



**CALIFORNIA STATE
PUBLIC WORKS BOARD**

ARNOLD SCHWARZENEGGER, GOVERNOR

915 L STREET ■ NINTH FLOOR ■ SACRAMENTO CA ■ 95814-3706 ■ (916) 445-9694

STATE PUBLIC WORKS BOARD

September 19, 2006 Meeting

MINUTES

PRESENT:

Mr. Vince Brown, Chief Deputy Director, Department of Finance
Mr. Ron Joseph, Director, Department of General Services
Ms. Cindy McKim, Deputy Director, Department of Transportation
Ms. Windie Scott, Deputy Controller, State Controller's Office
Mr. Francisco Lujano, Director Securities Management Division, State Treasurer's Office

ADVISORY MEMBER:

Director, Employment Development Department

LEGISLATIVE ADVISORS:

Assembly Member
Assembly Member Wilma Chan
Assembly Member Lloyd E. Levine
Senator Gilbert Cedillo
Senator Wesley Chesbro

STAFF PRESENT:

Karen Finn, Administrative Secretary, Public Works Board
Theresa Gunn, Assistant Administrative Secretary, Public Works Board
Stan Hiuga, Budget Analyst for the Department of Finance
Henry Nanjo, Legal Counsel, State Public Works Board
Chris Sanford, Secretary to the Public Works Board

OTHERS PRESENT:

Phil Osborne, State Treasurer's Office

CALL TO ORDER AND ROLL CALL:

Mr. Vince Brown, Chairperson of the SPWB and Chief Deputy Director for the Department of Finance, called the meeting to order at 3:00 p.m. Ms. Karen Finn, Administrative Secretary for the State Public Works Board, called the roll. A quorum was established.

Ms. Finn noted that the approval of minutes for the September 8, 2006 meeting would be held until the October 18th meeting. She also noted that there was an error in the public notice that went out for this meeting. It discussed convening a closed session to discuss pending litigation concerning Nelles. This was part of an old notice and there would not be closed session.

BOND ITEMS:

Ms. Finn reported that Bond Item #1 was for the University Of California's *Davis Hall North Replacement Building* on the Berkeley Campus in Alameda County. This item would authorize the sale of lease revenue bonds for this project and approve the forms of documents in the Board's package that were specified in the resolution before them today. Ms. Finn added that she would just like to bring to their attention that the forms of leases are really space leases and facility space leases even though our item referenced site lease and facility leases. They accomplish the same thing but wanted to make the distinction. The maximum par value of the bonds for this series would be no more than one hundred million (\$100,000,000) and the maximum true interest cost would not exceed 6.0 percent. The bonds being sold would be secured by only a portion of the building because the UC had financed a portion of the building as well. Hence the space leases. However, the value of the space secured by these bonds exceeds the cost of the bonds being issued. Staff recommended adoption and approval.

A motion was made by Mr. Lujano and Second by Mr. Joseph to approve Bond Item # 1. Bond Item # 1 was approved by a 5-0 vote.

Ms. Finn reported Bond Item # 2 was for the University Of California's, *San Francisco Campus, Medical Center for Phase 1 and Phase 2* in San Francisco County. The Board might recognize this from the August meeting when it was approved by the Board. The AG's office had requested that this Item be revisited to more clearly delineate that this project was an "asset transfer", meaning that the property to secure these bonds was not the facility being built. Staff recommended approving this item as an asset transfer because of the complicated tax exempt issues related to the medical center and because the value of the pledged property does and will exceed the cost of the bonds when issued. The requested action would adopt a resolution authorizing actions to be taken to provide for interim financing and the sale of lease revenue bonds consistent with increased project authority. Staff recommended adoption and approval.

A motion was made by Mr. Joseph and Second by Mr. Lujano to approve Bond Item #2. Bond Item #2 was approved by a 5-0 vote.

