State Allocation Board Meeting

State Capitol Building

Room 437

Sacramento, CA 95814

Wednesday, August 25, 2010

4:00 P.M.

Reported by
Tahsha Sanbrailo

APPEARANCES

Members Present:

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

Staff Present:

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

Lisa Silverman, Acting Executive Officer
Lisa Kaplan, Assistant Executive Officer
Juan Mireles
Dave Zian, OPSC
Chris Ferguson, Department of Finance
Matt Pietralunga

Public Comment:

Enrique Palacios, Assistant Superintendent for Business Services, Pittsburg Unified School District

Dave Walrath, representing California Charter School Association

Steve Castellanos, Program Executive, Caldwell Flores and Winters

Janet Kliegl, Superintendent, Lindsay Unified School District

Tom Duffy, Coalition for Adequate School Housing

P R O C E E D I N G S

AUGUST 25, 2010 4:00 P.M.

CHAIR BRYANT: All right, everyone. Call to order. I think what we are going to go ahead and do is start this meeting as a subcommittee. So, do we usually call roll? Go ahead and start the roll call and we'll catch up on that later.

MS. GENERA: Senator Lowenthal – [Present]; Senator Hancock – [Present]; Senator Huff – [Present]; Assembly Member Fuller – Here; Assembly Member Brownley – [Present]; Assembly Member Buchanan – Here; Scott Harvey – Present; Kathleen Moore – Here; Lyn Greene – Here; Cynthia Bryant – Here.

CHAIR BRYANT: I just want to remind members and staff and any speakers that come to the table that everybody has to speak into one of these microphones today in order for the Court Reporter to hear us and accurately transcribe the meeting.

So, I think what I would like to go ahead and do is start with, first of all, Tab 11 is pulled from the Agenda. We will hear that at our next meeting. I think what we will go ahead and do is start with Tab 15, which is a Report on High Incentive Grants, which I'll actually just do myself really quickly. We have had very productive meetings on this issue between the DSA and CHPS and myself.

We have been meeting regularly. I think we are going to get to a point next week where we can finish up and I will keep the members posted. It is our intent to bring back the final report at our next regularly scheduled meeting, and I do not think we will have a problem with that. So, that is that report.

Tab 16, do we need any comment on Tab 16? Lisa, is there anything to present on Tab 16?

MS. SILVERMAN: Yes.

CHAIR BRYANT: Oh, yes, sorry. Dave Zian will be up here to present on this item.

MR. ZIAN: Thanks for waking me up. Madam Chair, members of the Board, the purpose of this report is to provide the Extreme Hardship Survey results that were directed by the Board a year ago, in April of 2009. As background, due to revisions of the Budget Act, in the Deferred Maintenance Program, the funding was decreased – some of you will remember this, some of you may not – but the funding was decreased from $277.4 million to $240.6 million, and this funding decrease necessitated Board action relative to the amounts that would be provided for Extreme Hardship projects. And it was decided at that time, in April of 2009, to fund on an incremental basis for a period of five years, and we're in the middle of that right now, by the way, at a 21 percent amount. So, if you do 5 X 21, you

get to 105, so that's the weird percentages in this item.

To this end, 126 Extreme Hardship projects were approved by the Board last year in April and they were funded incrementally at that 21 percent amount, at that time. And there was also a stipulation to staff that they survey districts a year later and, so, staff has – so in April and May of this year, 2010, staff surveyed school districts, they developed four core questions, and the questions were all related to the questions that the Board had last year relative to whether or not a school district could proceed with this incremental Extreme Hardship funding that was provided at that time.

So, the survey questions were developed and the survey went on, and if I would spend a few seconds here and just talk about the questions themselves that go after the core question, the first question that was asked of school districts in the survey was whether or not the school district could proceed with the project as intended; secondarily, the current status of the project; thirdly, how the district proceeded and the type of financing that was utilized in the Extreme Hardship project; and lastly, the reason the district was unable to proceed with the project.

So, as far as some of the data related to the survey, 112 districts were affected by this direction by the Board, and they were surveyed. Ninety-three of the 112

districts actually responded, indicating an 83 percent district response rate, a very high rate, and that is good. And in those 112 districts, that comprised 126 Extreme Hardship projects, of which we received 106 comments related to that in the survey, again, indicating a very high response rate of 84 percent. Now, as far as on the second page of this item, there is a lot more granularity as far as the data, the questions, and the nuances, we put them into different categories and percentages, but I will distill it for you for the sake of brevity right now. And 65 percent of the districts through this survey process indicated that they would proceed with their Extreme Hardship projects, as intended. Breaking that down further, that 65 percent amount indicated 39 percent of the districts are proceeding incrementally with funding available through the DMP; another 35 percent are proceeding with other district funds and as funding is made available through the Deferred Maintenance Program; and lastly, 15 percent used alternative financing. So, that's the report. Do I have any questions at this point?

CHAIR BRYANT: Any questions? Mr. Harvey.

MR. HARVEY: I have got to assume that Deferred Maintenance is an important and high priority, you're trying to correct something. Could you tell me if you can on question 4, that "C" category, where they were utilizing the

funds for other educational purposes, what would those be and how would they be more important than Deferred Maintenance?

MR. ZIAN: In some cases, the projects are not ready to go ahead, Mr. Harvey. There may be planning, there may be decisions about how to address the particular Extreme Hardship. I'm not sure if there are other issues beyond that, but I think that is the primary reason, they just were not ready at the time, so it is a sequencing thing.

MR. HARVEY: Do you have any idea what those other educational purposes were?

MR. ZIAN: Not offhand, but I could certainly look into it if you would like me to.

MR. HARVEY: Would they be consistent with other financial hardship needs? Is there some requirement, or can it be absolutely anything like –

MR. ZIAN: I think the answer could be yes, I think it could be consistent with that.

MR. HARVEY: We will have an offline, if you can get me a little more. Oh, Chris has some information.

MR. FERGUSON: I do. Chris Ferguson, Department of Finance. Among other things, the school districts were provided the flexibility through statutes to use that for other educational purposes, including keeping teachers on the job, providing for books for students or educational

materials, among other things.

CHAIR BRYANT: Thank you.

MR. HARVEY: Thank you.

CHAIR BRYANT: Any other questions? Is there any public comment on this item? Okay, well, then we will move on to Tab 17. But I do want to say something about all these information items that we are hearing in the absence of the members, is that DGS and OPSC have volunteered to come and brief any member on any one of these items if they missed the presentation, so staff that is listening here in the room, we will make sure we circle back with everyone, and so if anybody has individual questions they do not get to ask here, we can deal with those individually.

TAB 17. OFFICE OF PUBLIC SCHOOL CONSTRUCTION QUARTERLY FINANCIAL REPORT

CHAIR BRYANT: Okay, Tab 17.

MS. SILVERMAN: Yes. The purpose of this item is to inform the Board of the administrative cost allocations that we have spent to administer the program for 2009-2010 Fiscal Year. Staff would like to advice the Board that the initial Budget Act allocations to administer the program was budgeted for $15.9 million. As you may note, that our budget was reduced to nearly $13.8 million to comply with the budget letters, the Governor’s Executive Order, and the Budget Act Control Sections.

The amounts provided to the Line Item Appropriations include the costs allocated to administer the School Facilities Program of over $13 million, the Relocateable Classroom Program of over $264,000, State School Deferred Maintenance Program, $142,000, and $320,000 for General Fund for Emergency Repair Program. Additionally, the amounts reported in the report are exclusively those of OPSC and exclude the costs of the State Controller's Office, California School Finance Authority, the Treasurer's Office, which they do the Financial Soundness Test, and the California Department of Education. So this is, again, exclusively OPSC's cost.

We also included in the report the attachment on page 226 and it actually is a breakdown of the budget cost vs. the actual costs incurred for the program. For two budget years, Fiscal Year 2008-2009, 2009 and 2010. And if you follow your way down your right-hand column, as you can see, for 2009-2010 budget year, we obviously have a surplus, meaning we were budgeted for $13.7 or almost $13.8 million to expend for the program, and we only actually spent $12.8. So we have the surplus of nearly a million dollars or $951,000.

So, what does that all mean? Staff saves seven percent of the total budget, that means that there are additional monies available to fund construction projects,

so that is great news. Staff has also added additional detail and you will see that in Attachment 2, which is on stamped page 227, realize, I understand that came in today, but that obviously provides a little higher level of detail to some of the line items that there may be questions on. With that, staff has been prudent in expenditure of the bonds, your overall cost used to administer the program, for this $35 billion program, has been only .62 percent, or approximately $217 million over the last 11 years.

CHAIR BRYANT: Can I interrupt you for one second? But that's for the entire – that includes everybody's cost.

MS. SILVERMAN: Right.

CHAIR BRYANT: CFSA, DOS, CDE?

MS. SILVERMAN: That is correct. And so, likewise, if you compare the expenditure of other Strategic Growth Bonds, there is a set aside reserve of 2 percent, so compare OPSC's cost to administer the program includes all the other costs, .62, it is a relatively small fraction of what the other bond programs charge.

So, again, staff will continue to provide quarterly reports, again, as a form of transparency to report out how the bond funds are being expended. So, at this time, we are requesting the Board to accept this report.

CHAIR BRYANT: Are there any questions from Board

members? Go ahead.

MS. MOORE: Thank you, Lisa. It looks like 159 PYs – is that fully staffed? Or what – and it looks like there are savings in the staffing numbers, correct?

MS. SILVERMAN: That is correct.

MS. MOORE: So, my assumption is you were not fully staffed, but what would fully staffed be?

MS. SILVERMAN: We have 37 percent – we have 37, excuse me, positions that are vacant.

MS. MOORE: Thirty-seven?

MS. SILVERMAN: Yeah.

CHAIR BRYANT: Is there any public comment on this item?

ASSEMBLY MEMBER BUCHANAN: So, how many unfilled position did you have the previous year?

MS. SILVERMAN: Our vacancy rate in 2009 – we had 14 vacancies in 2009, so the rate of vacancy was 8 percent.

ASSEMBLY MEMBER BUCHANAN: And the reason for the additional vacancies?

MS. SILVERMAN: This year from last year? Well, obviously, there was a – we had a high turnover, there is a lot of pressure to administer the program, so with that, people promote up to other opportunities, so it’s hard to explain the reason why, there is a turnover.

MR. PIETRALUNGA: Yeah, Matt Peitralunga, Admin

Manager for the Public School Construction, so, yes, Lisa did address that, but there were 14 vacancies last year that we had. And, again, there's been a Governor's Order that was issued in July of 2008 that said that there was no hiring, and then DGS also had an internal hiring freeze issued in July of 2009, so that was one of the reasons why we also did not fill any positions since then.

MS. SILVERMAN: But currently we do have a number of postings internally of positions being filled.

MR. PIETRALUNGA: Yeah, those who had gone through the exemption process, that had gone all the way up for approval. So, again, there are – we did attempt to go through the exemption process, but they were denied at that point. But these, now, are being allowed to be filled.

CHAIR BRYANT: Any other questions? Okay, next is Tab 18, but I don't see Mr. Amos here yet. Oh, sorry, you snuck in, okay.

TAB 18 OPSC/DSA PROGRAM REVIEW.

CHAIR BRYANT: Okay, so Tab 18. Update on the OPSC/DSA Program Review.

MR. AMOS: Thank you, Madam Chair and distinguished Board members, for the opportunity to get back to you and present what has been an ongoing process. This is the second presentation to the State Allocation Board and serves as an update in terms of where we are with our

program review. What I'd like to articulate is that the process has been very successful. I am proud to say that I jointly chair this process with Kathleen Moore, she serves as Vice Chair of this process.

