: I am sure there are.

24           CHAIR BRYANT: Who would like to go first?

25           ASSEMBLY MEMBER BROWNLEY: I will ask a question.

1 I want to thank you for your presentation and thanks for  
2 coming to our offices and giving us a one-on-one  
3 presentation in terms of the plan and how we are going to  
4 get there. And I appreciate the commitment to actually have  
5 a remedy and have a plan and have performance metrics  
6 associated with it, and to get ourselves much more in a  
7 position where we are an organization that is customer-  
8 friendly and that we are satisfying our customers in the  
9 most efficient way possible. And I am sure now that you  
10 have rolled up your sleeves and gotten involved in all of  
11 this that you have recognized certainly some of the problems  
12 and, even through the meetings that you have had with  
13 various stakeholders and so forth, you are able to identify  
14 what some of the current problems are. And I hear about the  
15 plan and where we are going to go, and how we are going to  
16 get there relative to the plan, but I am sort of interested  
17 to hear just a little bit about what is happening on a  
18 parallel track at the same time to sort of try to solve some  
19 of these problems. You talked about the Bid problem and  
20 proving quite significantly, but I think we discussed the  
21 oversight hearing that we had, that really we were not sure  
22 that was a really accurate assessment because we knew that  
23 there were a lot of projects that were kind of taken out of  
24 the process, and so therefore the Bid time reduced  
25 significantly. So clearly that is an issue, as you said, is

1 one that comes up almost - well, most frequently - and so, I  
2 guess what I am asking for is sort of the strategy on a  
3 parallel track relative to trying to address some of these  
4 issues while we are also going through this process to get  
5 to a longer term, sustainable structure that will be  
6 supportive to our customers.

7 MR. AMOS: Well, thank you, Assembly Member  
8 Brownley. I think those are critical questions, and clearly  
9 this plan in no way substitutes day-to-day administration  
10 and program management, and these have been critical issues  
11 that have been brought to my attention by hearing first hand  
12 from the field issues and challenges that people have.  
13 Whether it be the bid time on the front end, or the close-  
14 out in the back end, I have heard the same from OPSC  
15 customers, "Why does it take more than 90 days to process a  
16 hardship application?" That is not a larger collective  
17 process that needs to be engaged, it is an immediate crisis  
18 that we need to deal with immediately. Everybody deserves  
19 to be processed in a timely fashion, consistently, and  
20 treated properly in that format. I have been very direct  
21 about some of the shortcomings and challenges that we have  
22 faced within OPSC and, in responding to that, and that is  
23 consistency of service, consistency interpretation of  
24 regulations, identification of proper appeal process, and,  
25 more importantly, is a uniformity that is focused on

1 customer service and accountability. I personally sit with  
2 my colleagues here every day of the week and that is a  
3 standing meeting, we refer to it as "issues and tissues,"  
4 and it is basically going through day by day, what are the  
5 decisions we are making? Are those decisions consistent  
6 with operating within the spirit and the law? Are we doing  
7 our very best for the School Districts, and can we do  
8 better? Can we do a better outreach? Are we focused too  
9 much on the gotcha and not enough on the technical  
10 assistance and supervision on the front end? When we talk  
11 about incompatibility in terms of communication, it is not  
12 just collaboration, we have to do a better job of  
13 interfacing between the Departments - the Department of  
14 Education, the State Architect, and the OPSC - in such a  
15 fashion that it is transparent, it is automated, it is an e-  
16 based environment where you can see where your application  
17 is and know that that is accurate and it is representative  
18 of what others are experiencing in the same time and real  
19 time. To that extent, we have engaged in a whole IT process  
20 where we are directing new staff to come in and assist the  
21 existing staff and create a program that is so interfaced  
22 that people can see this. There are many behind-the-scenes  
23 corrective actions that need to take place. More recently,  
24 I forwarded to Cynthia, the Chair, and a Workload Analysis  
25 where we deemed that we had over 200 areas of workload

1 deficiencies that needed to be improved on. These are case  
2 files in which we had concerns about the process. Four of  
3 them, I have referred to the Board for reconsideration by  
4 the State Allocation Board because they were not handled in  
5 a timely fashion. I do not need to have a formal process  
6 with our customers to hear that is unacceptable, they made  
7 that very clear to me repeatedly. So, those are just some  
8 examples on a day-to-day basis of how we are addressing  
9 internally as these issues develop because it is not good  
10 enough to say in the future, "At some point, we will deal  
11 with these issues." We are going to deal with them here and  
12 now.

13 ASSEMBLY MEMBER BROWNLEY: So, of these 200  
14 problem cases that you are speaking of, and four of them are  
15 going to come before the Board, are the others resolved or -

16 MR. AMOS: Yes, they are.

17 ASSEMBLY MEMBER BROWNLEY: Thank you.

18 MR. AMOS: They were discrepancies that can lead  
19 themselves to challenges of our regulatory interpretations,  
20 challenges in terms of how we process them, how long they  
21 sat in various, again, much conversations about bid time, I  
22 would say there is a bid time at OPSC, and I would also  
23 articulate, as I did in DSA, it has been unacceptable, and  
24 we need to do a better job of not only managing those; we  
25 are the steward of that process and we need to take more

1 ownership and more responsibility for that.

2 ASSEMBLY MEMBER BROWNLEY: Thank you.

3 CHAIR BRYANT: Any other questions? Ms. Buchanan.

4 ASSEMBLY MEMBER BUCHANAN: I just want to make a  
5 comment. I appreciate the time and I appreciate what you  
6 are trying to accomplish, and I think any organization  
7 should continue to look at what it is doing to determine,  
8 you know, how it can do things better. I would just like to  
9 suggest that, as you move forward, I know you have a very  
10 aggressive agenda, but you not just take a vertical look in  
11 each area, or each work group, what are the 10 things you  
12 can do, but that you also take a horizontal approach, too,  
13 because sometimes when you map out the flow of work, you may  
14 have something that you do not like doing, but if you do not  
15 do it, I cannot do my job. So, I think it is very critical  
16 that you take a look at the big picture and how everything  
17 flows and works together, so that we do not inadvertently  
18 make changes that create more work instead of helping to  
19 streamline the process and make everyone's job a little bit  
20 harder. So I think it is going to be critically important  
21 that you lay out the entire work flow. It is really easy to  
22 go in - I have been involved in time management analysis,  
23 looking at people doing work. I have been involved in  
24 reorganizing major divisions and all that, and it is real  
25 easy to look in on the outside, but when you actually get

1 into the details, sometimes there are reasons that we do  
2 things that are there, so I think it is critically important  
3 that you do that and that you truly get the involvement and  
4 buy-in of all the stakeholders because, if not, whatever  
5 change you recommend, it is just not going to be effective.