CONSENT CALENDAR:

Ms. Finn then stated that there were no consent, action, or other business items; nor Reportables.

NEXT MEETING:

Ms. Finn informed the Board that the next meeting was set for **Wednesday, October 18, 2006, at 11:30 AM, at the State Capitol, Room 113.**

Mr. Brown asked if there were any comments or questions from the public before adjournment. No answer was forthcoming

Mr. Brown adjourned the meeting at 3:05 p.m.

AGENDA AND STAFF ANALYSIS

**NOTICE OF SPECIAL MEETING
STATE PUBLIC WORKS BOARD
Tuesday
September 19, 2006**

The **STATE PUBLIC WORKS BOARD** will meet on, **Tuesday September 19, 2006, at 3:00 p.m. in Room 113 in the State Capitol, Sacramento, California.** In accordance with provisions of Section 11125 of the Government Code, a copy of the Agenda is attached.

KAREN FINN
Administrative Secretary

Attachment

STATE PUBLIC WORKS BOARD

Tuesday

September 19, 2006

3:00 p.m.

Room 113

State Capitol

Sacramento, California

I. Roll Call

Michael C. Genest, Director, Department of Finance
Ron Joseph, Director, Department of General Services
Cindy McKim, Deputy Director, Department of Transportation
State Controller's Office
State Treasurer's Office
Director, Employment Development Department
(Advisory Member)

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Assembly Member, Legislative Advisor
Assembly Member, Wilma Chan, Legislative Advisor
Assembly Member, Lloyd E. Levine, Legislative Advisor
Senator, Wesley Chesbro, Legislative Advisor
Senator, Gilbert Cedillo, Legislative Advisor
Senator, Legislative Advisor

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III.	Consent Items	Page	NONE
IV.	Action Items	Page	NONE
V.	Other Business	Page	NONE
VI.	Reportables	Page	NONE

BOND ITEM

BOND ITEM – 1

**UNIVERSITY OF CALIFORNIA (6440)
DAVIS HALL NORTH REPLACEMENT BUILDING
ALAMEDA COUNTY, BERKELEY CAMPUS**

*Authority: Chapter 3/02, Third Extraordinary Session
Chapter 52/00, Item 6440-301-0001 (1)
Chapter 157/03, Item 6440-301-0660 (1)*

Adopt a resolution to:

1. Authorize the sale of the State Public Works Board Lease Revenue Bonds—University of California, 2006 Series E, University of California Berkeley, Davis Hall North Replacement Building.
2. Approve the form of and authorize the execution of a Supplemental Indenture between the State Treasurer and the State Public Works Board.
3. Approve the form of Site Lease and authorize the execution of a Site Lease between the University of California and the State Public Works Board.
4. Approve the form of a Facility Lease and authorize the execution of a Facility Lease between the University of California and the State Public Works Board.
5. Approve the form of and authorize the execution of a Continuing Disclosure Agreement.
6. Approve and authorize the execution and delivery of a Preliminary Official Statement.
7. Approve and authorize the execution and delivery of an Official Statement.
8. Approve other related actions in connection with the authorization, issuance, sale, and delivery of said revenue bonds.

Estimated Project Costs to be Financed:	\$75,124,000
Estimated Par Value of Bonds to be Issued:	\$81,000,000 with
“To Not Exceed” Par Amount to be Approximately	\$100,000,000

APPROVED 5/0.

BOND ITEM

STAFF ANALYSIS ITEM – 1

University of California
Berkeley, Davis Hall North Replacement Project
Alameda County, Berkeley Campus

Action Requested

The requested action would authorize the sale of the lease revenue bonds and other related actions in connection with the issuance, sale and delivery of said revenue bonds, including the approval of the forms of and authorizing the execution and delivery of a supplemental indenture, a space lease, a facility space lease, a continuing disclosure agreement, a preliminary official statement and an official statement.