Beginning August 5th through August 12th, we had half-day meetings with the subcommittee working groups, and through that process what we were able to identify was a series of proposed changes, or modifications, or concerns that had been forwarded to us. There is a blue presentation that is before you, and I apologize for not mentioning that sooner, but in the document it articulates that each of the subgroups, which were comprised of customers and stakeholders and representatives, focused on one aspect of the School Construction process, that is, planning, design, design review, funding, bidding a construction or move-in, close-outs. And in each one of those areas, they had a charter in which they were to respond to. Each of the working subgroups was successful in accomplishing that. They articulated up to 10 concerns, including the identification of short term, medium, and long term proposed solutions to address these concerns. Again, these are represented in the chartered documents that are in this document, and are posted currently.

On August 18th, DSA and OPSC's Expert Working Group reviewed the chartered documents in keeping with the State

Allocation Board's recommendations that we be careful not to focus on a stovepipe type perspective, but to look across the board and look for horizontal interfaces, or opportunities to effect change. We identified a series of areas where we can extrapolate or communicate that, across program areas, there are issues to be addressed, and that is towards the end of the document here under the summary pieces.

What I will say is that the meeting on the 18th was most productive with a lot of conversation about those commonalities, exploring with the subgroup chairs what those commonalities may be, and how they interpreted and/or would communicate proposed solutions.

We anticipate continuing through this process. Our next meeting is on September 8th, there is a calendar of events that is identified in the back of the document that articulates that this next meeting will be focused largely on, again, exploring that matrix of the various cross-cutting issues, and then our intention is to further flush out which of those particular issues could be synthesized or collapsed in commonalities. Currently, we have approximately 46 different areas of focus. We envision that, through this process, we will continue to narrow those down to common areas, common themes, and hopefully provide for a more streamlined understanding of the process.

The scope of the program review has been reduced, postponed, the areas of Audit, Appeals, and Performance Measures. This was by agreement and in partnership with the State Allocation Board that these are areas that we would postpone at this time and give the State Allocation Board the opportunity to finalize its work in its various subcommittees, and to ensure that we give adequate time and consideration to those.

I will also articulate that the highlights of a subgroup, Customer Service, including an average rating of 4.3 on a scale of 1 of 5, 5 being excellent for the program review, demonstrated that the customers, the individuals that were involved in the subcommittees, felt that this was representative of their work, and that the process supported the continuation of these efforts.

While I recognize that this is a lot of information being made available to you, with very few moments to share them, I would like to make sure that I give you an ample opportunity to ask me any questions that may be before you at this time.

CHAIR BRYANT: Are there any questions for Mr. Amos? Do you want to add anything, Madam Co-Chair?

MS. MOORE: No, it’s been a pleasure to be part of the process. I think there has been a number of people at the table that are providing insight into the way that that

program could operate better. I think that there is going to be – you will find that there will be results that fall into the category of – it's going to need a legislative fix that could possibly have an administrative fix, or that it may be a regulatory fix. So, I think it is going to fall across those areas. And then, I just personally think that a support that we are giving the State Allocation Board the opportunity in the three areas that you mentioned, to complete their work before any work at the expert level, I think that this is a lot to chunk off as it is, and probably concentrating our efforts there are going to be better in the long run. Thanks.

CHAIR BRYANT: Okay, thank you. Again, and Stephen is always available for calls from any Board members that have questions or concerns about the process. So, thank you.

MR. AMOS: Thank you.

CHAIR BRYANT: I do note that I would not have survived with Ground Rule 4, which is no personal communication devices!

TAB 3 EXECUTIVE OFFICER's STATEMENT

CHAIR BRYANT: Anyway, all right, so let's go back and, Lisa, why don't we do Tab 3, your Executive Officer's Statement?

MS. SILVERMAN: Will do. I would like to

highlight a few items to the Board tonight, is our priorities in funding around Funding Release Requests. It is obviously – we wanted to share with you that we just met two weeks ago, three weeks ago, and we provided active apportionments for 78 projects at our last meeting, and to date, we received requests for 49 projects, which represent 62.8 percent of those projects provided apportionments, which represents $320 million out of the $408 million. So, that's great news for the program. We actually are notifying those districts who haven't submitted a Fund Release, we sent them an e-mail blast today to remind them of the timelines and deadlines, and so we will be encouraging districts to come in, perhaps on a monthly basis, and we are hoping by next month we will have good news that all of the money has been expended for the program. So, that's great. We're excited about that. Do you have a question?

CHAIR BRYANT: Did you want to ask a question about that?

MS. MOORE: No.

MS. SILVERMAN: Okay, sorry.

MS. MOORE: I'm just smiling.

MS. SILVERMAN: Oh, you're smiling, that's great news.

CHAIR BRYANT: Can I ask – I do – let me ask since

we're going to stop for a second. So, what is your plan for contacting – working with the 19 districts? Are you going to start a more personal contact program than just e-mails at this point? It's a small universe.

MS. SILVERMAN: Right. What we did today was send them an e-mail notification specifically to those districts, so that was a first form of reach-out. What we plan to do is, I will ensure that staff will call them up next week, walk them through the process if there is anything they're unclear about, you know, so, again, we want to provide more effort and communication with them if they're unclear about the process.

CHAIR BRYANT: I'm always sensitive to putting extra work on the staff, but I think that it would be nice – I'm assuming the number 19 is going to be significantly smaller by the time we get to our next meeting on October 6th, so maybe you can report to us what some of the barriers are, what your sense is of why districts have not submitted their paperwork, so that the Board can understand –

MS. SILVERMAN: Some of the challenges.

CHAIR BRYANT: -- some of the challenges they're facing.

MS. SILVERMAN: Yeah, we will certainly work with the districts and disclose to you, all the members, about what the challenges are.

CHAIR BRYANT: Okay, thanks.

MS. SILVERMAN: So, we also wanted to update – we have been doing a lot of enhancements in the area of our Website. Again, I know DSA actually has a tracking mechanism to add more transparency to their projects. Likewise, we want to mimic something that we can also share with our stakeholders and our interested parties of where they're at in the process. So, again, the goal is to provide this new website enhancement, hopefully deploy it by the end of September. Again, it gives more level transparency of where the districts are in the process as far as how we are processing their applications, and it is also a useful management tool, so we can find out if there are any issues or any barriers, that we are experiencing in processing their application.

And, again, tonight we have produced, as we mentioned at the last meeting, the first financial report. And the goal is to obviously provide another layer of transparency, willing to obviously meet with some of the members that weren't here tonight, and obviously report back on a quarterly basis. So, the goal is to report back at the November meeting for the next report. And, in our item tonight, we are also sharing high performance grants, we are providing 17 applications of $1.1 million, which is also considered in your consent calendar. And the Workload Plan,

there also is attached page 16, 17 and 18, is your 90-day workload review. Again, we also added the updates to the Facility Hardship Log Request and Appeals. An item that we wanted to highlight for next month is we are going to be having a report for Calexico. So we are hopefully going to be joined by CALEMA at that Board meeting. With that, I'll open it up for questions.

CHAIR BRYANT: Are there any questions for Ms. Silverman?

MS. MOORE: The last item, again, Lisa, that Calexico is going to do what?

MS. SILVERMAN: It is an After Action Report on the earthquake relationship and how we communicate with districts. We're hoping to have a more comprehensive plan to share with our stakeholders about how we can provide them services, or have a better emergency plan of response for them during these –

MS. MOORE: Oh, so it's not Calexico reporting –

MS. SILVERMAN: No, no.

MS. MOORE: It's you –

MS. SILVERMAN: No, After Action on the Earthquake, yeah.

MS. MOORE: Thank you.

CHAIR BRYANT: Okay, any other questions? Well that leaves me with no choice but to go back and begin going

through our Action items and we'll just leave the roll call open. Can we start voting when we only have five of us here? I actually don't know the answer to that question. Okay, all right, good, then we will go ahead and we will take up Tab 2, which is the Minutes of the previous meeting.

TAB 2 MINUTES OF AUGUST 4, 2010 MEETING.

CHAIR BRYANT: Are there any questions or comments? Is there a motion?

MR. HARVEY: Move approval.

MS. MOORE: Second.

CHAIR BRYANT: We have a motion and a second. Go ahead and call the roll.

MS. GENERA: Assembly Member Buchanan – Aye; Scott Harvey – Aye; Kathleen Moore – Aye; Lyn Greene – Aye; Cynthia Bryant – Aye.

TAB 4 CONSENT AGENDA.

CHAIR BRYANT: Next is Tab 4, the Consent Agenda. Are there any questions or changes? Did we take some –

MS. SILVERMAN: Yeah, we took an item off.

CHAIR BRYANT: In the Consent Calendar, something coming off? Or is it somewhere else? I thought I saw notes somewhere that something was off Consent.

MS. SILVERMAN: Yeah. We were going to remove an item from the Consent Agenda and related to a district that submitted a request last night, Orange County.

CHAIR BRYANT: Oh, right, so that's off. Okay, so is the Consent Calendar, as it is in Tab 4, does it include that project or not include that project?

MS. SILVERMAN: Sorry, I will clarify that.

CHAIR BRYANT: That's okay. Okay, so page – so, it's the consent calendar minus pages 144 and 145. Is there a motion on that?

MS. SILVERMAN: It's just to strike out that one project –

CHAIR BRYANT: Right.

MS. SILVERMAN: -- on page 145.

CHAIR BRYANT: Okay, we're striking the project on page 145.

MR. HARVEY: But we're keeping Victor Valley Union?

MS. SILVERMAN: Correct. Right.

MR. HARVEY: I would move approval of the Consent Calendar, as amended to strike Orange County Office of Education.

ASSEMBLY MEMBER BUCHANAN: Second.

MS. MOORE: Just a comment, I'll be voting on all items except the Elk Grove Unified School District item.

CHAIR BRYANT: Okay, call the roll.

MS. GENERA: Assembly Member Buchanan – Aye; Scott Harvey – Aye; Kathleen Moore – with the exception, Aye; Lyn

Greene – Aye; Cynthia Bryant – Aye.

CHAIR BRYANT: Okay, I just realized Tab 5 and 6 are reports, too. We'll get it done. Go ahead.

TAB 5

MS. SILVERMAN: So, can I draw your attention to Tab 5. Actually, we're making great progress here, that's great news.

We wanted to highlight the activity that has been happening with our Fund Releases and if you turn over to, really, page 154, the summary of the Fund Releases that have been processed this month is $97.8 million, which is great news, again, great activity for the program, but obviously with the incoming of those projects for priorities of funding round, we anticipate those numbers do go up, so we reported out that we received $320 million of Fund Release Requests for that Priorities of Funding round, so obviously we are in the process of processing those items, so we imagine that those things will be reflected in next month's report. But can I draw your attention to page 155? And here is the bar chart regarding the cash. Last month, we reported that we had $1.4 billion in cash available and this month's activity, we obviously had a significant amount of releases, so we still have $1.3 billion in cash that are ready to be released, and that again relates to active apportionment. So, again, the need is that we need to make

some activity and movement in the program and, obviously, if there's any barriers with why projects aren't moving forward, we would love to hear from Districts to figure out what are the barriers. We actually received in 2009, $2.6 billion in bond proceeds, and in 2010, $1.3 billion, as reflective of the March sale, so that was nearly $4 billion in cash this program has received. Out of the 2009 allocations, we released 81 percent of those funds, so we have disbursed $2.1 billion, and we still have $500 million available in the 2009 Bond proceeds. And for the March 2010, we released $531 million and we have still $820 million available to be released for cash. So, again, we want to encourage districts to come in who have active apportionments, again, to make access to that cash and move that money out so that we can stimulate the economy. And with that, I'll open it up to any questions.

CHAIR BRYANT: Are there any questions?