6 MR. AMOS: Well, Assembly Member, I graciously  
7 appreciate that advice and counsel, and I think it speaks to  
8 the very question that Assembly Member Brownley pointed out,  
9 and that is, if we do not believe the bid time is 4.2 weeks,  
10 what relevance is that? The reality is that we need to set  
11 benchmarks and they need to be benchmarks that are  
12 demonstrated that people agreed on, that people understand  
13 what the caveats are. These are complex systems that there  
14 are experts within these given areas that know them much  
15 better than any one of us, but collectively, you are  
16 absolutely correct, they have to come together in a  
17 meaningful report that speaks to how we can provide for  
18 better school construction from a collaborative and a  
19 collective perspective.

20 ASSEMBLY MEMBER BUCHANAN: I guess what I would  
21 say, whether an acceptable bid time is three weeks, four  
22 weeks, six weeks, I mean, it is going to change and we know  
23 that the construction and volume is much different today  
24 than it was four or five years ago when we were at the boom  
25 and everyone had construction projects going, but I think

1 what is more important is to have a flow that everyone  
2 understands, to have key metrics that we can measure, and  
3 all of us know how we are doing, that do have a continual  
4 improvement process so that we are continuing looking at  
5 what we are doing because, whatever you put in place today,  
6 tomorrow, or the next day, things change. And what we want  
7 is to have a method where we can continue to look at what we  
8 are doing and always work on improvement because, you know,  
9 we can get down to what is acceptable or not acceptable,  
10 someone can say a week is not acceptable, or two weeks is  
11 not acceptable, but we want a process that has integrity,  
12 one that has key goals and key metrics, that allows  
13 everybody to manage and do their jobs effectively.

14 MR. AMOS: Thank you.

15 CHAIR BRYANT: Senator Hancock.

16 SENATOR HANCOCK: Thank you. Like everyone else,  
17 I appreciate the goal that has been set. I think how we  
18 look at integrating a complicated process with a number of  
19 agencies is very important, and it is important to do well.  
20 I have to say that I have really been very pleased with our  
21 progress in the last several months. OPSC, we have had some  
22 new staff working with the Chairwoman of the Board, I see us  
23 moving toward important improvements in many areas. I am  
24 also aware that I think the Budget Conference Committee has  
25 adopted provisional budget language to do at least a

1 performance audit of the Division at the State Architect to  
2 make specific suggestions about how they have been the bid  
3 time issue and other things might be improved. So, my  
4 concern at this sort of delicate point in the year for the  
5 State is how are these review activities being paid for?  
6 Are they being done by DGS staff? And, if so, I would like  
7 to know what special funds are being used to pay for that.  
8 You had mentioned bringing in new staff and directing them  
9 to work with old staff, or whatever. And I would hope that  
10 OPSC staff are not being redirected to work on this since we  
11 need them to keep doing the very exemplary work they have  
12 been doing in getting the money out the door. So, kind of  
13 how do you see the overlap with the audit that may be done  
14 and, really how are we using very scarce State dollars at  
15 this point to pay for this?

16 MR. AMOS: Well, thank you, Senator Hancock for  
17 your question, and I am more prepared to respond to it. The  
18 idea is to work collaboratively and intensively review the  
19 overall school construction process to identify principal  
20 issues and impediments. I fully support the OSAE Audit in  
21 DSA and fully support any program reviews and audit. The  
22 truth is, this program has not been reviewed in 12 years and  
23 I do not think we can wait another day to reach out to our  
24 customers and ask them in a formal setting, how do we create  
25 an environment that is more accountable, that is more

1 responsive, and provides excellent service, particularly at  
2 a time when we have dollars that are not moving forward  
3 because of the various bottlenecks in the process, and they  
4 are not limited to one particular function. In response to  
5 your questions specifically about where these funds and  
6 resources are coming from, they are coming from DGS's  
7 budget, they are not drawing on any bond funds. We have  
8 hired and retained an outside facilitator to ensure the  
9 integrity of the process, and that is Lindle Hatton, who is  
10 a PhD out of California State University Sacramento, he is a  
11 Business Professor. And the fees involved are approximately  
12 \$50,000. On behalf of DGS, we feel they are a wise  
13 investment to facilitate a process and ensure the timely  
14 delivery of this report by October 1<sup>st</sup>. So, while I truly  
15 appreciate and am concerned about the timeliness of this and  
16 what could be the reasonable expectations, I would take the  
17 position that, if now, then when? And if not us, then whom,  
18 is who are going to bring these issues to the forefront and  
19 bring them to closure.

20 SENATOR HANCOCK: Well, and so what specific fund?  
21 Is it State General Fund money? Or is it one of DSA's  
22 special funds?

23 MR. AMOS: We are redirecting staff between - much  
24 of which you see in the system improvements coming from the  
25 Division of State Architect, I have outlined six critical

1 areas, only one of them are directly within the purview of  
2 OPSC, the other five are DSA resources that are being  
3 evaluated and charged, so there is basically five of the  
4 program areas that will be evaluated out of DSA funds and  
5 the balance will be through DGS General Funds for the one  
6 area associated with OPSC.

7           SENATOR HANCOCK: Okay, well, I am concerned about  
8 money coming from the DSA budget. I have to say, I think I  
9 would just - and my question, reiterating what Assembly  
10 Member Buchanan said, in my experience, at least in working  
11 on school change, so it works best when you bring the  
12 stakeholders really together and have them define what would  
13 make things work forward better. I hope you are undertaking  
14 that and understanding that the report will be an advisory  
15 report when we get it, there will be other reports, there  
16 will probably be an audit, and I hope we are not wasting  
17 either human energy or dollars.

18           MR. AMOS: Thanks, Senator Hancock.

19           CHAIR BRYANT: Senator Lowenthal.

20           SENATOR LOWENTHAL: Yeah, I want to follow-up on  
21 what Senator Hancock started, in that I serve on the Budget  
22 Conference Committee, actually Senator Huff and I do, and we  
23 will be leaving to go back to finishing, and supported  
24 having the Department of Finance's Office of State Audits  
25 and Evaluation do the audit of DSA, and I believe my

1 perception of it is that that audit should precede a more  
2 comprehensive review, that we have our own Subcommittees  
3 here, both on Audit and Policy, and work on looking at kind  
4 of rules and procedures, I think they should precede an  
5 overall comprehensive review, and I am really concerned that  
6 the cart is before the horse, that we are moving so far  
7 ahead and the members, either the Legislature who really  
8 have their concerns, or the members of the Subcommittees on  
9 the State Allocation Board, that our work is not being heard  
10 in the developing of this comprehensive review. What I  
11 would like to see is the review narrowed and not really deal  
12 with - and I sent you a letter on that. I do not know if  
13 you want to respond or not, but I just think that we have  
14 already started down the course, this is coming in at the  
15 last minute, and I think it is not appropriate to do such a  
16 comprehensive review while we are looking at some of these  
17 other issues.