Scope Description

This project is within scope. This project constructs and equips a new 78,000 assignable square feet (141,821 gross square feet) research facility on the site the north wing of old Davis Hall. The building will serve as headquarters and the main research facility for the Center for Information Technology Research in the Interest of Society (CITRIS). The building will house a highly advanced Integrated Microfabrication Laboratory, additional research space, a Lifelong Learning Center, including four state-of-the-art instructional and conferencing rooms, and space for administration and support.

Funding and Project Cost Verification

This project is within cost. State Lease Revenue funding for this project is \$75,124,000, which consists of the original authorization of \$64,124,000 and \$11 million shifted from General Fund to Lease Revenue Funds, pursuant to Chapter 157, Statutes of 2003. Resolutions authorizing actions to be taken to provide for interim financing and sale of lease revenue bonds were previously adopted by the Board in April 2003 in the amount of \$64,124,000, and in July 2, 2006 in the amount of \$11,000,000. Further, the University (or UC) has added additional funds of \$89,505,000 from campus sources for this project.

\$176,830,000 total authorized project costs
\$176,830,000 total estimated project costs

\$75,124,000 project costs from lease-revenue financing

\$89,505,000 project costs from campus funds

\$12,201,000 project costs from state General Fund

CEQA

The University certifies that the project is in compliance with CEQA.

Due Diligence

The Department of General Services (DGS) completed due diligence on April 22, 2003, and at that time, concluded that there were no significant issues that would adversely affect the quiet enjoyment of the bonded property. DGS is updating their due diligence summary and should complete their update by the end of this week. DGS advises that there does not appear to be any due diligence issues.

Project Schedule

The project schedule is as follows:

Complete Construction: November 2009

Other

- This project is an institute project and as such the UC financed a portion of the cost of the project, as well as the Board. Therefore, the Board will sell bonds on and secure only a portion of the facility through space leases. The leased space is valued at more than the bonds being issued.

Staff Recommendation: Adopt resolution

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BOND ITEM

BOND ITEM – 2

**UNIVERSITY OF CALIFORNIA (6440)
UCSF MEDICAL CENTER SB 1953 MOFFITT/LONG 2008, PHASE 1 AND
UCSF MEDICAL CENTER SB 1953 MOFFITT/LONG 2008, PHASE 2
SAN FRANCISCO COUNTY, SAN FRANCISCO CAMPUS**

*Authority: Section 15820.85 of the Government Code
as amended by Chapter 71/00*

Adopt resolution to:

1. Authorize the sale of the State Public Works Board Lease Revenue Bonds.
2. Authorize the execution of the Construction Agreement between the University of California and the State Public Works Board.
3. Approve the form of and authorize the execution of a Facility Lease between the University of California and the State Public Works Board. (Pursuant to Government Code Section 15820.86 the form of the Facility Lease will provide for substitution of a different University of California facility under certain conditions).
4. Approve the form of and authorize the execution of a Site Lease between the University of California and the State Public Works Board. (Pursuant to Government Code Section 15820.86 the form of the Site Lease will provide for substitution of a different University of California facility under certain conditions).
5. Approve the form of and authorize the execution of an Agreement for the Transfer of Control and Possession of State Owned Real Property (Transfer Agreement) between the University of California and the State Public Works Board.
6. Authorize the use of interim financing, to be repaid from the Public Buildings Construction Fund from the proceeds from the sale of bonds.

Total Estimated Bond Authorization:

\$25,000,000

APPROVED 5/0.

BOND ITEM

STAFF ANALYSIS ITEM – 2

University of California
UCSF Medical Center SB 1953 Moffitt/Long 2008, Phase 1 and
UCSF Medical Center SB 1953 Moffitt/Long 2008, Phase 2
San Francisco County, San Francisco Campus

Action Requested

The requested action will adopt a resolution authorizing the sale of lease revenue bonds and interim financing therefore.