MR. HARVEY: A very quick one. I guess I am going to be very interested in the Program Review Funding Committee activities because I think one of their charters is to take a look at the obstacles; and you alluded, Ms. Silverman, to the fact that, here we are, at $1.3 billion, and we're not apportioning, and we'd like to hear from Districts about what those barriers are. I assume we're going to, and that we're also going to have some short term,

medium term, and long term fixes. But it is ironic that we have this cash and we have need, and yet we're not able to actually physically spend it.

MS. SILVERMAN: Yeah, and a good point that we wanted to share is, obviously a good part of the 2009 proceeds that have been disbursed, obviously relate to a huge number that was $2.4 billion that was held back, because we did have active commitments or apportionments back before the freeze in December of 2008. So, obviously, we had enough cash to cover those interests, and so that's why there is a huge depletion of those funds, so that's great, but 2010, we just received those bond proceeds in March 2010; we obviously cleared all the certifications, so, again, that's new money that's going to be introduced. So, I mean, it's basically that that money has only been there for a few months, so we're hoping that – we had a big spur, if you look at the chart, in June 2010 of $504 million, we're hoping to have another big spur in cash being released as a result of the $320 million that we received for the fund release, the new funding round.

MR. HARVEY: Does the June spike coincide with summer vacation and the fact that you can perhaps build more easily on a school site? Is that historically – is there a spike in June?

MS. SILVERMAN: We think the spike came in as a

result of the certifications and cash becoming available, we think that's where the splurge came in.

MR. HARVEY: But it has more to do with that than school timing?

MS. SILVERMAN: Right, correct.

MR. HARVEY: Okay, thank you.

CHAIR BRYANT: Okay, any other questions? Did you go over Tab 6?

MS. SILVERMAN: No.

CHAIR BRYANT: Okay, Tab 6, then.

TAB 6 STATUS OF FUNDS REPORT

MS. SILVERMAN: Tab 6 is our Status of Funds Report. What we wanted to highlight today in Proposition 1D that we have processed $4.2 million for New Construction, that represents six projects; and we are also processing $54 million that represents 34 projects; and High Performance, $1.2 million, that's 17 projects; and Overcrowding Relief, $6.4 million, or one project; and in Charter School, we're also processing $9.8 million in unfunded approval, so that represents $75.6 million of Unfunded Approvals for Proposition 1D.

And your Center category is highlighted in green, that is Proposition 55, we are processing $.2 million, which represents four projects in New Construction; we are converting some Critically Overcrowded School projects of

$109.3 million, that represents seven projects; so, in total, for the activities from Proposition 55, we have $109.5 that is represented in Unfunded Approvals in the Consent Calendar.

And for Proposition 47, we are processing $43 million, or 13 New Construction applications in that category. So, in total, we are processing in the Consent Agenda $228 million in Unfunded Approvals this month. So, that brings the total between that column and the column next to it, the $2 billion, we have $2.2 billion in Unfunded Approvals.

So, if I can take you to the following page, we did have slight activity in Proposition 1A, which is rare that we see this activity, we actually are going to provide an Unfunded Approval of $.9 million this month in that category. So, again, in total, it's $229 million of Unfunded Approvals.

In the middle category is our processing of Emergency Repair Program, we're processing this month $20.6 million, which represents 46 projects; so that brings a total cash need for the Emergency Repair Program of $136 million. So with that, I'll open it up to any questions.

CHAIR BRYANT: Are there any questions for Ms. Silverman? Okay, is there any public comment on Tab 5 or 6? Okay, then we will move on to the Consent Specials. Without

objection, we'll take up Tabs 7, 8, and 9 as one item if there is a motion.

MR. HARVEY: Move approval.

MS. MOORE: Second.

CHAIR BRYANT: Is there any questions or comments from the Board? Any public comment on those three items? Okay, then can you tell the roll?

MS. GENERA: Assembly Member Buchanan – Aye; Scott Harvey – Aye; Kathleen Moore – Aye; Lyn Greene – Aye; Cynthia Bryant – Aye.

CHAIR BRYANT: Okay, then we'll move on to Tab 10.

TAB 10 PITTSBURG UNIFIED/CONTRA COSTA

MR. MIRELES: Ms. Barbara Kampmeinert is going to present this item, Madam Chair.

MS. KAMPMEINERT: Thank you, good afternoon. The Pittsburg Unified School District item is a District request to modify a previous Board action due to a change in circumstances. Back in 2007, the Board approved the Facility Hardship for this district to abandon the Central Junior High School site due to a natural gas pipeline running through the middle of it, the previous item which is listed in your books on stamped page 173, as Attachment A. On page 174, the District was required to sell 10.5 acres of this site, which was deemed unsafe, and remit 100 percent of the proceeds to the State. Another condition of the

original item was that a parcel of the original site which contained a gymnasium, it was .9 acres, but the district decided whether or not they wanted to sell that parcel, or keep it. If they chose to keep it, they needed to have it appraised at the time the new replacement facilities were occupied and remit the appraised value of that acreage to the State, as well. The District has since occupied the new site and they have determined that – they've had an appraisal done of the 10.5 acres, and it's come to their attention that, in order to sell the site, it would cost more than they would actually get for the property, so the site, to sell it, it's highest and best use would require that they knock down the buildings that are currently there, and those buildings contain asbestos, which they would have to clean up before they could get a buyer interested. The cost to do so would be more expensive than what they could ultimately get for the site. They have indicated that they would like to, stead of doing that, use the site for either District administration, or for adult education purposes, both of which are non-K-12 purposes, and that way they could use the existing facilities, which would not then become blighted and, then, they would not be incurring costs to sell the land off.

Staff has reviewed the district's request. We do believe that, given the circumstances, it is reasonable.

With regards to putting the adults and the administration into that other section of the site, we don't feel that, given the K-12 nature of the program, that we have jurisdiction over what the District does with that piece; the Board does have jurisdiction, obviously, with the K-12 parcel, or piece of it, which they dealt with back in 2007, however, at this point, we would recommend that the District provide a Board resolution stating that the site would not be utilized for K-12 school purposes, acknowledge any funding of the State Allocation Board programs for the site is prohibited. We would recommend that they do continue with their original requirement of remitting the value of the gym parcel to the state because they have decided to keep it, and the value of that was appraised at $101,346. That appraisal was done in 2009, which was slightly after the original replacement site was occupied, so there was a little bit of a change there. And also, if the Board – or if the District does sell the site at a future date, they must remit the proceeds to the State. So, we are supportive of the District's request, given those conditions, and I believe there is somebody from the District here to speak to this item today. But, we would also be happy to answer any questions.

CHAIR BRYANT: I just want the record to reflect that Assembly Woman Fuller has joined us, so we do now have

a quorum. Thank you.

MR. DAVIS: So, Madam Chair, are we ending our Subcommittee meeting and starting the Board meeting?

CHAIR BRYANT: That's what I was trying to say, but you said it better than I. Okay, so we've ended our subcommittee meeting and we are now in our full Board meeting. So, did you have anything to add?

MR. PALACIOS: Good evening, Madam Chair, Board members. My name is Enrique Palacios, Assistant Superintendent for Business Services, Pittsburg Unified School District. We agree with the recommendation from OPSC. It is a recommendation that the District and OPSC staff have worked very diligently for the past six months to arrive to. We believe that we have come to common ground as to how to resolve this matter. Thank you.

CHAIR BRYANT: Okay, are there any questions or comments from Board members?

ASSEMBLY MEMBER FULLER: I would make a motion that we accept OPSC's and the District's – it sounds like – mutual consensus, agreement, to Option 1, allow the District to retain the site, but under certain conditions, so that we are held whole and harmless.

CHAIR BRYANT: Is there a second?

MS. BUCHANAN: Second.

CHAIR BRYANT: Did you want to speak on the motion

now?

ASSEMBLY MEMBER FULLER: No, just basically Option 1.

MS. MOORE: All right. I will be a no vote on the Pittsburg request to be released from selling the former Central Junior High School for the following reasons: In 2007, the State Allocation Board agreed to abandon the school and replace it pursuant to the Facility Hardship Regulations. The 2007 Staff Report indicated the following, and I quote, “The District is concerned for the life safety of its approximately 1,000 pupils attending the Central Junior High School due to the presence of a 26-inch, 600 PSI natural gas pipeline that bisects the campus. The Pipeline Risk Analysis Report prepared by the District investigated possible mitigation measures, but could not recommend these alternatives as they were inadequate to provide the necessary life safety protection. There was also a Specialist Report that was confirmed by the Department of Conservation and they concurred with the finding and considered the pipeline risk to be significant. The School District advises that, in order to sell the buildings on the site, it will cost more to abate the asbestos and demolish, more than that land is now worth. However, this was the negotiated deal with the State, that included only a portion of the site, and not its entirety. Perhaps the State

Allocation Board should revisit the issue, as well as investigate the ability to sell as is. The main reason provided for an approval recommendation of this was that a precedent was set for allowing the Santee to retain a school site that had been abandoned. I believe we should consider these requests on their own merit, as they are exceptions to the Regulations. To my knowledge, in the case of Santee, the school building was torn down and demolished by the School District, so that precedent is very different. I also understand that the site is being used by the City and not by the School District, and that the site did not have a high pressure gas pipeline bisecting it."

In the interest of addressing the District's concerns that they cannot sell the site, perhaps the State Allocation Board should entertain the demolition of the existing buildings, thereby addressing the possible blight and safety issues that may occur with these buildings. To me, that's an idea worth exploring and that the ground maintenance of the area at that point would be simpler and less costly. And while some would postulate that, because we are only approving non-school use, which can include by definition from the Education Code administration, adult education, community day schools for expelled students, pregnant and parenting teens, warehouses, garage, it does not mean that we simply ignore known safety risks for these

uses. These exclusions from the Ed Code are for purposes of Field Act and this is not a Field Act issue. Further, we allow exemptions for non-conforming leased buildings, but we also require that the buildings were constructed in accordance with seismic safety for commercial buildings. We simply do not ignore outright safety issues, even with Field Act exemptions. For me, there is a reasonable factor concerning known safety risks that is being ignored, and even then, I'm not sure we would consider interpreting our own regulations to include such uses. We've never been in the position of the School District wanting to use for adult education and administration a site that has a high pressure gas line that cannot be mitigated.

So, for those reasons, I am voting no and I would urge the Board to vote no, as well, because a life is a life is a life, and if we have found that this site is not usable for safety concerns, a major safety of a pipeline that runs through it, I in good conscious could not vote that we would allow for adult education and administration. Having worked in administration, I would not want to work in a building that I knew had a known safety hazard that cannot, by our own reports, be mitigated.

CHAIR BRYANT: Ms. Buchanan.

ASSEMBLY MEMBER BUCHANAN: I have some questions and some comments. What's going to happen to the current

site where the administration is? Is that going to be demolished? What's going to happen to it?

MR. PALACIOS: The previous administration of the School District, let me just point out that in the past couple years, we had a series of changes at the Executive level, when we presented our recommendations back in 2007, it was to use the facility as administration – for administration services. The current administration has decided that it would be a better use of the facility for adult education.

ASSEMBLY MEMBER BUCHANAN: So you're going to use the current administration for adult education –

MR. PALACIOS: No, the current administration will remain where it is.

ASSEMBLY MEMBER BUCHANAN: So you're going to use the Central site for Adult Ed?

MR. PALACIOS: For Adult Ed.

ASSEMBLY MEMBER BUCHANAN: Okay, and so you're going to remodel it and use it for adults, then? Or use it as is?

MR. PALACIOS: As is, pretty much.

