

AGENDA WITH ANALYSIS

**NOTICE OF MEETING
STATE PUBLIC WORKS BOARD
Friday, January 29, 2016**

**The STATE PUBLIC WORKS BOARD will meet on Friday,
January 29, 2016, at 11:00 a.m. in Room 113, State Capitol,
Sacramento, California.**

Departments with requests for preliminary plan approval are reminded to contact their respective capital outlay analyst for an appointment to review plans. Plan review should be scheduled either on the screening meeting date or before that date.

PLEASE NOTE: Departments with preliminary plans, after Department of Finance staff review, please offer a briefing to the Legislative Analyst's Office.

Attachment

STATE PUBLIC WORKS BOARD

Friday

January 29, 2016

11:00 a.m.

Room 113

State Capitol

Sacramento, California

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BOND ITEMS

BOND ITEM—1

**CALIFORNIA SCIENCE CENTER (3100)
2016 SERIES A, LEASE REVENUE REFUNDING BONDS
CALIFORNIA SCIENCE CENTER, PHASE I**

Refunded Bonds: 1997 Series A, California Science Center

Authority: Section 15840 of the Government Code

Consider adoption of a resolution to:

1. Authorize the sale of the State Public Works Board Lease Revenue Refunding Bonds, California Science Center, 2016 Series A, California Science Center Phase I (Federally Taxable Bonds) in accordance with the Board's refunding policy.
2. Approve the form of and authorize the execution of a Supplemental Indenture to the Master Indenture, between the State Public Works Board (Board) and the State Treasurer.
3. Approve the form of and authorize the execution of Amendments to Facility Leases between the Board and the California Science Center.
4. Approve the form of and authorize the execution of Escrow Agreements between the Board and the State Treasurer.
5. Approve the form of and authorize the execution of a Purchase Contract by and among the Board, the State Treasurer, and the Purchaser named therein.
6. Approve other related actions in connection with the authorization, issuance, sale, and delivery of said revenue bonds.

Current outstanding par amount of the bonds to be refunded

1997A: \$15,535,000

BOND ITEMS

STAFF ANALYSIS ITEM—1

California Science Center
2016 Series A, Lease Revenue Refunding Bonds
California Science Center, Phase I

Action Requested

If approved, the requested action would authorize the sale of the 2016 Series A lease revenue refunding bonds and other related actions in connection with the issuance, sale, and delivery of said refunding bonds, including approving the forms of and authorizing the execution of a supplemental indenture, an amended and restated facility lease, an escrow agreement, and a purchase contract.

The California Science Center

The Science Center Phase I facility is the approximately 218,000 square foot portion of a museum facility known as the California Science Center. The Phase I facility includes three concrete steel framed floors incorporating the renovated historic facade of the Ahmanson Building located in Exposition Park, Los Angeles, California. The Phase I facility houses permanent learning galleries as well as space for special exhibits. Other areas of the Phase I facility include a conference center, a gift shop and food service areas and a freestanding rotunda.

In 2006 an addition was added to the west side of the Phase I facility. This portion is known as the Phase II facility. The Science Center and its Foundation are planning to add another addition to the east side of the Phase I facility. This Phase III facility will permanently house the Space Shuttle and other air and space exhibits.

Description of the Refunding

The 2016 Series A bonds will be federally taxable bonds that will fully refund the Board's 1997 Series A bonds for the administrative purpose of providing the Science Center greater flexibility in the operations of the Phase I facility, especially in light of the proposed Phase III addition. The estimated par amount of the 2016 Series A bonds is \$16.2 million. The bonds shall be issued in accordance with the Board's existing refunding policy.

The refunding bonds will be sold on a direct purchase basis without provision of an official statement. The Treasurer's Office will disseminate an RFP requesting purchase offers from select banks. The refunding bonds will be sold to the selected purchaser, a Qualified Institutional Buyer (as defined in pertinent securities laws), pursuant to a Purchase Contract. Closing is anticipated to occur early in March.

Staff Recommendation: Adopt the resolution.

CONSENT ITEMS

NONE

ACTION ITEMS

ACTION ITEM—1

**HIGH SPEED RAIL AUTHORITY (2665)
INITIAL OPERATING SEGMENT, SECTION 1
MADERA AND FRESNO COUNTIES**

*Authority: Chapter 152, Statutes of 2012, Item 2665-306-0890 (1)
Chapter 152, Statutes of 2012, Item 2665-306-6043 (1)
Chapter 25, Statutes of 2014, Item 2665-306-3228 (1)*

Consider authorizing acquisition for the following properties:

1. Freshko Property

Authority Parcel Numbers: FB-10-0257 and FB-10-0259
Assessor Parcel Numbers: 330-021-19S and 330-021-21S

2. Riccardo Property

Authority Parcel Number: FB-10-0687
Assessor Parcel Number: 335-090-01

ACTION ITEMS

STAFF ANALYSIS ITEM—1

High Speed Rail Authority
Initial Operating Segment, Section 1
Madera and Fresno Counties

Action Requested

If approved, the requested action would authorize acquisition of two properties for the High Speed Rail project.