18           CHAIRMAN BRYANT: I do think that Senator  
19 Hancock's comment at this being advisory, there is a lot of  
20 truth to that. I mean, you can reject the findings of this  
21 study and the report, on the one hand; on the other hand, I  
22 spend a great deal of time with OPSC staff and I think that  
23 hearing from the stakeholder community and having places  
24 where their work is exemplary, complemented in this process,  
25 and understood where things work really well, and fitting in

1 where things are not working well, to me, some of the  
2 day-to-day stuff that happens, if it can get addressed in  
3 this process, there is just - to me, there is kind of no  
4 reason to wait. I mean, I am of a mind that there is no  
5 reason to wait, and I think we had talked to you a little  
6 bit about the possibility of folding in some of the work  
7 that the Subcommittee in Audits is doing, and I think by  
8 your letter you are not really prepared to do that, which,  
9 you know, I think it is okay, but I also find with this  
10 golden opportunity for everybody to get together and inform  
11 this program, and I think it is time. I did not realize  
12 about the 12 years, that is the new piece of information for  
13 me, but this is an opportunity for us to look at the  
14 operations of. And I appreciate all the columns on here,  
15 but I personally focus on getting our money out and getting  
16 our projects going, which is the OPSC part. And I mean, I  
17 am of a mind that there is no reason. Somebody commented to  
18 me recently, said why was I worried about all this activity  
19 here, I should not worry about it, I only had five more  
20 meetings. And to me, I do not think that way, the Governor  
21 does not think that way, I know Assembly Member Fuller  
22 probably, her tenure ends in six months, and she just took  
23 on the Co-Chairmanship of the Personnel Subcommittee because  
24 there is just no reason to wait, is kind of where I am  
25 coming from. Any other comments? Mr. Harvey.

1           MR. HARVEY: I think that is a beautiful segue  
2 into what I see - the issue for me is that this is not a  
3 one-time experiment, it is a beginning of a journey. And  
4 what I mean by that is, I have heard the word "sustainable,"  
5 I have heard the words "adapt to change," and you cannot do  
6 that if you only meet one time and expect everything to be  
7 accomplished, and all the answers to be done in 90 days,  
8 that is not going to happen. This is an ambitious, huge  
9 effort, and there are other things at play that look like  
10 they can interfere with, or duplicate of, we can debates  
11 those kinds of things. But I think it is time to start  
12 because I am hoping that this becomes an annual process,  
13 that stakeholders that you have pulled together, that  
14 involve Offices of Education, and School Districts, and the  
15 private sector, and Board members, I mean, I am amazed at  
16 the breadth and depth of folk who have agreed to be part of  
17 this. And that says something about now may be the time.  
18 And I just hope that we do this again and again when some of  
19 us are not going to be here because I think it is a healthy  
20 experience, it is a way of improving the system, and I think  
21 when you get across the table and communicate, and talk  
22 about concerns and frustrations, you do resolve problems.  
23 So, I am optimistic. I know you are not going to have all  
24 of the answers, Mr. Amos, but I look forward to bits and  
25 pieces and I am looking forward to addressing change, and I

1 am looking forward to this being a sustainable activity over  
2 time.

3 MR. AMOS: Thank you.

4 CHAIR BRYANT: Anymore questions? Assembly Member  
5 Fuller.

6 ASSEMBLY MEMBER FULLER: I just have to weigh in  
7 on one thing, actually two things. First is, anybody who  
8 knows me knows that last year I tried not to be on any  
9 subcommittees, so why in the world would I be on this one,  
10 given all the things that you said, most all of us agree  
11 with, and it is quite simply one thing, and that is, for the  
12 last two years, I have been saying, "Why aren't we listening  
13 to the field?" We have been making out applications right  
14 and left, making forms for School Districts to fill out, you  
15 know, we have been having to come up with new rules all the  
16 time because nothing is working, because we do not have any  
17 money, this is the process for giving out money and we do  
18 not have money, so we are, like, pretty dysfunctional. And  
19 now someone has offered an organizational formal listening  
20 structure, so I guess I have to sit back and say I will be a  
21 part of this because this is a formal organizational  
22 listening structure and I will be there to be sure we are  
23 listening. And as my whole role in this, and as my whole  
24 interest in this, and when you go to page 2, and you look at  
25 all their little dates, you will see that they have lots of

1 places built in for organizational listening, and when you  
2 look at who is on the list, you will see that there are  
3 stakeholders involved, I forgot which page it is, but it is  
4 the wheel, big page with the wheel. Page -

5 SENATOR HANCOCK: Jean, could you just tell us  
6 where -

7 ASSEMBLY MEMBER FULLER: Oh, I am sorry, on your  
8 book, the binder thing, it is this tab in your book, and  
9 basically it shows like January 21<sup>st</sup>, and it says there the  
10 problem started March 5<sup>th</sup>, basically a town hall forum in  
11 Oroville, and then there are a whole bunch of dates and a  
12 whole bunch of different places they are going to, and so  
13 you can pass that around if you want, and then, on page 4,  
14 there is a whole bunch of people for representative of  
15 organizational listening. So, at the end of the day, if we  
16 just listen to the field, and we can help the field come up  
17 with forms that they can actually fill out and get  
18 something, and then my time will be justified; otherwise, I  
19 will be complaining a lot. Thank you, that is all I have to  
20 say.

21 CHAIR BRYANT: Any other questions or comments from  
22 Board members? Is there any public comment on this item?

23 MR. DROWN: Good evening, I am Stuart Drown, I am  
24 the Executive Director of the Little Hoover Commission.  
25 Over the past 10 years, the Commission has looked at a lot

1 of issues that are familiar to this Board, Public School  
2 Construction, Bond oversight, infrastructure, finance, and  
3 in developing its recommendations, the Commission really  
4 focuses on transparency, accountability, and efficiency. I  
5 want to say, we are encouraged by this effort and we think  
6 it is consistent with the recommendations the Commission has  
7 made, and we feel it is an important opportunity to improve  
8 and enhance confidence in a process for the customers, and  
9 we feel those customers are the parents, the kids, as well  
10 as the taxpayers who pay for the bonds to make these  
11 projects possible. Thanks.