ASSEMBLY MEMBER BUCHANAN: Okay, so I'm looking for a reason to be able to support this because I understand school districts, you know, have a need to – I mean, it doesn't make sense to spend more money than the site is

worth, but I share many of Ms. Moore's concerns. And when I read this application, I mean, there was a whole lot that was confusing to me, and maybe it's because I'm a new member of the State Allocation Board, but when you have the Department of Education say if an easement containing a pipeline with the maximal operating pressure at or above 800 PSIs within 1,500 feet of a proposed school site, an acceptable Pipeline Risk Analysis must be prepared, and then the findings were that there was an unsafe transmission pipeline, and that that occurred, it was a significant health and safety risk to students and staff. And then we went ahead and approved the Critical Hardship to relocate the students at the Range Road site, which is where the same pipeline runs, and it says that -- it's on page 174 –- it says that it's 257-feet from the edge of the nearest building. So, how was, I mean, going back historically, if you need to have a buffer zone of 1,500-feet, was an analysis done to show that the 257-feet was presented a safe zone?

MR. PALACIOS: I cannot respond to that, ma'am. I was not the person at the District when that happened.

ASSEMBLY MEMBER BUCHANAN: Okay.

MR. PALACIOS: However, the District has been working with OPSC to resolve this matter and if there is any other alternative to resolve this matter, we'll be happy to

entertain that. But the reality is that this site is unoccupied, it is blighted, and the District cannot afford to maintain a property that we are not going to use. And it will be a disservice to the Pittsburg community to leave a completely vacant blighted building.

ASSEMBLY MEMBER BUCHANAN: And I think that we all agree with that, and Ms. Moore's question is, if the findings are that it represents a substantial risk to students or staff, why is it okay to have adult students, a student in there that's 18, but not a student who is 17 or 16, or 15? And I know that the technical answer is because the law allows it, but I think there is that safety issue. So, I guess, well, what I'm wondering is, is there some way as part of this motion we can have some kind of assurance that this site is safe to be occupied by – you know, that there is no risk to the staff or those who are going to occupy the building? I mean, is there some way of having an engineer or someone come in to do an analysis so that we know it's –

MR. PALACIOS: Madam Chair, the other reality of Pittsburg, Pittsburg has about 80 – 80 utility lines going under the City. Perhaps one-third of the housing and commercial development runs along the side of this pipe. And there are 79 other fuel pipes through Pittsburg. Pittsburg is a distribution center for utilities, for the

entire Bay Area. So are we then going to relocate every school?

MS. MOORE: Here is how I see it, though. If we knew that other schools had it bisecting right down the middle of the school site, I think – and I'm sure the Pittsburg Board would be considered in that very seriously, that that was considered here, as well. And the other sites, as you say, there are a number of pipelines, so every project has to have, if it is within 1,500-feet, it is having a Pipeline Risk Analysis. Oftentimes, there are ways that it can be mitigated – a berm wall, you know, different pieces, locating the buildings differently on the site. In the case of the one that we abandoned and agreed to abandon, I think it is within about 50 feet of the high pressure gas pipeline, and there's a current analysis for use on the southern part of the site. And how the Pipeline Risk Analysis are done is they look at how – there is a threshold that can be passed. So, for instance, the possibility of that pipeline bursting is about a million and one possibility; however, if it bursts, the death toll within Zone 1 is 19 people; the death toll in Zone 2 is 7 people; and the death toll in Zone 3 is 1 person. So, as in all kinds of Risk Analyses, you decide where your acceptable risk is. I believe that, in this case, we decided it was not an acceptable risk and that we would, indeed, relocate

the school because it is so close. Now, there are pieces of this school, there is the larger building, and then there is a couple of other buildings further back from the pipeline. I don't think there was ever an analysis that said, "What about those buildings further back? Could we – is there a way that we could actually mitigate for those buildings?" I don't believe that question was ever asked, I think we really looked at the primary building and said it's not mitigateable, there's nothing that can be done. Now, could you revisit that with another report and say, you know, "Okay, if we really did want to mitigate it, is there any possibility of mitigation?" You could probably ask that question. But we made the conscious decision in 2007 to say it wasn't mitigateable. And so we're going to relocate these students.

And I really understand the issue of blighting, of a vacant building, it's not a good situation to have in anybody's inventory. In the case of Santee, that we did allow them to utilize their site, they demolished the building, they got rid of it, and at their own expense, frankly, I think the minute they knew there was a hazard, they exited the building like, I believe, Pittsburg did, and then they ultimately, because of its blighting nature, and it's a nuisance, they paid their own costs to demolish it. And so it's just a vacant – it's a vacant field. So, that's

why, you know, if you want to say we have jurisdiction, but where they say that those types of uses are exempt, it's under the Field Act that they're exempt, and they're exempt from seismic safety. It doesn't say that they're exempt from all kinds of other perhaps safety issues. I think those have been left unsaid, and that's why I say a reasonable person would say, "Why would we say it's not good enough for, you know, six to 17-year-olds, but it's okay to put our staff and to put 18-year-olds in?" I just – I can't vote for that.

CHAIR BRYANT: Any other – Ms. Fuller.

ASSEMBLY MEMBER FULLER: The question that comes to mind is I'm a little confused over the jurisdiction of the SAB on this. The CDE has responsibility to oversee student safety programs and to review the quality of the program and buildings, if I understand it right, I'm a little unclear, so I am kind of asking for like an opinion on this. And our, SAB's, jurisdiction is that we give out bond money, and if we give it out and we shouldn't have, we get it back, that's pretty much like our decision. And so, in my mind, the first situation is, are they using bond money in accordance with the bond rules and regulations, or not? And if not, then they've got to pay it back, okay? In this case, it sounds like they agree that, whether they keep it or lose it, they're going to have to pay it back at some

point, and that's our business tonight, and we need to make sure that that happens. Beyond that, the sort of ability to force a local school board to sell or not to sell, to condemn or not to condemn, to determine that the program should be, you know, not for older students, but for younger students, or vice versa, that's a jurisdiction more, in my mind, of the CDE or somebody else. So, you know, on my motion, my motion is just not in terms of safety, but my motion just is what are we doing about the bond money? In this case, clearly, we've got to get the bond money back one way or another, sooner or later, and it's just whether we ask for the money now or later. Like, I don't think we really have the authority to say they can retain it or not retain it, we just have to say, "You have to sell it now because we want the money now," or, "Do whatever you're going to do, you know, later." Can you help me with that?

MR. DAVIS: To be clear, I can't really comment on the jurisdiction of the Department of Education. But, as far as the SAB, my understanding of the jurisdiction of the Board is over facilities for Kindergarten through 12th grade, and that's what staff is addressing as far as there's not going to be any use of education, of Kindergarten through 12th grade, in any of these facilities. And that's what we're addressing specifically here. As far as – I'm sorry, you had a question about –

ASSEMBLY MEMBER FULLER: So, my question is, 1) okay, we have to make a ruling on whether they give the money back or not, we did that, and then, 2) how soon do they have to give it back?

MR. DAVIS: The original decision by the Board was to have the District sell this property and remit back the proceeds from that sale. So, at this point, one decision is to not make any decision and stand by the original decision by the Board that they sell it. Regulations require that, if they sell it, they remit back, but the regulations do not specifically require them to sell the property. Does that answer your question as far as our authority?

ASSEMBLY MEMBER FULLER: So was the Board within its right to originally tell them they had to sell it? Because why?

MR. DAVIS: If it’s part of the agreement with the District on how we were going to arrange that grant, I believe the Board more than likely was – not having studied this, be clear – but I believe the Board was on solid footing to make an arrangement with the District to do that. If the District was unwilling at that time, we could have come with another arrangement as far as the allocation.

MS. KAPLAN: Assembly Woman Fuller, just to clarify another issue on top of what legal counsel has stated, as you can see in the Agenda item from 2007, one of

the requirements of the deal was that the land was to be sold and remitted back to the State. If the Board, in considering this item, is concerned about Bond money, and that was part of the deal, the Board can ask the district or see if they would be willing to assess the value of the land as is, if they are now going to stay on the land, if the Board so approves that direction, one of the stipulations along with assessing the value of the gym, could be to assess the value of the land as is and request a remittance of the land value back to the State Allocation Board, because that is kind of looking at it, the flip of, instead of selling it, you're saying appraise it as the as is value, and remit that back to the State, because that was the deal that was done in 2007, if the Board so chooses.

ASSEMBLY MEMBER FULLER: Thank you.

CHAIR BRYANT: Any other questions or comments?

MS. MOORE: I just had a clarification. We did only – we partitioned off that site, correct? That site is larger than the site portion that the District was required to sell.

MS. KAMPMEINERT: Right, they were not required to sell the whole site, only 10.5 acres.

MS. MOORE: Ten and a half acres.

CHAIR BRYANT: Ms. Brownley.

ASSEMBLY MEMBER BROWNLEY: Sorry that I have

missed a lot of the discussion on this particular item. But hearing the tail end of it, I just had a question and that is, on the property itself, is there a way in which the District – I heard, I guess there was a lot of conversation about the risk involved in terms of something catastrophic happening on this particular property, so I am wondering if there is a way in which to not mitigate, do an entire clean-up, but to ensure that the pipes that are underground are safe and, you know, safe up to the point of some catastrophic thing that will happen that could put anybody in danger, anywhere, anyhow. And so, I am just wondering if that had been addressed or looked upon. And then, under those circumstances, that would certainly reduce the risk in terms of allowing the property to be utilized for a different use.

CHAIR BRYANT: Ms. Kampmeinert, do you want to respond to that?

MS. KAMPMEINERT: Yes. In the original item on stamped page 174, the first paragraph, our concern with that would be that the Pipeline Risk Analysis Report investigated possible mitigation measures, but at that time, they could not recommend the alternatives because they were inadequate to provide the necessary life safety protections. So, we are not -- at the staff level -- we're not certain that that is actually an option. I don't know if the District has

done any further studies to see if additional measures could happen, but the original study did not indicate that that would be a vital option.

CHAIR BRYANT: Any other – Mr. Harvey

MR. HARVEY: As a follow-up, it seems to be a matter of proximity because the second paragraph of that same report on page 174 talks about an additional site, and I think we alluded to it, Assembly Member Buchanan did, 257-feet seemed to be okay because you could mitigate any health and safety threat posed by the pipeline. So, in that case, it was okay. The issue here is, it is bisecting the site and, obviously, is closer than 257-feet, by some magnitude. And as you say, in paragraph 1 on page 174, the Study said you really could not mitigate it. And there was an independent review that said the same. The issue, though, does, I think, hinge on jurisdiction. To put it, not flipply [sic], but are we the pipeline police here? I mean, do we have jurisdiction to make a finding on the appropriateness of a pipeline? It’s ironic and perhaps unfortunate, in the third paragraph on page 174, said that the Department of Education pipeline setback requirements are not applicable to these non-school facilities. So, again, if you’re not doing a K to 12, it doesn’t look like we necessarily have a way of saying no. And that may not be good public policy, but I’m wondering if we do have the

right to say no in this case.

CHAIR BRYANT: Well, we did say no in 2007.

MR. HARVEY: But was it a proper no? I'm rhetorically asking the question, I wasn't here in '07, but the more I'm reading this, it doesn't look like we as a Board have a clean way of addressing a pipeline.

CHAIR BRYANT: Ms. Buchanan.

ASSEMBLY MEMBER BUCHANAN: See, this is my problem. I don't think we have a clean way and it certainly doesn't make sense to me to have the District pay more to demolish a site than it's worth, okay, so whether you would help them in terms of doing that, you know. I will tell you, so, from that point of view, you know, I'm prepared to accept staff's recommendation. I will tell you, though, that it doesn't feel good to me to do that, knowing that we're going to put 18-year-old students there, and this risk still remain. So, I agree with Assembly Member Fuller, I mean, that is out of our jurisdiction. I would hope that the District, though, when it makes its decision, would do the proper due diligence because you've got a whole record here that says everyone knows what the risks are at this site, and if you go ahead and you have adult students there and this pipeline bursts, I mean, I would think there would be significant liability. And so I would hope that, you know, if you move forward with this, that you would take a

look at whether or not you could – I don’t know whether you can build some kind of wall, or whether there’s any kind of mitigation you could do, but clearly this analysis says that, if you do this, those students will be at risk. And we may not have any authority over it. CDE doesn’t approve, you know, sites for adult continuing education, but clearly there’s an analysis here that says they’re at risk. And I do agree that it’s outside of our jurisdiction, but we’re dealing with a legal issue, and then I think we’re dealing with what some of us would consider to be a moral issue.