Scope Description

This project is within scope. The Initial Operating Segment, Section 1 (IOS-1) is expected to be approximately 120 miles starting near Madera (north of Fresno) and extending southward almost to Bakersfield. This initial section includes the realignment of Highway 99 in Fresno, construction of a bridge over the San Joaquin River, several grade separations, two viaducts and the acquisition of approximately 1,300 parcels. The IOS-1 is the first construction phase of the High Speed Train System (HSTS). The HSTS consists of Phase 1, which would provide 520 miles of the HSTS extending from San Francisco to Los Angeles/Anaheim, and Phase 2, which would extend the system to Sacramento and San Diego.

Funding and Cost Verification

This project is within cost. Chapter 152, Statutes of 2012, appropriated \$5.850 billion (\$2.609 billion High Speed Passenger Train Fund and \$3.241 billion federal funds) and Chapter 25, Statutes of 2014 provided an additional \$191.4 million Greenhouse Gas Reduction Fund for the IOS-1.

CEQA

In order to choose the HSTS preferred alignment and identify the parcels to be acquired, the Authority, in accordance with CEQA and the National Environmental Protection Act (NEPA), has completed and certified both a Program level and Project level Environmental Impact Report/Environmental Impact Statement (EIR/EIS). The parcels subject to this Easement Acquisition Agreement are within either the Merced to Fresno or Fresno to Bakersfield design segment. For these two design segments, the CEQA and NEPA processes were completed in 2012 and 2014, respectively.

Contracts Requiring Board Approval

The Board has adopted a resolution delegating acquisition authority to designated staff for certain HSTS acquisitions that conform to a Board-approved standard contract. The Right-of-Way contracts for the properties that are listed below fall outside the scope of this delegation, because they contain non-standard clauses substantively different from the standard contract. Therefore, Board approval is required for the acquisitions.

Freshko:

- The property to be acquired is 11.62 acres and 2,148 square feet of temporary construction easement of a 19.8 acre parcel. Currently, 2155 Muscat, LLC (successor in interest to Freshko Estate I, LLC) owns the subject property, and Freshko Produce Services, Inc. is the lessee.
- Clause 2(A) of the original Right of Way contract provides that the state is acquiring the property subject to the Lease between Muscat, LLC and Freshko Produce Services. The First Amendment to the Right of Way Contract amends Clause 2(A) and adds Clause 13 to the contract to collectively provide that the subject Lease, and its amendment, will be assigned to the Authority. Specifically, Clause 13 states that the Owner, Lessee, and Authority shall execute the original of the Assignment and Assumption of Lease and Consent. This document

provides for the transfer and assignment to Assignee (High Speed Rail Authority) all right, title and interest of Assignor (Muscat, LLC) in the original Lease and its amendment dated March 1, 2012 and October 15, 2015, respectively. Both are referenced in Clause 2(A) and Clause 13 of the First Amended Right of Way contract.

- Board staff has reviewed these clauses and recommends approval. The Assignment and Assumption of Lease document provides protections to the state by specifying the rights of Lessor (Authority) and by providing remedies in the event of default or breach by the Lessee, Freshko Produce. However, staff notes that the Assignment also creates long standing obligations on the part of the state, possibly up to the year 2037. The Lease runs through February 17, 2017, with 4 additional, 5 year extensions. The Assignment and Assumption of Lease does not amend or delete provisions that may no longer be relevant (condition of the property at Lease commencement and responsibilities of parties) and includes indemnification on the part of the state. Despite these issues, Board staff believes that the risks to the state related to this transaction have been sufficiently minimized to warrant Board approval.

Riccardo:

- The property to be acquired is a 5,320 square foot portion of a 15,748 square foot commercial property.
- Clause 2(E) of the Right of Way contract (form of ROW contract - after Possession and Use Agreement has been executed) provides the property owner with the deed to two parcels currently owned by the state (FB-10-0688 and FB-10-0311) free and clear of all liens and encumbrances, as compensation for damages that will be incurred due to the partial fee acquisition. Further reference to the land conveyance is found in Clause 12, which provides that in the event the owner elects to enter the conveyance land in advance of the recording of the Deed, the state will be relieved of all liability.
- Board staff has reviewed these clauses and recommends approval, as it remedies the damages to the property caused by this acquisition, including loss of access to the property and proximity to the residence of the High Speed Rail right of way. The new properties will also allow the property owners to construct a new garage building for their automotive repair business, which is being directly bisected by the project, and a new septic system.

Staff Recommendation: Staff recommends that the Board approve the acquisition contracts for the Freshko and Riccardo properties.

OTHER BUSINESS

NONE

REPORTABLES

NONE