12 CHAIR BRYANT: Thank you.

13 MR. BAKKE: Eric Bakke with the Los Angeles Unified  
14 School District. I think it is safe to say that, for the  
15 last couple of years, that it has been a rather bumpy ride  
16 in this process. We are presented with a very unique  
17 opportunity that we have not had in years past. It has been  
18 said 12 years that we have had real significant reform and  
19 discussion about the process and the program. We are happy  
20 to be part of that process. One of the questions that was  
21 raised with respect to urgency, and why are we doing this  
22 now, for Los Angeles Unified School District, we have  
23 thousands of projects that are either being held up, or soon  
24 to be coming forth through the DSA process. The close-outs  
25 is a very significant issue for us, there is significant

1 liability attached to not closing out those projects. We  
2 have immense knowledge and experience in the subject, and we  
3 have shared that with DSA and DGS, and actively have been  
4 working with them to identify areas that we can make  
5 improvements through the Administrative process, through the  
6 regulatory process, and the legislative process. We just  
7 feel right now is an opportunity that we cannot miss, and we  
8 need to work together to try to achieve a common good. I  
9 think the way it is laid out as a process, I think everyone  
10 will have their own opinion about what the process should  
11 look like, but we have a process, and I think it behooves us  
12 all to work together towards working through that process,  
13 and that the people that are involved in that process are a  
14 broad mix of people, so it is not going to be a single  
15 entity controlling the conversation, whether it be a State  
16 agency or the stakeholders, but there are a significant  
17 amount of stakeholders involved, to your point, to provide  
18 input. And I think that input is going to be well received  
19 in this process, so we look forward to it. Thank you.

20 MS. FERRERA: Good evening. Anna Ferrera with the  
21 County School Facilities Consortium. I would just say, I  
22 appreciate the work that you all are doing on behalf of the  
23 34 County Offices of Education that make up CFSC. I  
24 appreciate the comments about the depth and breadth of the  
25 folks who are involved, but I do not - honestly, the

1 transparency discussion, I have not seen a whole lot of the  
2 Committees and who is on them, but my understanding is that  
3 there is not a County Office of Education that is also under  
4 Financial Hardship status, and I think you are leaving out a  
5 whole section of folks who will participate in the SFP, who  
6 have unique characteristics that should be represented on  
7 those committees, and I do believe that is one area where  
8 you are - it is just missing in the Committee make-up. So,  
9 I would appreciate if you would take a look at that. I have  
10 not seen a whole lot. I do not know if it is on the  
11 Website, the Committee Schedules, or the Committees,  
12 themselves. But, if we are going to be transparent, I think  
13 you should be including all of those things somewhere where  
14 we can all take a look because we do not have  
15 representation, and someone does not have a binder from  
16 every group that you are considering that actually takes  
17 advantage and is one of your customers under the SFP. Thank  
18 you.

19 CHAIR BRYANT: Did you want to respond?

20 MR. AMOS: We secured a lot of input, and I  
21 appreciate the opportunity to respond, from many of the  
22 members in this room, and the feedback we got from a lot of  
23 working groups is that we needed to extend to Kern County,  
24 to Sacramento, to Orange County, and to a number of COEs,  
25 which are involved in the process. I can truly appreciate

1 that we can do a better job of communicating who is in the  
2 process, this process has just begun, but more importantly,  
3 I think that if we find that there is a gap in any  
4 representation, we would want to hear that or include them  
5 in the process.

6 CHAIR BRYANT: So you guys can talk about this.

7 MS. FERRERA: It is just - Kern County is not in  
8 Financial Hardship, is not under Financial Hardship.

9 ASSEMBLY MEMBER FULLER: But isn't Val Verde?  
10 Because Val Verde is on here. Oh, County Office. Oh, I  
11 see. Okay.

12 MS. FERRERA: Thank you.

13 CHAIR BRYANT: Thank you. Mr. Duffy.

14 MR. DUFFY: Madam Chair, members, Tom Duffy again  
15 for CASH. We are troubled that there has been conflict with  
16 the Board and that the legislative members and the members  
17 of the Administration have not always looked at things such  
18 as audits in the same way. We respect the Board and we  
19 respect all the members. And we want to make sure that the  
20 efforts that Mr. Amos is making will be sustained as there  
21 is change because, just looking at you, there are four of  
22 you that are probably not going to be here when this  
23 advances into the future. What we will try to do is, we  
24 have been included and we appreciate that very much, by Mr.  
25 Amos, what we will try to do will be to continue to talk to

1 you and, Assembly Member Brownley, we wrote a letter to you  
2 right after the hearing that you held, or, I am sorry, we  
3 wrote a letter to Mr. Amos and cc'd you and the other  
4 members of the Committee, identifying that we would seek to  
5 work with the Administration to bring about the changes that  
6 we thought he was going to see, that Mr. Amos was going to  
7 see, and we will be there to do that. I am not a quiet man,  
8 Mr. Amos has heard me over and over again talking about the  
9 need for change in the Agency, as I talked about that at  
10 your hearing. I can tell you that we have been listened to,  
11 and I appreciate that. It is a beginning, but the discord  
12 that has been here, and I apologize for being blunt, but the  
13 discord that has been here is something that I would like to  
14 see, and I know districts would like to see, go away. We  
15 appreciate very much your leadership, Senator Lowenthal, you  
16 have carried legislation to help improve the process, you  
17 have, too, Senator Hancock, carrying legislation for us. We  
18 want to improve the process. I think we have to work with  
19 what Mr. Amos is doing, and maybe the parallel would be to  
20 do work through the subcommittees of the Board, and  
21 potentially legislation. But, I have asked Mr. Amos a  
22 couple of times, and it came up at the meeting the other  
23 day, is that how do we sustain what is being done if good  
24 work is to be done? It is going to have to be through the  
25 Board and the legislative of the Board, because you are the

1 only ones that are going to be here. So I really want to  
2 make sure that you know what is happening, what we are  
3 sharing, and hopefully Mr. Amos will be back again next  
4 month to give you a progress report. But, what I can tell  
5 you is that listening is going on and there has been a  
6 response, and I cannot tell you anything but the truth, if  
7 that was not happening, I would say it. So, thank you very  
8 much for your patience and listening to my comments that,  
9 hopefully, did not upset anybody, but thank you very much.

10 CHAIR BRYANT: Thank you. I have been granted  
11 subpoena powers by the State Consumer Services, so he will  
12 be here next month. Anything else? Oh, Kathleen, I am  
13 sorry.