CHAIR BRYANT: I completely concur with that, and I would say that I don’t want to sit here just thinking about what the decision is, is – but we’re talking about the safety of these Adult Education students, you know, we’d be substituting our judgment for the judgment of the Pittsburg Unified School District Board of Trustees, and they’re the ones that need to make this decision. I mean, if something happened to the 19, 7 and 1, it would be very difficult, and I would feel horrible about it. I would just say to you that, are you sure this is what you want to do with the property? I think the staff has done a great job coming up with a compromise that does what we’re supposed to do, which is protect the bond funds, and it makes a reasonable accommodation to the District in terms of their fiscal condition. But I just – are you sure you want to do this?

I just would ask you that.

MR. PALACIOS: Well, that's why we are here, that's why we made the appeal. But I hear you, Ms. Buchanan, and we will look at mitigation options to see how we can deal with that risk that we have there.

CHAIR BRYANT: This is really on the record now.

MS. GREEN: As the non-legislative member of the Board, it would make – yes, it would make sense if this is law that says that there is a difference between a 17-year-old and an 18-year-old, then maybe the law should be revisited. And to punish a School District, or to say to a School District that they're responsible for this, they may be because they made the decision, but in actuality, this is a legislative issue if you want it changed.

ASSEMBLY MEMBER BUCHANAN: Well, I agree that the Legislature should address this, but the School District ultimately is the one that, if something happens, knowing this, they do have responsibility.

CHAIR BRYANT: Is there any additional public comment on this item? I call for the question.

MS. GREEN: I call for the question.

CHAIR BRYANT: Okay, call the roll.

SENATOR HUFF: What is the motion? Having come in in the middle of this fine discussion.

CHAIR BRYANT: The motion by Ms. Fuller was Option

1, the staff recommendation.

MS. GENERA: Senator Huff – Aye; Assembly Member Fuller – a very reluctant Aye; Assembly Member Brownley – Aye; Assembly Member Buchanan – another reluctant Aye; Scott Harvey – a very sad Aye; Kathleen Moore – No; Lyn Greene – Aye; Cynthia Bryant – Aye. It carries. I'll leave it open.

CHAIR BRYANT: Senator Huff – let me ask just the members, how long do we have members here? Okay, let's lift our calls on the items that we have open and see how far we can get before we lose our brief quorum. Senator Hancock, we're just going to lift the call on it, do you want a minute before we do that? On the things we've taken up so far, which is the Consent, the Minutes, and we just did the Pittsburg item – and Consent Specials.

SENATOR HANCOCK: Okay, no, I know – I don't know what the motion was on Pittsburg.

ASSEMBLY MEMBER BUCHANAN: It was the staff recommendation.

SENATOR HANCOCK: The staff recommendation.

MS. GENERA: Okay, first up was Tab 2, which is the Minutes, to approve. Senator Hancock – Aye; Senator Huff – Aye; Assembly Member Fuller – Aye; Assembly Member Brownley – Aye.

Next up is Tab 4, the Consent Agenda, but removing pages 144 and 145, Orange County, and Victor Valley – oh,

pardon me, just striking Orange COE. Senator Hancock –

SENATOR HANCOCK: I am going to need a minute, sorry.

CHAIR BRYANT: That's okay.

MS. GENERA: Okay, Senator Huff – Aye; Assembly Member Fuller – Aye; Assembly Member Brownley – Aye. It carries, but I can keep it open until they are ready.

SENATOR HANCOCK: Aye.

CHAIR BRYANT: Senator Hancock added on aye.

MS. GENERA: Okay, thank you. And Senator Lowenthal –

SENATOR LOWENTHAL: This is Consent Calendar? Aye.

MS. GENERA: Senator Lowenthal. To approve the Minutes from the last Board.

CHAIR BRYANT: Tab 2.

SENATOR LOWENTHAL: Tab 2. Aye. Am I going to go through all of them that I missed?

MS. GENERA: Those are the only two you've missed so far.

CHAIR BRYANT: You're caught up and we have a couple more.

SENATOR LOWENTHAL: I'm caught up, that's all we've done is Tab 2?

CHAIR BRYANT: We're going back through.

SENATOR LOWENTHAL: Got it.

MS. GENERA: The next step is the Consent Specials, Tab 7, 8 and 9. Senator Lowenthal – Aye; Senator Hancock – Aye; Senator Huff – Aye; Assembly Member Fuller – Aye; Assembly Member Brownley – Aye. Carries.

And last off was the Pittsburg Unified to approve Staff Option 1. Senator Lowenthal – No; Senator Hancock – No. I'm sorry, the motion still carries.

CHAIR BRYANT: Okay, so now I've lost my place. So we're on – Tab 11 has been pulled, which I'd like to just take a second to remind everybody that we do provide in the binders every week a workload, so there really is an opportunity to know that your item is ready to go up, and because I knew we didn't have enough time, I entertained that, but I'm kind of over it.

Tab 12, I'm not sure who has Tab 12.

TAB 12 TRANSFER OF AUTHORITY AND CASH FOR FUTURE NEEDS OF THE PROGRAM.

MS. SILVERMAN: So, what we wanted to share with the Board is that we had last month a discussion about the recommendations of reconciling all the bond funds, or the cash that we have available. And so, the purpose of this report is to share with the Board the cash proceeds that are available, that we can turn into active apportionments. So, again, at our last meeting, you requested that staff do a

reconciliation of those funds, and so staff had reconciled all the cash funds within each of the bond funds, and with that, all the cash that we have available, the $68.5 million, with the exception of the $208,000 for Proposition 1D, as a result of the remaining bond funds for the March 2010 sale, in the Priority of Funding round, the cash has come through the program as a result of rescissions and close-outs. So, the current law authorizes the Board to transfer available Lease-Purchase program funds to any active program within the School Facility Program. And at this time, we have $7 million to share, and that's available to transfer to any of the active programs. So, if you see, there is a chart on page 2, I draw your attention to that, excuse me, on page 206, we wanted to highlight, again, there are $7 million available from Lease-Purchase program, and then, within the other Propositions 1A, 47, 55, and 1D, there is an accumulation of $61.4 million available for transfer – excuse me, that is not available for transfer, it is actually available to use to provide apportionments within the bond funds. So, we have active Unfunded Approvals that cash could be applied to.

So, with that, we're sharing with the Board a few options. The option that we have for Option 1 is to convert Unfunded Approvals to apportionments within the original bond fund, provide advanced fund release for Design and Site

Acquisition for Charter School Facilities Program, or provide fund releases for separate site apportionments on environmental hardship under the critically over-crowded school program. And another option we're laying out in Option 2 is to create another priority funding round.

And we laid out -- each of the options has some challenges as far as whether or not the cash could be disbursed, and if the cash could be disbursed for those program uses, however, it could be delayed when this cash could be accessed because the Districts will have potentially up to 18 months to access the cash, if you provide the funding in the date order situation. If you opt out and opt for Option 2, available for a future funding round in priorities, again, we can bring that cash back when we have additional close-out in a rescission, is to create another priorities in funding round. And option 2, again, we can direct staff to utilize the cash on hand to provide advanced fund releases for Proposition 55 and/or Proposition 1D preliminary apportionments for Charter School Facility Program. And Option 4 is to direct staff to use those bond proceeds for separate Site Apportionments and Environmental Hardships.

The Board should know that Option 1, the School District will have, again, 18 months to request those funds, and the Board should also know, in Options 3 and 4, the

Districts do not have a time requirement or time restraints to submit a fund release request, so those fund could be remaining there idly, indefinitely. And at this time, staff is requesting direction on how to use the available bond proceeds. So, I will open it up for questions.

CHAIR BRYANT: Okay, I would just like to comment really quickly about this item. I meant to actually talk a little bit about it. We talked briefly about this at our last meeting, but I think I failed to really describe kind of what I've been thinking about this along the way and why it's on the agenda the way it is. And that is that we, in the past, we've been somewhat slow on these rescissions and on money that's coming back into our system, to then turn it back out into the program. Sometimes several months will go by, and then we'll wait until we've accumulated a chunk, and then we bring an apportionment into the Board. I think we did one in February or March with some of the cash. But, because we're in the situation now where there is unmet need for cash, and because we had this successful priority funding round and, again, I keep having the goal of trying to make sure that our program has a limited amount of cash sitting around, so that the Treasurer and the Director of the Department of Finance are inclined to sell bonds for our programs. So, I asked staff to give us the whole picture so that we could decide what we wanted to do, and I also asked

staff, which I failed to talk about at the last meeting, was to bring back what is in Tab 13, a generic priorities and funding regulatory package, so that, to put in our regulations a tool that, if we decide when there's a future bond sale, or if we have a situation like this where there's a large amount of cash in a rescission position, that we could then as a Board decide that we're going to do a round of priorities and funding, just like we did before, but it would be more of a generic one. So I think what I was hoping to accomplish in this item is just having a sense from members of where they thought we should apply newly available cash in each of these bond funds.

MS. SILVERMAN: That, again, was the purpose. And the goal is to report out quarterly, so, again, there isn't cash laying around, we want to activate that cash so that we can provide apportionments to projects sitting on the Unfunded List.

CHAIR BRYANT: So, with that, if there are any other comments or thoughts or questions from Board members on this item. Ms. Brownley.

ASSEMBLY MEMBER BROWNLEY: Yeah, just -- thank you -- just in terms of looking at the item and some of the recommendations, it seems as though there's – the recommendations seem to hover around Charter School Facilities, or Environmental Hardships, but, you know, then

what about Joint Use Agreements, or CTE Programs, or the Re-locatable Program? I mean, it seems I'm not sure how we got to sort of a more narrow focus and the rationale sort of behind that.

MR. WATANABE: Michael Watanabe, OPSC. The reason why we highlighted these particular four options is that these are options that will maintain the integrity of the Unfunded List as it is, without skipping people in line. Now, with these options, it's important to note that this item is talking about cash, we're not talking about bonding authority. Charter School Facility Programs and these COS projects have preliminary apportionments and they are not on the Unfunded Lists. These projects have up to five years to convert to a Final Apportionment, at which time they would pop onto the Unfunded List. As part of these preliminary apportionments, one of the things the Districts have options to do is receive an advanced fund release for Site and Design to get their project moving forward so they can convert to a Final Apportionment.

Currently, we don't have cash to give them that money to get moving, to move forward to their Final Apportionment. So, these are options about skipping anybody in line to let those projects move forward, albeit a very small amount. In terms of Joint Use, we are out of bonding authority. There is one project on the Unfunded List that

could potentially receive cash if we start moving down the line. But in terms of saving this cash for the projects we talked about last month, if you recall, we had four projects, they are not on the Unfunded List because we are out of bonding authority. But we might want to save that cash for those projects because, when we reserve it for them, we would be skipping the entire Unfunded List. What we can do, and we intend to bring this back as a future item, when we move the LPP money up to one of the – oh, sorry – the $7 million in the Lease-Purchase Program is an inactive program – when we move that cash to the other Propositions for whichever the option the Board chooses, we will then have to move the $7 million in bonding authority tied to that. And with that discussion, a future discussion, we can choose who we want it to go to, in which case Joint Use would be an option. And any of these options the District chooses, Joint Use will not be left out as an option because Joint Use is a program in 47, 55, and 1D. And that's the same with all the other programs.