Scope Description

This project is within scope. The University of California, San Francisco Medical Center (UCSFMC) proposed the SB 1953 Compliance Projects to satisfy the seismic safety requirements for acute care hospital facilities imposed by SB 1953. The required SB 1953 work involves Moffitt and Long hospitals and will be executed in two phases. The scope and cost of Phase 1 and Phase 2 were approved at the February 2001 SPWB meeting.

The UCSFMC SB 1953 Moffitt/Long 2008, Phase 1 project will seismically upgrade Moffitt/Long Hospitals by bracing and retrofitting non-structural building system components, equipment, piping and partial height partitions. The project will upgrade the bracing and anchorages to the non-structural performance category of NPC-3 standard required by Senate Bill 1953.

Preliminary plans for Phase 1 were approved by the Public Works Board (PWB) at the May 2005 meeting; working drawings were approved by Department of Finance (DOF) on August 3, 2005, and the contract award was approved by DOF on April 7, 2006.

The UCSFMC SB 1953 Moffitt/Long 2008, Phase 2 project will seismically upgrade Moffitt/Long Hospitals by implementing structural changes, including the cutting of beams and floor slabs on fifteen floors and the installation of seismic separation joints. The project will upgrade Moffitt Hospital to a structural performance category of SPC-2 as mandated by Senate Bill 1953 to keep the hospitals in operation through January 1, 2030. Project costs include necessary building infrastructure, especially information technology system work as impacted by the structural work. Preliminary Plans for Phase 2 were approved by the PWB on June 10, 2005; working drawings for Phase 2, Bid Package No. 1 were approved by the DOF on March 13, 2006, and the contract award was approved by DOF on April 7, 2006.

Portions of the upgrade work required to meet the SB 1953 2008 standards have been completed by the UCSFMC with its own funds.

Funding and Cost Verification

This project is within cost.

For Phase 1:

\$9,996,000 total authorized project costs

\$9,996,000 total estimated project costs

\$9,996,000 project costs previously allocated: preliminary plans -- \$400,000 (State funds); working drawings -- \$600,000 (State funds); construction -- \$7,000,000 (State funds and \$1,996,000 (campus funds)

\$0 project costs to be allocated

For Phase 2:

\$19,971,000 total authorized project costs

\$19,971,000 total estimated project costs

\$19,971,000 project costs previously allocated: preliminary plans -- \$1,200,000 (State funds); working drawings -- \$1,300,000 (State funds); construction -- \$14,500,000 (State funds), \$2,971,000 (FEMA funds)

\$0 project costs to be allocated

CEQA

The University certifies that the project is in compliance with CEQA.

Project Schedule

The project schedule is as follows:

Phase 1:

Complete construction: December 2007

Phase 2:

Complete construction: December 2007

Other

- Pursuant to Government Code Section 15820.86, the UCSF Medical Center SB 1953 Moffitt/Long 2008, Phase 1 and Phase 2 projects are to be located on real property separate from the sites to be leased to the Board from The Regents pursuant to the Site Lease(s). This arrangement is known as "asset transfer".
- Pursuant to Government Code Section 15820.82, The Regents have provided an opinion of bond counsel to the effect that the Board's bonds issued for the UC San Francisco Medical Center SB 1953 Moffitt/Long 2008, Phase 1 and Phase 2 projects will be able to receive a customary approving opinion as to state law and federal income tax law.
- The form of Facility Lease provides for substitution of a different University of California facility for the Leased Facility under certain conditions. The State Public Works Board and the University of California must jointly support the substitution, the substitution cannot materially effect the interests of the bond holders, the rental value of the new facility must be equal or exceed the rental payments, and the real estate due diligence review be conducted to verify that the substituted facility is not subject to any liens or encumbrances. Both the site and facility lease will be amended in the event any asset is substituted during the term of the financing.

Staff Recommendation: Adopt resolution

Respectfully Submitted
By:

Karen Finn
Administrative Secretary