14 MS. MOORE: I just have a final comment perhaps. We  
15 were very delighted to be asked to Vice-Chair the Committee  
16 because I think it is important that the agencies  
17 collaborate, and that in order for this to be a good process  
18 for our constituents who are the same, we need to reduce the  
19 conflicts and the policy conflicts, as well as the technical  
20 conflicts between the agencies. So, delighted to be a part  
21 of Vice Chairing this operation. What I do hear from the  
22 Board is what I think are significant issues of concern and  
23 that is around how would this work, interact with the work  
24 of the Board subcommittees. And what I would like to say is  
25 we should consider that, and maybe that is part of our

1 deliberations on this Chair and Vice Chair, and the  
2 Executive Committee, but we should seriously consider that,  
3 and help this work group work with that respect of what the  
4 subcommittees are continuing to do on the State Allocation  
5 Board, and hopefully it can be complementary at the end.  
6 So, I would say to the Board members, as the Vice Chair  
7 would like to work on that, because I heard it clearly from  
8 the Board today, and then, as we are just very pleased to be  
9 part of the process and to help with how this process can  
10 ultimately -- which I said at the meeting -- our ultimate  
11 constituents, students and staff, and the communities in  
12 which they live. And, so, with that in mind, that for me  
13 will be part of the filter of how we deal with what gets  
14 bubbled up.

15 CHAIR BRYANT: And I think, I just want to add one  
16 last thing, and Stephen and I have talked about this, is  
17 that this Board has the largest policy-making role in this  
18 program, and that has to be respected, and I think that is  
19 part of why it is important to Stephen that he come back  
20 every month because he is going to be, I am assuming,  
21 looking for our input. You know, the intent is for him to  
22 report back kind of where they are in the process and to  
23 provide that input back, and obviously, Kathleen and  
24 Assembly Woman Fuller have active roles, and I just heard  
25 Ms. Greene has an active role in this process, it excluded

1 me, I do not know why, but that we all have a responsibility  
2 to weigh-in with the process, and at the end of the day,  
3 Stephen, Scott, myself, are going to walk away from it  
4 because, unless - and we are because we are not going to be  
5 still here, I was going to say something, but I decided not  
6 to - but the point is, is we are trying - it is our hope  
7 that we leave some kind of a legacy of sustainability and a  
8 place for this program to flourish in the future, that is  
9 our goal. So hopefully it works.

10 ASSEMBLY MEMBER BROWNLEY: Madam Chair?

11 CHAIR BRYANT: Yes.

12 ASSEMBLY MEMBER BROWNLEY: I just wanted to follow-  
13 up on one of the speakers, in the spirit of transparency,  
14 that I thought it was a very good idea that all of this  
15 information be posted on the Website, our progress, Minutes,  
16 when meetings are going to happen, you know, all information  
17 possible that can be posted on the Web, I think, is a very  
18 good idea, so that, as we proceed in this process, that even  
19 others who are not designated to participate in the process  
20 can indeed participate, either through by virtue of joining  
21 the meetings, or coming here to speak to us as the process  
22 moves forward.

23 MR. AMOS: May I respond to that, Madam Chair?

24 Absolutely, that is a commitment on my behalf that the  
25 following Monday of each week, we will update the Website to

1 provide up-to-date information in terms of the process, who  
2 is engaged in the process. The one thing that I am  
3 sensitive to do, and that is not preempt the State  
4 Allocation Board's ability to read any draft documents or  
5 such by publishing it or posting it in advance of the  
6 review, but I do think that we can speak to the process,  
7 identify who is engaged in the process, the timelines, and  
8 the expectations, goals and objectives.

9 ASSEMBLY MEMBER BROWNLEY: But there is no reason  
10 why the construct and the architecture of this cannot get  
11 posted on the Website.

12 MR. AMOS: That is absolutely correct.

13 ASSEMBLY MEMBER BROWNLEY: Thank you.

14 CHAIR BRYANT: Okay, so we are going to move on,  
15 then, to Tab 10. Thank you so much, see you next month.

16 MR. AMOS: Thank you very much.

17 CHAIR BRYANT: And one other quick note, I should  
18 forward these letters. Stephen has sent me two letters and  
19 I will get them to everybody.

20 ASSEMBLY MEMBER BUCHANAN: Quick question. My  
21 concern when I talk about both vertical and horizontal  
22 integration is to make sure there is the level of  
23 transparency, but also communication, because ultimately  
24 when we make decisions here, we want to have confidence that  
25 not just the immediate stakeholders that are involved in

1 your process, but all the stakeholders, all the districts  
2 out there understand, you know, what is being proposed, and  
3 have a chance to comment on it. So, in addition to posting  
4 it on the Website, is there a way that you are communicating  
5 with Districts? I know that someone like Margie Brown, who  
6 I know, is always going to be on top of it, but there are,  
7 unless the School Districts in the State of California are  
8 not LA Unified, they do not necessarily even have facilities  
9 directors, and they have interest in what is being done, as  
10 well, so it is important that we make this work for all  
11 thousand school districts in the state.

12 MR. AMOS: Thank you, Assembly Member Buchanan, and  
13 I will make every effort to communicate it maybe in the form  
14 of a letter going out to the Superintendent of Schools and  
15 Facility Managers, and other interested parties. We need to  
16 do a much better job of reaching out and collaborating with  
17 people, and unfortunately, as you point out there, those  
18 that know and those that do not know, and we need to reach  
19 out to those that are not available to be participants here  
20 today. Thank you.

21 CHAIR BRYANT: Thanks. Okay, so Tab 10 is our last  
22 item, and it is late, I know, but this is one of our most  
23 important items. Okay, so I wanted to just quickly set this  
24 item up to mention that we briefly talked about this when we  
25 worked on priorities funding last month, about where

1 Facility Hardship should be on the list. After that  
2 meeting, staff came up with the bright idea of having our  
3 Priorities and Funding Subcommittee Meeting, and so we did  
4 set a meeting and the three of us, Scott and Kathleen and I  
5 again met with all the stakeholders to help develop this  
6 item, and I apologize, we just did not think of it prior to  
7 the last meeting, but it was a great process and, once  
8 again, it worked really well to give stakeholders a really  
9 good place to come and help us figure a gnarly problem out.  
10 So, with that, I will turn it over to Ms. Kampmeiner.

11 Ms. KAMPMEINERT: Okay, and with that, I will pick  
12 up with where the Subcommittee discussion went. So, the  
13 Subcommittee did meet and there were two main topics that  
14 sort of came out of that discussion surrounding the Facility  
15 Hardship projects, and this is a refresher. The Facility  
16 Hardship projects are those that demonstrate an imminent  
17 health and safety threat, and there are two types of  
18 Facility Hardship projects that were discussed, the first  
19 group would be those that have Unfunded Approvals, so those  
20 are the projects that have actually come to the stage of  
21 submitting the application for funding, they have gone  
22 through the DSA and CDE approvals, as well as receiving the  
23 necessary approvals for the health and safety issues at the  
24 sites. There is also a batch of projects that we refer to  
25 as Conceptual Approvals; now, those are the projects that

1 have come before the Board, and they have met the criteria  
2 for the health and safety threat, however, they may not be  
3 in a position, or may not be ready to actually submit the  
4 funding component of the application. So, in those cases,  
5 the Board as provided an Approval in Concept that, when this  
6 project does come forward for funding, it is going to be  
7 eligible under the program. So, the subcommittee discussion  
8 on the actual unfunded approvals for facility hardships,  
9 there was a recommendation put forward that the Board would  
10 move all of these projects to the top of the entire Unfunded  
11 List. As they are ordered right now, they go to the top of  
12 each month's approvals, so you would see a Facility Hardship  
13 at the top of, let's say, April, then the regular New  
14 Construction and Modernization, and then in May you would  
15 have a Facility Hardship application. So, the  
16 recommendation was to go ahead and move all of these  
17 projects after the Priorities and Funding apportionment, to  
18 move them to the top of the list, so that the most critical  
19 projects could actually receive priority when funds do  
20 become available for apportionments to be made.