ASSEMBLY MEMBER BROWNLEY: So it's the Unfunded List that's driven these recommendations. I mean, you're sort of backed into it, right? I mean, based on the Unfunded List. And so then on the Unfunded List, too, I guess we are going to look at this maybe later, but there are these projects where, you know, there's 10 projects sort

of – maybe I'm talking about something else – all sort of on the same date? Does that –

MR. WATANABE: There is that potential, yes.

CHAIR BRYANT: Yeah. And then in the Item 14, we are going to talk a little bit about that phenomenon.

ASSEMBLY MEMBER BROWNLEY: Right. But just relative to backing in to the Unfunded List, by virtue of these categories, recognizing that some are charter schools and CTE Programs, etc., right? That's what you've done. Kind of.

MR. WATANABE: Kind of, yeah. The Charters – these Charter projects and these Environmental Hardships are not on the Unfunded List in terms of cash proceeds available for them to come in for these events, fund releases. These Environmental Hardships, I believe all these projects have actually converted to Final and are sitting on the Unfunded List somewhere in order, and could eventually receive full project funding, but in the absence of that, they can't move forward at all until they get their advanced hazardous waste.

ASSEMBLY MEMBER BROWNLEY: Uh huh. And did you look at any other methods and eliminated them because they sounded unsound?

MR. WATANABE: I don't think we eliminated any options.

MS. SILVERMAN: No, and it's available for any program within the School Facility Program. Again, one of the options is to park it in the School Facility Program. So, you wouldn't be eliminating anybody.

ASSEMBLY MEMBER BROWNLEY: Okay.

CHAIR BRYANT: Any other questions?

SENATOR HANCOCK: I have a question for Ms. Brownley. Did you understand that and could you say it, then, in a few sentences so I can understand it? I'm sorry, folks, but I have been in government for many many years, and this is one of the first times I'm in a place where I honestly – it's hard for me to do subject verb object and come up with something that tells me what our choices are. If you did, because I know you're more into School Finance than I am, please –

ASSEMBLY MEMBER BROWNLEY: I mean, my understanding, although the last comment that was made, made me wonder whether I did understand it or not, but I thought what I understood was that they looked at the Unfunded List of projects –

SENATOR HANCOCK: Yeah.

ASSEMBLY MEMBER BROWNLEY: And there's this bucket of money, $68.5 million, and they recommended that that money go into certain buckets of programs because those programs would then address the next projects on the

Unfunded List.

SENATOR HANCOCK: Right, so the $7 million would be added to the $61 million for $8 million, like you said, yeah?

ASSEMBLY MEMBER BROWNLEY: Uh huh.

SENATOR HANCOCK: But these can't be transferred to other bond funds –

ASSEMBLY MEMBER BROWNLEY: But, what they're recommending is –

SENATOR HANCOCK: But they can be apportioned.

ASSEMBLY MEMBER BROWNLEY: Right.

CHAIR BRYANT: This would be cash that's applied to already apportioned projects. Is that right?

MR. WATANABE: Unfunded Approval projects.

CHAIR BRYANT: Unfunded, right. Unfunded Approvals. And they would be converted into Apportionments.

ASSEMBLY MEMBER BROWNLEY: Right.

SENATOR HANCOCK: So, it means we're just going to fund the next round of things in those fund categories.

CHAIR BRYANT: Right.

MR. WATANABE: That is one option, that is Option 1.

ASSEMBLY MEMBER BROWNLEY: And this is what, when I followed up with the question, so there are Charter Schools on that list, must be high up on the list, there are

schools with Environmental Hardships high up on the list, but not necessarily Joint Use Projects and/or CTE projects, because you're not transferring money to those.

MR. WATANABE: All the CTE projects that need cash or have cash apportioned to them. Now, we have a new cycle coming in, those would be needed to add on to the Unfunded List, but they have bonding authority to do that. Right?

CHAIR BRYANT: Right.

MR. WATANABE: So – but they do not need cash at this point. All the ones that have active apportionments have cash, that's kind of back on the status of funds at one point $3 billion in cash outstanding, that encompassed a lot of CTE projects, for all the CTE projects that are outstanding. But, yes, there are some Charter projects that have converted to Final Apportionments, and are actually on the Unfunded Lists, there are also Charter projects that are inactive, they have just the preliminary apportionments and have not converted over. But, in that preliminary stage, they still qualify for fund releases, just for the Site –

ASSEMBLY MEMBER BROWNLEY: So, when you're talking about cash, it's because they are high on the list, they're ready to go, they need the matching funds, and they need cash now to –

MR. WATANABE: To move forward.

ASSEMBLY MEMBER BROWNLEY: -- to move forward,

okay. And you're saying, for other projects, they have a bonding authority, but they're not – so it's not a shovel ready project at the moment, and so there's a way in which to finance those projects down the road when they are shovel ready?

MR. WATANABE: Correct.

SENATOR HANCOCK: Yeah, and I guess my question would be, is there a way to prioritize, again, shovel-ready in whatever category? Because I don't –

MR. WATANABE: Option 2 could accomplish that in parallel with the other Items.

SENATOR HANCOCK: But it's at a later date.

MR. WATANABE: Correct. We don't have a mechanism in place to create another priority round right now.

SENATOR HANCOCK: Would that mean that proceeds could remain unexpended for up to 18 months, as it says in Option 1?

MR. WATANABE: If we go with Option 2, the priority funding round is not created, it just sits in our accounts.

SENATOR HANCOCK: I know, but if we do, it says here regulations need to be approved to do Option 2. How many months, or whatever, would that take? In other words, how do we end up with money on the street?

MS. SILVERMAN: Right, and Tab 13, we will be

addressing that item, as Cynthia shared earlier, is the opportunities to extend those regulations that we have currently for the Priorities of Funding round, and in the spirit of what we did for the last regulations that created priorities of funding, we would accelerate that, as well, and the goal would obviously come back within 30 days to have those regulations adopted. So, it wouldn't be sitting out there.

CHAIR BRYANT: I think, I mean, to me – what I think the fundamental question in front of us with this cash line around is, is do we want – what we did in – I can't remember, was it March, April, whatever – one month, February or March, we had $50 million, something like that, and what we did is we apportioned onto the Unfunded List this top, you know, we'll say it was 10 projects, so we just went down the order. So we now have this – this is the same situation we were in then, and then we decided – we went with Option 1 because we hadn't gotten into this concept of shovel-ready, we hadn't gotten into the concept of Priorities in Funding yet. So, to me, the fundamental question is, do we want to go ahead and have the staff work up an item next month that would just apportion down the list so we can get going, but it would be our regular old process of sitting around for 18 months? Or, do we want to hold the cash aside until we have a new Priorities in

Funding round? Or, do you want staff to work up other options to try to reach other cash starved projects or people in the program?

ASSEMBLY MEMBER BUCHANAN: I could tell you what I'd like. I would like to get the money – I agree with Senator Hancock – the money out on the street as soon as possible. And if I'm hearing all this correctly, the idea is that we don't create a new funding – we don't change the order in which Districts are on these lists, but our goal is to get the money out there, to take more Districts off the top of the list. And if I'm hearing you correctly, the way to accomplish that is to authorize a new Priority Funding round, or extend it, which could be done at the next meeting and, at the same time, can we at the same meeting apportion those funds so we're actually getting work done?

MS. SILVERMAN: Yes.

ASSEMBLY MEMBER BUCHANAN: So that would be when I would – that would be the direction I would like to take.

MS. KAPLAN: And it goes hand in hand with Tab 13.

ASSEMBLY MEMBER BUCHANAN: Okay, so do we need a motion for that?

SENATOR HUFF: I have a question on that.

CHAIR BRYANT: Go ahead.

SENATOR HUFF: Just if staff could explain to me a little bit about Option 3, this is Charter School Funding

Program. What is the significance of if we move money into here for having Advanced Fund releases for Design and Site Acquisition?

MR. WATANABE: Once these projects have cash for Site and Design, they can move forward with their projects to convert to a Final Apportionment, where they can move on to the Unfunded List and eventually receive funding for their entire project. But, without that advanced cash for their design and site, they are at a standstill.

SENATOR HUFF: It helps them get up in the queue or get the initial Design money to make that happen.

MR. WATANABE: Right, so they can get onto the list.

SENATOR HUFF: In that we seem to be short-circuiting a lot of the Charter School funding, I would hope our final recommendation to be putting some of the money on Option 3, and then some more on what the rest you are talking about, like Option 1.

ASSEMBLY MEMBER BUCHANAN: Can I just ask a question there? Is there any difference there whether you're a Charter or non-Charter school, in terms of the schools that need the Design money?

MR. MIRELES: The way the Charter program works is a little different than the typical program. The Charter program allows Districts to receive Charter Schools, a

preliminary apportionment, which basically they tell the Board that they intend to build a certain project, then they receive what we term as a set aside, a reservation of funds, if you will. Then, they also have the ability to come in and request advanced release of funds for Design or Site. And that's to get them to submit the plans to the Division of the State Architect, Department of Education, and then come in and submit a full application within a five-year period. That is unique to the program. Under the regular School Facility program, the only other Districts that have that same opportunity are Financial Hardship Districts. They can come in and ask as Design or Site money, as well. The other thing that I want to highlight, too, for the Charter Program, they have a loan component; most of them came in and requested a loan, so they are receiving 100 percent financing from the State, but they're paying back their loan when they receive the funding. So, aside from Financial Hardship Districts and Charter projects, all other projects have to come in with the full funding application, which means that they have to go out and get the plan approvals, first.

ASSEMBLY MEMBER BUCHANAN: So, a Charter District now could enter into a loan agreement, right now, and pay it back when they got funding?

MR. MIRELES: Yes.

ASSEMBLY MEMBER BUCHANAN: So they have a mechanism. So, in terms of –

MR. MIRELES: Well, they need the cash, though. They do need the cash.

ASSEMBLY MEMBER BUCHANAN: Right, but they could – what you are saying is that they have the ability to borrow.

MR. MIRELES: They borrow from the State, the State pays for their local match, yes.

ASSEMBLY MEMBER BUCHANAN: So, you know –

SENATOR HUFF: What about the preliminary Designs?

ASSEMBLY MEMBER BUCHANAN: That's what he's saying, they borrow for that, and then they pay it back. On the one hand, I have sympathy, but on the other hand, at 12.4 percent unemployment, we need to get people back to work, and it shouldn't be in projects where you've got five years to complete; no, it should be projects, I think, that are ready to bid.

CHAIR BRYANT: Do you want to go?

MS. MOORE: Yes, I have a question. At our last Board meeting, we talked about there was $5 million in Joint Use projects that you said was going to wait until this agenda item, and this – and could you explain to me, if I wanted to advocate for Joint Use projects, is it kind of the chicken or the egg? Because they're not on the list yet, but they can't get on the list because there's no cash,

right? So how can we help Joint Use projects?

MR. MIRELES: If the Board had bonding authority at the last meeting, they would have received an Unfunded Approval, and they would have been placed on the Unfunded List.

MS. MOORE: Okay.

MR. MIRELES: Then, as cash became available, they would have received funding, depending on whether or not they were on the list. If the Board were to provide cash for those projects now, they would basically essentially move up to the top of the list and receive cash ahead of all the other projects that are on the Unfunded List. But we still have the issue of the bonding authority. We initially tried to include the bonding authority issue as part of this item, but frankly, it’s another very complicated issue to talk about bonding authority when you’re talking about cash. So, we wanted to try and isolate – this is the cash we have available, what can we use with the cash? And then we were going to bring back a separate item to talk about additional bonding authority that may be available.

CHAIR BRYANT: So some of this cash, could it be applied to create additional authority for Joint Use?

MR. WATANABE: Yes.

CHAIR BRYANT: Which part is that? That is the 7.06?

MR. WATANABE: Yes.

MR. MIRELES: Yes.