21 The Subcommittee did not reach a consensus on a  
22 recommendation to the full Board dealing with the Conceptual  
23 Approvals. There were two topics that seemed to be of the  
24 most concern, and one was that these are health and safety  
25 issues, so there was concern that, for Districts that had a

1 Conceptual Approval, they may not have had bond authority at  
2 the time when they were ready to actually come forward with  
3 the funding applications. So, there was concern with  
4 leaving them out of the bonding authority. However, there  
5 was also a concern with the timing of these projects because  
6 the Conceptual Approvals on a Rehabilitation are valid for  
7 18 months, and on a Replacement Project for 24 months,  
8 before the District needs to come forward with the funding  
9 application. So, some subcommittee members expressed  
10 concern that this was delaying the ability to get the bond  
11 authority, and then also the cash out into the economy. So,  
12 the item before you outlines that, and staff has provided a  
13 little bit of additional information to try to address some  
14 of the timing concerns the Board may wish to - for the  
15 Conceptual Approvals, the Board may wish to consider such  
16 things as reducing the amount of time that the Conceptual  
17 Approvals have to move to a regular Unfunded Approval, that  
18 may require some regulation - actually, that will require a  
19 regulation change. There is also the issue of time  
20 extensions that these projects are granted. When Conceptual  
21 Approvals reach the end of their 18 or 24 month time period,  
22 sometimes Districts come forward to the Board and request a  
23 time extension, and historically the Board has granted  
24 those, so perhaps the Board wishes to revisit their policy on  
25 doing that.

1           Also included with the item are Attachments A  
2 through D, the most recent version of the item should have  
3 an Attachment D. And the highlighted colors on these  
4 attachments show some different options for what the format  
5 of the Unfunded List might look like, depending on which  
6 direction the Board chooses to go. And I will mention that,  
7 with the previous discussion about ranking the applications  
8 received on the same day, that could carry over to this  
9 format once a decision has been made. We do not often get a  
10 lot of these applications with the same received date, so it  
11 is not as big of an issue, but we could certainly carry that  
12 over on the other item. Briefly, Attachment A shows at the  
13 top of the Unfunded List only those projects that have an  
14 Unfunded Approval, that does not put the Conceptual  
15 Approvals on the Unfunded List, at all. So it provides  
16 priority to Facility Hardships with an Unfunded Approval.  
17 Attachment B shows both the Unfunded Approvals and the  
18 Conceptual Approvals at the top of the list, with those in  
19 yellow being the Unfunded, and the lesser priority being  
20 those in blue, showing the Conceptual Approvals. Now, in  
21 effect, what that does is it potential reserves cash for  
22 those projects because the Department of Finance does look  
23 at these attachments on the Unfunded List when evaluating  
24 cash needs, so that may actually reserve cash for the  
25 projects. So I am going to skip over C for a second and

1 draw your attention to Attachment D, which it still has the  
2 Unfunded Approvals at the top of the list, and then it goes  
3 back to the regular Unfunded List for typical New  
4 Construction and Modernization projects, and then, at the  
5 bottom, the Conceptual Approvals are placed on the Unfunded  
6 List so that they are accounted for within the Bond  
7 Authority, however, they are the bottom of the list as cash,  
8 sort of becomes available, and then once they reach the  
9 stage where they have submitted the documents necessary to  
10 go to an Unfunded Approval, they would then move back up to  
11 the top of the list with the other Unfunded Approvals. So,  
12 with that, the recommendation from staff would be to accept  
13 the Subcommittee recommendation on moving Facility Hardship  
14 Unfunded Approvals to the top of the Unfunded List, and we  
15 are seeking direction for how to place the Facility  
16 Hardships with Conceptual Approvals on the Unfunded List, if  
17 at all. And with that, I would be happy to answer any  
18 questions.

19 CHAIR BRYANT: Are there any questions. I would  
20 like to just make a suggestion. Can we just talk first of  
21 all about the Facility, the policy just on the Facility  
22 Hardships and set aside Conceptual Approvals for a minute?  
23 Is there a general consensus on that issue at this point?  
24 Or were there any questions specifically on whether or not  
25 we want to move all Facility Hardships to the top of the

1 list? Okay, then, I think the thorny issue, which I do not  
2 think at the time of the Subcommittee Hearing we got all the  
3 way through, and so we did not come up with a  
4 recommendation, is this question of Conceptual Approvals.  
5 So, if we could focus on that, that would be great, if  
6 anybody has any questions or comments on the Board, and  
7 maybe we have public comment on that item.

8 ASSEMBLY MEMBER BUCHANAN: I do have a question on  
9 the conceptualls because, per our discussion, my  
10 understanding is the conceptualls, someone comes and says we  
11 have this health and safety issue, this is where we are with  
12 our District, and everything is presented, and you say, yes,  
13 that will qualify for a Critical Hardship Grant. But the  
14 District then has to go and have the Architectural work done  
15 and the plans drawn, and we need to determine exactly what  
16 needs to be done and what the cost is before then, that is  
17 submitted, and then you get approval. Correct? And I  
18 believe you told me that some of the conceptual approvals -  
19 you can have a lag, and I think you told me the longest lag  
20 was - what was it, five years between then, and when it is  
21 submitted, which, you know, on the one hand, I am thinking  
22 to myself, if this really is a health and safety issue, it  
23 should not take five years, but I know, I have seen School  
24 Districts strapped for money, so I do think that it merits  
25 discussion as to whether or not we should be putting

1 projects - reserving money for projects where they do not  
2 even have, you know, DSA approval of plans in terms of what  
3 they are going to do, when you have other projects that you  
4 need to fund. And I think it is a discussion that we should  
5 have, and I certainly would like to have some discussion on  
6 the merits of both options there.

7 CHAIR BRYANT: Did you have a question? Okay.

8 MS. MOORE: Just so I understand, Exhibit D is still  
9 reserving the funds for them, so that means that if they did  
10 not perfect within a certain period of time, and other  
11 projects that are not Facility Hardship come behind them,  
12 and we run out of bond funds, they are still reserved on  
13 here. Is that correct?

14 MS. KAMPMEINERT: You could choose to do that on  
15 Exhibit D.

16 MS. MOORE: I mean, that is what Exhibit D does, is  
17 that correct?

18 MS. KAMPMEINERT: That is the bond authority.

19 MS. MOORE: Okay. I will just say, at the  
20 Subcommittee meeting, I was probably the advocate for  
21 Conceptuals and I will give you my thinking on it, and then  
22 I will tell you where I have evolved from there, if that  
23 helps at all. And that was that, often times, at the  
24 Conceptual Approval, you have to have all of the third-party  
25 verification that there truly is a financial hardship. For

1 instance, you know, the Department of Transportation has to  
2 say, "Yes, indeed, you are in the flight path of an  
3 airport." And what usually happens after that is the  
4 School District has to take the actions, then, to remove the  
5 condition, which costs money and/or relocates people and  
6 causes the issue to start to have to be financially resolved  
7 by the District, regardless of where the State is. It is  
8 kind of like the Seismic Program in the sense that, once you  
9 are deemed a Seismic problem, you have to take care of it.  
10 My concern was, with little bond funds, that then you have  
11 taken those actions, and then come the two years later,  
12 there is no money at the end of the road, and I was  
13 concerned about that. However, there was testimony that the  
14 School Districts were okay, I mean, through the  
15 Associations, that they felt it was better to utilize the  
16 money now than to wait on the five years potential -- not  
17 five years -- the 18 months and 24 months that they are  
18 required to perfect the project, and any time extensions  
19 that we give. So, I have loosened on it. I am still  
20 concerned for that District that has a terrible Facility  
21 Hardship, that gets a Conceptual Approval, and will be out  
22 of the money at some point unless there is a new bond  
23 measure.

24 CHAIR BRYANT: Mr. Harvey.

25 MR. HARVEY: Well, like all things, we do not

1 personalize them. We have strong feelings on the policy and  
2 I was on the other side. I came down on the side that said,  
3 in time, when you are trying to build schools, make them  
4 safer for a whole category of projects, tie money up for  
5 what could be five years was not fair. And I am most  
6 comfortable proceeding with the recommendation that staff  
7 has made on the Unfunded List, but I did not want to tie up  
8 cash for 18 months, 24 months, or what could be five years  
9 simply because we have so many other needs in New  
10 Construction, Modernization, High Performance, Seismic, you  
11 name it.

12 CHAIR BRYANT: Is there any public comment? I saw  
13 somebody getting up, okay. Well, what is the will of the  
14 Board? I mean, I will just say, I go back and forth on  
15 this, there is a part of me that thinks that these schools  
16 that are in here now with Conceptual Approval, that we kind  
17 of - I do not want to say we owe them something because they  
18 can get their acts together and get everything done, I know  
19 it is difficult, all the things that are going on in School  
20 Districts, but on the other hand, it would - it seems very  
21 difficult to say to a District, "Yeah, that's great, we gave  
22 you Conceptual Approval, but, sorry, we're out of funds.  
23 We're out of authority, you're done." And we do not know  
24 when the next bond is going to be, and so if they are health  
25 and safety, I think we know that it is a priority for the

1 State to provide - to address those needs. So, I mean, I  
2 actually made the staff go back and do Option D, so I sort  
3 of - I like Option D, I like letting the Conceptual  
4 Approvals be on the list, and maybe there is a cutoff, maybe  
5 we say that Conceptual Approvals through now are going to -  
6 we are going to reserve authority for them, and we provide  
7 notice to anyone now who comes in for Conceptual Approval,  
8 you may be out of luck, although I suppose that was always  
9 inherently there for schools that were coming in on it, I do  
10 not know.

11 MS. MOORE: If I may, Cynthia, that is - it is a \$15  
12 million issue, if I understand the list correctly. \$22  
13 million are currently all the way through the process and  
14 would rise to the top of the list, and then \$37 million  
15 would be the universe if we included the Conceptuals, which  
16 if I did my math correctly, is the difference, which in our  
17 program is pretty small, although it is in the millions of  
18 dollars, but in percentage wise, it is a pretty small  
19 reservation.

20 SENATOR HANCOCK: So you would encourage us to do  
21 the Conceptuals and -

22 MS. MOORE: You know, you saw me capitulate a bit, I  
23 was very strong about it in the beginning. I did, though,  
24 listen to School Districts' testimony that said "we prefer  
25 that the money go out." But, as I look at the dollar

1 amount, if we keep it only to the universe that we are  
2 talking about right now, which is the ones that we know are  
3 in, the dollar amount differential is quite low.

4 ASSEMBLY MEMBER BUCHANAN: I was going to say, we  
5 have had discussions about changing rules mid-game before, I  
6 do not think we should change the rules mid-game for those  
7 who have Conceptuals, who believe they have an approval. But  
8 I just think, going forward, you know, if someone comes to  
9 us and we say, "Yes, this will qualify," it is then the onus  
10 is on that District to get the architect or whoever and get  
11 those plans in as soon as possible, and get approval, and  
12 get the project done because I do not think we should be - I  
13 mean, if Districts are telling us we should not be tying up  
14 funds, I do not think we should be tying up funds for other  
15 projects because you can have Modernization Projects for  
16 schools that are 50 or 60 years old, that may not  
17 technically be considered Critical Hardship Programs, but  
18 schools that desperately need to be modernized, so, if  
19 something is a health and safety issue, and someone has not  
20 gotten their plans approved for five years, then how much of  
21 a health and safety is it? You know, so my suggest would be  
22 that, for those where they believe they have a commitment  
23 and we put them on the list, that we not change the rules  
24 mid-game, but I certainly believe going forward that we  
25 should not be approving funding until projects are actually

1 approved.

2 MS. MOORE: Well, if I may help to clarify, I do not  
3 think that the Conceptuals have had a guarantee from us, so  
4 if that helps you with your thought process on that, they  
5 have never had a guarantee. They have had to come forward,  
6 so we are actually getting them something that they would  
7 not expect if we include them.

8 CHAIR BRYANT: Right, the way you are describing it,  
9 it would be what is in here as Option B, where it is just  
10 the projects that have finished, they have gone beyond  
11 Conceptual to - is that what we call "Final?" They have the  
12 Final Approval and they are on the Unfunded List. We are  
13 just moving them to the top of the list. Or we would be if  
14 that is the will of the Board. Okay, well, are there any  
15 other questions or thoughts? A motion, perhaps?