CHAIR BRYANT: Okay, so we need to – okay.

MR. WATANABE: You could move that cash into 1A – actually, 1A wouldn't really have been an option – you could move the $7.06 to 47, 55, 1D, park the cash in one of those Propositions until the priority round is created, and then, at the same time that you move the cash, you can create the Joint Use bonding authority now and just leave the cash sitting in one of those accounts.

CHAIR BRYANT: Okay, so that's an option that we have, too. That's an option – I think we have some fans of Joint Use here and I think that's an option as we develop to come back, we need to make sure we have that Joint Use piece in front of the Board – I'm remembering my briefing, now. Senator Lowenthal.

SENATOR LOWENTHAL: Yeah, I live the idea of following up with – I think Senator Hancock and Assembly Member Buchanan – projects that are ready to bid, the concept of ready to bid. Do we have an idea about how many projects are ready to bid?

MR. MIRELES: Not on the Unfunded List, but this is part of Tab 13, we are going to get into the projects that we're able to – I'm sorry, go ahead.

MS. SILVERMAN: Sorry to interrupt. Well, we had

an overwhelming participation in the priorities of funding round, I mean, we had $1.3 billion in requests. So, technically we do know that there are projects that are ready to bid.

CHAIR BRYANT: We know there's about $900 million.

MS. SILVERMAN: Exactly. So –

SENATOR LOWENTHAL: Ready to go.

MS. SILVERMAN: Right. I mean, those are the ones who didn't get access to the cash because there was only a limited amount of money, so, technically, yes, we do know there are projects out there that are ready to bid.

CHAIR BRYANT: Okay, we have public comment.

MR. WALRATH: Dave Walrath representing California Charter School Association. Now, to address the Charter School issue that was raised, under a Hardship apportionment which is also 100 percent State funding, the District has an Unfunded Approval for their apportionment, and then goes on the list, and when you do your priority, they go through the list if they make their commitments on what they will be doing within the priority program. A charter project doesn't have that; what they have, instead, is a preliminary apportionment and cannot get onto the Unfunded unless they do a series of actions. The loan has no money, there's no money for the loan, this is a cash issue which allows the creation of money to make the Design and Site, so they can

then move onto the apportionment process in the same way as a Hardship District. Almost all these Charters have no money, they are essentially the same as a Hardship, but by the nature of the Charter Program, they have a different series of hoops they have to go through in a different process. What I believe I understand from the staff comment under Option 3 is, you're just trying to make the Charter School Facility Program in these cash starved times more equal playing field as a Hardship District is within the regular School Facility Program.

ASSEMBLY MEMBER BROWNLEY: I just wanted to ask a question, really, without prejudice to Charter Schools at all, but what you are saying, then, is for the Charter Schools, in essence, you know, this cash wouldn't go for hard hats because it's not a shovel ready project, it would go for the architect and the planning, and so forth, to kind of get it to that stage, right? But then, once it got there, there would be time before it got to be sort of a going out to bid, or shovel ready, however we want to describe it. Is that correct?

MR. WALRATH: Correct.

ASSEMBLY MEMBER BROWNLEY: Okay, so, I mean, so if we're talking about getting projects out the door right away, and, again, this is not without prejudice to Charter Schools for a minute, I'm just trying to understand it. So,

if we were going to move all the projects out the door as quickly as we possibly could, this wouldn't be the best option.

MR. WALRATH: As a question, I would say that, if you want to start moving projects forward, if you don't do this, these projects won't go forward.

ASSEMBLY MEMBER BROWNLEY: No, I understand. I understand, but there – again, I understand the uniqueness of the Charter School situation –

MR. WALRATH: Well, I understand, it's common without prejudice, but the result is prejudice.

ASSEMBLY MEMBER BROWNLEY: I get that, too. And I agree with you, so I'm just trying to understand it. So, thank you.

CHAIR BRYANT: Next.

MR. CASTELLANOS: Thank you, Madam Chair, members of the Board. I'm Steve Castellanos, I'm a Program Executive with Caldwell Flores and Winters, and I just wanted to thank Ms. Moore for her comments on Joint Use, just to make sure Joint Use isn't left out in this round. You're right, you know, Joint Use is just as the former speaker spoke about Charter Schools, it's a different line, you know. But it is about partnership, and in many of these projects, the $5 million in projects that are already out there, there are partners out there waiting for the State's

portion of the money to proceed. So, whether or not they're shovel ready, how fast they get to construction, all of these communities know about the problem of unemployment in the State, and all of them are looking for construction jobs. So, I think there is some urgency with regard to Joint Schools. The other thing about Joint Schools, and I am urging your support, of course, to include Joint Schools in your final decision, is that we just get a bigger bang for our buck. I mean, if we're talking about putting as much money on the street as possible, we can do even more with the types of partnerships that Joint Use engenders, and get the added plus of hopefully serving kids better, creating more successful schools and school programs, and healthier communities. And so, I would urge your support to include Joint Use in your considerations.

MS. MOORE: And a follow-up question of staff. I'm not remembering the program correctly. The $5 million that came in during that funding round, are they – what stage of the process are they? Are they through DSA? Are they going to DSA? So, they're through DSA.

MR. MIRELES: Yes.

MS. MOORE: So they're [quote unquote] "shovel ready," as well?

MR. CASTELLANOS: Ready.

MS. MOORE: Okay.

MR. CASTELLANOS: Ready, willing and eager.

CHAIR BRYANT: Okay, next.

MS. KLIEGL: Good afternoon. I'm Janet Kliegl. I'm the Superintendent of Lindsay Unified School District. Madam Chairperson and members of the Board, I'm here advocating for the Joint Use Projects. I have two of those projects on that list, they are indeed shovel ready, we're ready to go, they're in partnership with our City. We're in the Central San Joaquin Valley and the facilities our children have that promote their growth come primarily from the School District and from the community, and if this gym were to be built and this library were to be built, it would do some really great things for the children of our School District. Also, as the previous speaker said, they are really cost-effective and we will use those facilities from early in the morning until the evening time, as they will be open to members of the community. So, for a poor farm working rural community, these projects could make a big difference and they really would put people in Tulare County to work. Thank you very much.

MR. EVERSON: Madam Chair, members, Tom Duffy for the Coalition for Adequate School Housing. This is a part-time job for you, and therefore we always expect you to have the wisdom of Solomon because you come in from doing other things, and then have to grapple with issues like this.

What I would submit to you is that you made a commitment a couple of months ago for Priorities and Funding. As you identified, Member Buchanan, we have a high rate of unemployment. What I think that you should do with these funds is to make the commitment to fund projects that are ready to go, you are oversubscribed in the recent funding priority round, I know your staff has worked diligently to put these dollars numbers together, I think you could do this at the next meeting, I know your next item is an item that deals with the language for regulation, and I'll speak to that at the time, but recognizing there is a tremendous amount of need, if you have the oversubscribed number of projects that you did have, our recommendation would be for you to use these dollars to winnow down on those that said that they would put their projects on the street in 90 days. Thank you very much.

CHAIR BRYANT: Any other questions or comments?

MR. HARVEY: Just a very very quick comment. I would remind the Board that, when we approved the regulations for construction ready, we had a discussion about whether a side acquisition should be part of that. I felt that it wasn't the hard hat kind of work, it was just architects and designers. Site acquisition is still on that list and would be eligible. I will still support the project ready Option 1 because I think, on balance, it does

what we all want, which is to put people to work and get the schools funded that need to be funded.

CHAIR BRYANT: Senator Huff.

SENATOR HUFF: Well, one of the speakers talked about the wisdom of Solomon, and so I would like to offer to split the baby here. I do think, and I'll just make my pitch one more time, I think Charters are left in short shrift, if you look at the Robert F. Kennedy School in L.A. Unified, this bond money was close to $200 million, I believe, that went to that. And Charters aren't getting any space at all in there. They build more facilities for less dollar, and there is an article in the *LA Times* that quantified that, and yet we can't even get them money to get the design so they can get in line for money. I would suggest that we take $10 million of this, it has to be specific out of Prop. 1D or the LPP funds, I believe, but there is $19.44 million, if I am reading this right, that are available for that. Let's just take $10 million of that, put it to fund Option 3, then the rest of it to Option 1 like you want to do, then we have something for both and it's not a whole lot for that, those architects, and everything, those are jobs, too, and they get just as much merit, they're still having to feed their kids at home, also. So, that would be my suggestion and, if appropriate, I would make that a motion.

ASSEMBLY MEMBER BUCHANAN: Could I have another suggestion? I still feel very strongly that the money needs to go to shovel ready projects, but, within that, I would maybe, since it's going to have to come back to the next meeting anyway, if we could have agreement to that, maybe then staff could come back to us with a couple different funding priorities that we could then decide exactly how to – more specifics on how to allocate that at the next meeting.

CHAIR BRYANT: And I think – what?

MR. HARVEY: I would second that.

SENATOR HUFF: Well, please do the motion and –

CHAIR BRYANT: Okay, there is a motion and a second on – are we going to restate it?

SENATOR HUFF: The motion would be $10 million toward Option 3 with a balance of $58.5 million going to Option 1.

MS. KAPLAN: And then just to clarify, and then was it to include part of Buchanan's, which was to have staff come back with options?

CHAIR BRYANT: No. Senator Huff, I think you mean Option 2, the Priorities and Funding, the shovel ready, right? Okay –

ASSEMBLY MEMBER BROWNLEY: Could I just get a clarification, then, on the motion? I don't know what that

means. I know it's $10 million out of $60, that's what I know, but I don't know what that means in terms of –

SENATOR HUFF: It's $10 million out of $68.5 million, and it would –

ASSEMBLY MEMBER BROWNLEY: But I just want to know like how many Charter Schools are we talking about? If you distribute the $10 million to the Charter Schools that are on the list, understanding that they're not going to be shovel ready, but we will get them to the place of plans completed, so forth and so on, what are we talking about?

MR. MIRELES: The money would be made available, they would still have to come in and request the Design and/or Site Acquisition. We do know that they are interested Charter Schools and, if they need this cash, we don't know exactly how much the total dollar figure is, but they have to come in and ask and request the money. So it would be made available, then the Charter Schools could come in and request Design and/or Site.

ASSEMBLY MEMBER BROWNLEY: Okay, well, I'm reluctant to vote on the motion today, I'm very open to the discussion and looking at it, but I'm reluctant to just, you know, pull it out right now and vote on it. So, I won't be voting for this at the moment, but I would certainly be open to the discussion at our next meeting.

ASSEMBLY MEMBER BUCHANAN: I have a question. Are

there Charter School projects that are shovel ready, that need money?

SENATOR HUFF [presumed]: They need money for the designs.

ASSEMBLY MEMBER BUCHANAN: I understand that. I just want to know if – my question is, I don't care, I just want to know, are there Charter School projects that are shovel ready, that need money?

SENATOR HANCOCK: That have gone through the design process, the designs are approved, and now they're shovel ready.

MR. MIRELES: There's some projects on the Unfunded List, I know of at least one that is on the Unfunded List waiting for cash, that have come in with plans.

SENATOR HANCOCK: Okay, so there's at least one?

ASSEMBLY MEMBER BROWNLEY: At the top of the list?

MR. MIRELES: They would not be part of this option because we're just talking about the Design and Site.

SENATOR HANCOCK: Why can't they be part of this option?

MR. MIRELES: Because this is just for the ones to come in and access the Design and/or Site. They are already further ahead, they already actually have the plans approved, they already acquired the land that they needed

to, and they've submitted a full funding application, and they received an Unfunded approval; now, they're just awaiting cash on the Unfunded List.

ASSEMBLY MEMBER BUCHANAN: But we could have a hybrid recommendation that would give priority to Unfunded Charters that are shovel ready. I mean, we aren't stuck with option 1, 2, 3, or 4. I mean, even your motion is a hybrid, so that you could have a hybrid, then, that would give that priority.