16 SENATOR HANCOCK: Well, I would be willing to try to  
17 pull what seems to be the consensus out here, which is that  
18 we fund the groups in yellow on Attachment D, and we move -  
19 we say that we will honor the Unfunded List for the  
20 Conceptuals that are there, but -

21 CHAIR BRYANT: There are not actually any - right  
22 now, these are for demonstration, right now there are no  
23 Conceptual Approvals on the Unfunded List. And I think one  
24 thing Barbara maybe could have -

25 SENATOR HANCOCK: So we have a policy issue and a

1 release of funds issue?

2 CHAIR BRYANT: No, what it is is that the Unfunded  
3 List is the tool that is used by the Department of Finance  
4 and the State Treasurer to know how much pending bond  
5 authority we are asking for, what is our bond authority that  
6 is committed now? That is how they view this list. And so,  
7 if we are going to reserve bond authority for Conceptual  
8 Approvals, it has to be on this list. It is not about  
9 approving them for funding, it is really about saying to the  
10 State Treasurer, saying to the Department of Finance, "This  
11 is what we reserved bond authority for," because that is  
12 what the Unfunded List is, and we are getting to the place  
13 where this Unfunded, at the time we passed where there is no  
14 more bond authority, we will have a different kind of a  
15 list, hopefully, in somebody else's chair, darn it, but for  
16 now, think of the Unfunded List as being bond authority we  
17 are reserving, as well as commitments to funding we have  
18 made, and so that is why the question of whether or not it  
19 goes on the list is about whether we want to reserve  
20 authority. So that, and we do not do that presently.  
21 Presently, those conceptual approvals are tracked somewhere  
22 else, and we could run out of bond authority and they would  
23 be out of luck. If they had not converted, whatever - I  
24 guess it is converted. Does that make sense?

25 SENATOR HANCOCK: Yeah.

1 CHAIR BRYANT: So, if we are going to stick with our  
2 current commitment, we would just make a motion on Option  
3 1A.

4 MR. HARVEY: Option A.

5 CHAIR BRYANT: Option A, which is Number 1 on the  
6 Staff Recommendation.

7 ASSEMBLY MEMBER BROWNLEY: May I just ask a  
8 question? So, don't all projects have to go through a  
9 Conceptual stage? I mean, so -

10 MR. MIRELES: No. Most projects - for Facility  
11 Hardship, they can come in and get a Conceptual Approval.  
12 Most other projects have to come in and have plans approved,  
13 these are your typical projects that are not financial  
14 hardship - Facility Hardship, excuse me.

15 ASSEMBLY MEMBER BROWNLEY: But for Facility Hardship  
16 projects?

17 MR. MIRELES: Yes, so they have the option, most of  
18 them do.

19 ASSEMBLY MEMBER BROWNLEY: They come in with their  
20 money, their plans, they are ready to go?

21 MR. MIRELES: No. We have not seen any. Most  
22 Districts come in and get a Conceptual Approval first, and  
23 then go out and get the Funds Approval.

24 ASSEMBLY MEMBER BROWNLEY: I mean, so every hardship  
25 project goes through that process, some after the Conceptual

1 phase and after approval of the Conceptual phase, some  
2 School Districts react quicker than others. Correct?

3 MR. MIRELES: Yeah, again, but the Conceptual is an  
4 Option. Some Districts have come in with actual plans -

5 CHAIR BRYANT: And why do they want to know? I  
6 mean, explain that again, why do they come in and ask for  
7 Conceptual Approval? What do they want to know?

8 Mr. MIRELES: It gives that School District  
9 assurances that the Board has approved this certain  
10 condition as a health and safety, as a facility hardship,  
11 and they can move forward under this program. But it gives  
12 them those assurances.

13 ASSEMBLY MEMBER BROWNLEY: I mean, because I guess  
14 one option, too, could be, you know, to put the Conceptual  
15 Approvals, if there are any, because right now you are  
16 saying there are none, correct?

17 MR. MIRELES: No, we do have some that the Board has  
18 approved, that they are going through the process.

19 ASSEMBLY MEMBER BROWNLEY: They are going through  
20 the process now.

21 MR. MIRELES: Yeah, so getting the funds approved.

22 ASSEMBLY MEMBER BOWNLEY: I mean, we could put, you  
23 know, the projects in the blue on a clock of some sort, you  
24 know, that says, "By X period of time, everybody is on the  
25 same clock, they have X period of time to get to the

1 completion of their project." I mean, I am a little  
2 sympathetic to the issue that, if a school is in a hardship  
3 situation and has to expend dollars to rectify the  
4 situation, immediately, and then has to go through a  
5 process, you know, I am a little sympathetic to that. But,  
6 on the other hand, I kind of concur with the idea that they  
7 should, you know, the projects that are completed should be  
8 prioritized, too. So it is a tough one.

9 CHAIR BRYANT: Any other thoughts or comments?

10 MR. HARVEY: In an effort to move the agenda, let me  
11 see if I can get a second and enough votes for Option A,  
12 which would place those that are ready to go at the top, and  
13 would put the burden on those who are Conceptual to get to  
14 the top, and we are not reserving money for those that are  
15 not ready to go.

16 ASSEMBLY MEMBER BUCHANAN: I would second that.

17 CHAIR BRYANT: Can you call the roll? Oh, wait, is  
18 there any last minute public comment? Go ahead and call the  
19 roll.

20 MS. GENERA: Senator Hancock - Aye; Assembly  
21 Member Brownley - Aye; Assembly Member Buchanan - Aye; Scott  
22 Harvey - Aye; Kathleen Moore - Aye; Lyn Greene - Aye;  
23 Cynthia Bryant - Aye. It carries.

24 CHAIR BRYANT: Okay, so we are done. Just real  
25 quickly on this schedule, we have a meeting on August 25<sup>th</sup>,

1 which we will have because we really have to keep up with  
2 some of our basic workload, and what we will do is I will  
3 work with staff to have various lengths of meetings because  
4 I know it is the end of Session and the Legislative members  
5 may have difficulties getting here, but we will have  
6 variations, five-minute meetings to five-hour, depending.  
7 And then, the September meeting we are trying to move, we  
8 had a request from a Board member to meet that meeting, and  
9 frankly, as I sat here listening to Stephen, it was kind of  
10 tie, your staffs have all been surveyed, we kind of have an  
11 equal number of members available for everyday, but I would  
12 like to suggest we move the September meeting to October 6<sup>th</sup>,  
13 the reason being is that will be the end of the 90-day  
14 period Stephen can give us final report and it honors the  
15 request of the Board Member who cannot be here on the 22<sup>nd</sup>.  
16 Some of you do not know where you are going to be on the 6<sup>th</sup>,  
17 but I think I would like to work towards having that meeting  
18 on the 6<sup>th</sup> so we can be finished with that process. If there  
19 are not any objections, we will move it that way. All  
20 right, then, this meeting is adjourned. I am sorry it was  
21 so long, but we did finish the binder.

22 [Concluded at 7:41 p.m.]

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25