CHAIR BRYANT: We could do that, we could make a decision like we made a decision last month to put Facility Hardships at the top of the list; we could say we want to reach down and grab a charter school off the list, but – not to be an advocate for the sanctity of the list, but obviously it's been drummed into me by all the people in this room that, you know, if we do that, that means we're going to put a Charter ahead of, you know, somebody else's worthwhile projects in – you know, wherever it is – Paso Robles. So I'm concerned about that. So, for that, I'm also sympathetic that we have to get these Charter Schools moving, so I'm intending to support Senator Huff's motion. Go ahead, did you want to say something else?

MS. GREEN: Let me get something right here. On page 207, you say that there's $184 million in need for Charter Schools, and that what's available on the list of

cash is just $19.44 if we added in the 706?

MR. MIRELES: That's correct.

MS. GREEN: And so we're looking at $1.3 billion in need on the Unfunded List – no, for all schools, but we're looking at $184 million for Charter Schools?

MR. MIRELES: And, again, that's just the total amount that they would be eligible for Design and/or Site.

MS. GREEN: That's all I wanted to know.

MS. MOORE: I have one question, Senator Huff. Would you accept an amendment to your motion to include $5 million for the Joint Use shovel ready projects?

SENATOR HUFF: Out of the pot for Option 2, you're talking about?

MS. MOORE: Yes.

SENATOR HUFF: On the spillover after the $10 million?

MS. MOORE: It's part of the spillover, well, it would be $10 million for Charters, per your motion, and then $5 million for Joint Use, and we'd have to create the authority, and then the spillover would go into Option 2.

SENATOR HUFF: Yeah, I would be open if I'm not losing other votes on that.

ASSEMBLY MEMBER BUCHANAN: My only question is, is that a deal we need to make today? Or do we have to have – what I would like to propose today is that we all agree that

the money go to shovel ready projects and allow staff to come back to us, so we know exactly what the lists look like at the next meeting, because I feel like I'm making a decision here without even seeing the list. But it's not that I couldn't support it.

SENATOR HUFF: Well, we're really setting up a framework here and, you know, if we set it up in a colorblind manner, we're more likely to agree than if we start picking and choosing according to how it benefits our Districts, or whatever it is. So, I mean, that I think is probably a little wiser way to go.

MR. HARVEY: The seconder will support your amended.

CHAIR BRYANT: Senator Hancock, thank you.

SENATOR HANCOCK: I could go along with $10 million out of the $68 going to Charter Schools, understanding that we are putting architects to work as opposed to construction people to work. But, I think on the rest of it, I would like to follow-up on what Ms. Moore said and prioritize Joint Use because you're getting communities things they can use, as well as School Districts. And I think, again, we're talking shovel reading Joint Use.

MS. MOORE: They indicated to me that they are BSA approved, there's $5 million that came in, that we had in our report last month, that's what I'm talking about.

SENATOR HANCOCK: So there really isn't more than $5 million in Joint Use that's bid ready.

ASSEMBLY MEMBER BUCHANAN: Are we moving up Joint Use, then, ahead of a school that has 50-year-old classrooms that need to be repaired?

SENATOR HANCOCK: Yeah, because I want to encourage Districts to do this. We have limited resources, as we live with every day in this State, there is no reason why we can't have beautiful Joint Use facilities and that we should give a little something to the people that went out and formed the partnerships –

MR. DAVIS: Madam Chair, I have a little bit of concern about prioritizing Joint Use, it might require some type of regulatory change for us to be able to move in that direction.

MS. KAPLAN: Can I – legal question. For Joint Use, it comes up on a yearly basis and the Board has a practice in the past of, when funding is available, of putting funding into that to fund it, so this is not prioritizing or taking out of order anything that the Board has not previously done and via precedent.

MR. DAVIS: That may be correct, but I would like to – I haven't had a chance to look at that yet.

CHAIR BRYANT: Well, as staff works, assuming this all passes, as staff works it out, if we come across a mass

of legal infirmity, we can deal with it at our next meeting or we can beep the attorneys up, one or the other. Anyway, so we have a motion on the table. Did you want to restate it quickly for the record?

SENATOR HUFF: Yeah, the motion would be to put $10 million into Option 3, $5 million into the Joint Use, and the balance into Option 2.

MR. HARVEY: Second.

CHAIR BRYANT: Okay. Can you call the roll?

MS. GENERA: Senator Lowenthal –

SENATOR LOWENTHAL: So, let me understand, $10 million for Charter Schools, $5 million for Joint Use, and to come back on Option 2 with a priority for those that are ready to go out for bid?

CHAIR BRYANT: Right.

SENATOR LOWENTHAL: Aye – right, we get the list.

MS. GENERA: Senator Hancock – Aye.

ASSEMBLY MEMBER BUCHANAN: Can I clarify that the $10 million for Charter, there is no priority for shovel ready in that?

MR. DAVIS [presumed]: No, because it’s planning. By definition, it does not allow for shovel ready.

CHAIR BRYANT: It’s pencil ready.

MS. GENERA: Okay, Senator Huff – Aye; Assembly Member Brownley – No; Assembly Member Buchanan – No; Scott

Harvey – Aye; Kathleen Moore – Aye; Lyn Green – Aye; Cynthia Bryant – Aye. It carries.

CHAIR BRYANT: Okay, so Item – Tab 13. And we do not have our Senators for too much longer, so –

TAB 13 PRIORITIES IN FUNDING.

MR. MIRELES: Tab 13 is an item that proposes regulations that give the Board the authority to create additional funding priorities. As we just discussed, the Board is interested in creating or considering additional funding priorities. This item includes regulations that gives the Board the tools to establish a future funding priority. So, what you see on page 212 are regulations that, again, give the Board the authority to create one in the event that the Board chooses to move forward with the funding priority. The previous regulations that we had for the first round were specific to the $408.3 million and they sunset this year. These regulations don’t specify a date or an amount, so it would give the Board the flexibility to create one on an as needed basis. We think that this has taken an proactive approach to give the tools and mechanism to make it happen should the Board decide to. So, with that, Madam Chair, the regulations are ready for approval, unless you have any questions.

CHAIR BRYANT: Let me ask a question. So, if we approve these regulations today, then we could come back at

the next meeting because it is an emergency, and we would be able to come back to the next meeting and put whatever the changes from 68 minus 15, we would be able to do that and make the motion next time and open a round of Priorities in Funding?

MR. MIRELES: Yes, the Board will have the flexibility to determine the dates and the amounts for the next funding priority at the next Board, or in the future.

MS. GREEN: I move adoption of the proposed amendments.

CHAIR BRYANT: Is there any public comment on this item?

MR. DUFFY: Madam Chair, members, Tom Duffy for CASH again, in support of the endeavor that is before you, as I noted before.

CHAIR BRYANT: Thank you.

MR. DUFFY: Thank you.

CHAIR BRYANT: And I'm going to frame that letter that has everybody agreeing to something. Put it on my wall, impressive. Okay, call the roll.

MS. GENERA: Senator Hancock – Aye; Senator Huff – Aye; Assembly Member Brownley – Aye; Assembly Member Buchanan – Aye; Scott Harvey – Aye; Kathleen Moore – Aye; Lyn Green – Aye; Cynthia Bryant – Aye. It carries.

CHAIR BRYANT: Okay, if everyone can hang for just

another couple minutes, let's go ahead and do Tab 14, we will finish the agenda.

TAB 14 METHODOLOGY FOR ORDERING OF PROJECTS ON THE UNFUNDED LIST.

CHAIR BRYANT: Go ahead, Juan.

MR. MIRELES: Tab 14 deals with – it provides the Board several options for ordering projects that are received by the OPSC on the same date. As you all know, at the last Board meeting, we were able to provide apportionments of 78 projects for a total of $408.1 million, however, we did have 19 projects that were received on the same date, and we had to – we were only able to fund 11 of those 19 projects. So the Board requests that staff come back and consider a different mechanism for ordering the projects. What we did at the last Board, and what we did since the inception of the Unfunded List, is we used a numbering system. And if I can draw your attention to the middle of page 215, we used what we call the OPSC project number to order the projects. The first two numbers are the program code, in this case, it's 50. This represents a New Construction project, and each type of project has a different two number; so, if you have like a Modernization project, that would be a 57. We looked at that number first and ordered it from lowest to highest, then we moved into the District five-digit code, again, from lowest to highest,

then the next two-digit number is the District High School Attendance Area, whether the District had one or not. Usually, if a District does not have a high school within its area, it is denoted as 00. And then, finally, we went through and looked at the project number. That's the system that we used since the inception of the Unfunded List, it's what the Board adopted at the last Board. So, this item considers a different alternative, which was to consider a lottery system if we get to a point where we don't have enough cash to fund all projects that are received by the OPSC on the same date.

So, if we look at stamped page 216, we provided several options for the Board. The first option basically keeps business as usual, we keep the same system, and only in the event that we do not have enough cash to fund all projects that are received on the same date, we will do a lottery system. And the lottery system will give each project that are receiving the same date a different priority based on this lottery, and we would fund the next project in line. The only thing that I wanted to note here is that –

ASSEMBLY MEMBER BUCHANAN: I would like to move the staff recommendation for Option 1.

MS. MOORE: Second.

MR. MIRELES: Okay.

ASSEMBLY MEMBER BUCHANAN: I just don't see any need to create additional work for staff, but I do believe in the rare instances where you can't fund an entire day, that there would be a random selection, and I think the Option 1 meets that requirement.

ASSEMBLY MEMBER BROWNLEY: The only thing that I was thinking about is that, you know, when you executed number 1, that there was some notification so that people can be present for the lottery pick.

MR. MIRELES: Absolutely, and that is our intent. We want to make it open and transparent and available to the public.

CHAIR BRYANT: We can do it here at the Board Meeting! All right, call the roll.

MS. GENERA: Senator Hancock – Aye; Senator Huff – Aye; Assembly Member Brownley – Aye; Assembly Member Buchanan – Aye; Scott Harvey – Aye; Kathleen Moore – Aye; Lyn Green – Aye; Cynthia Bryant – Aye. Carries.

CHAIR BRYANT: Okay, then. So our next meeting is October 6th.

SENATOR HANCOCK: Madam Chair, could I just say I know that Tab 15, the High Performance School tab, was simply a report. I just wanted to say that I think that we've received the report, I don't think that we should re-accept the report, however, until the details of the final

MOU are available to us –

CHAIR BRYANT: When we did that item, I actually just presented it myself and said that the conversations with DSA and CHPS have been going very well. I've been meeting with them weekly and I think next week we will finish and we will bring in, hopefully, knock on wood, we didn't accept anything, it's just –

SENATOR HANCOCK: Okay, great. So, hopefully we will come back with an MOU and everybody will be happy.

CHAIR BRYANT: There is a lot of determination on both sides, so I think we'll make it.

SENATOR HANCOCK: Thank you, thank you.

CHAIR BRYANT: And also, for the members that were absent earlier, on all of the report items, OPSC and DGS have offered to come brief anybody who wants to ask any specific questions.

MR. DAVIS: That last item did have two parts, I don't believe we voted on the part 2.

CHAIR BRYANT: On the type.

MR. DAVIS: On the type, yes.

MS. KAPLAN: Or was it just accept staff recommendation, which was both?

CHAIR BRYANT: Yeah. Both.

ASSEMBLY MEMBER BUCHANAN: [Inaudible] which was that you have the lottery.

ASSEMBLY MEMBER BROWNLEY: And I thought staff recommendation was for Option 1.

CHAIR BRYANT: And we're going to use Bingo balls.

ASSEMBLY MEMBER BROWNLEY: Yes, both parts, yes, staff recommendation.

[Adjourned at 6:40 p.m.]