



CALIFORNIA STATE  
**PUBLIC WORKS BOARD**

EDMUND G. BROWN JR. • GOVERNOR

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STATE PUBLIC WORKS BOARD  
November 10, 2011

**MINUTES**

**PRESENT:**

Mr. Todd Jerue, Chief Operating Officer, Department of Finance  
Mr. Esteban Almanza, Chief Deputy Director, Department of General Services  
Mr. Martin Tuttle, Deputy Director, Department of Transportation  
Mr. Jim Lombard, Chief Administrative Officer, State Controller's Office  
Mr. Blake Fowler, Director, Public Finance Division, State Treasurer's Office

**STAFF PRESENT:**

Greg Rogers, Administrative Secretary  
Theresa Gunn, Assistant Administrative Secretary  
Brian Dewey, Assistant Administrative Secretary  
Matt Almy, Principal Program Budget Analyst  
Andrew Ruppenstein, Budget Analyst  
Deborah Cregger, Staff Counsel  
Shelly Renner, Staff Counsel

**CALL TO ORDER AND ROLL CALL:**

Mr. Todd Jerue, Chairperson of the Board and Chief Operating Officer of the Department of Finance, called the meeting to order at 10:00 a.m. Mr. Greg Rogers, Administrative Secretary for the Board, called the roll. A quorum was established.

The first order of business was approval and adoption of the minutes from the October 13, 2011 meeting. Mr. Rogers reported staff had reviewed the minutes and recommend approval and adoption of the minutes.

**A motion was made by Mr. Lombard and seconded by Mr. Almanza to approve and adopt the minutes. The minutes were approved by a 5-0 vote.**

**BOND ITEMS:**

Mr. Jerue noted that the next order of business was the Bond items for the Board's consideration to authorize the third sale this fall. Mr. Rogers presented one bond item for consideration this month.

**Bond Item**

Mr. Rogers reported that the Bond Item was to fund three 2011 Series G University of California Projects:

- South Tower Seismic Renovation, Los Angeles Campus – approximately \$125.6 million
- Campbell Hall Seismic Replacement Building, Berkeley Campus – approximately \$65.2 million
- Science and Engineering 2 Building, Merced Campus – approximately \$77.6 million

If approved, the requested action would adopt a resolution to:

- 1) authorize the issuance and sale of the 2011 Series G Bond;
- 2) approve the form of and authorize the execution of:
  - a. the 107<sup>th</sup> Supplemental Indenture;
  - b. a Site and Facility Lease and two Space and Facility Space Leases;
  - c. Project Delivery Agreements;
  - d. a Continuing Disclosure Agreement;
- 3) authorize the delivery of a Preliminary Official Statement and an Official Statement; and
- 4) other related actions in connection with the issuance, sale and delivery of said revenue bonds.

Mr. Rogers further reported that the estimated par value for this series is \$303.7 million with a not to exceed par of \$380.9 million and a not to exceed True Interest Cost of 5.64 percent.

Staff recommended approval of the item and adoption of the Resolution for this Bond Item.

There were no questions or comments from the Board or the public.

**A motion was made by Mr. Lombard and seconded by Mr. Tuttle to approve and adopt the Resolution for the Bond Item. The Bond Item was approved by a 5-0 vote.**

#### **CONSENT ITEMS:**

Mr. Rogers informed the Board there were originally seven Consent Items; however, one Consent Item was pulled, thus leaving the Consent Calendar with six items. In summary these items were proposed:

- 1 request to accept real property through a transfer of title [Item 1]
- 1 request to authorize acquisition [Item 2]
- 2 requests to authorize site selection [Items 3 and 4]
- 1 request to approve preliminary plans and approve a revision of project savings [Item 5]
- 1 request to consent to approve preliminary plans [Item 6]

Staff recommended approval of Consent Items 1 through 6.

There were no questions or comments from the Board or the public.

**A motion was made by Mr. Tuttle and seconded by Mr. Almanza to approve Consent Calendar Items 1 through 6. The Consent Items were approved by a 3-0 vote.**

#### **ACTION ITEMS:**

**ACTION ITEM 1:** Action Item 1, the Department of Food and Agriculture's South Valley Animal Health Laboratory in Tulare County, considered for recognizing a scope change and approval of preliminary plans.

Mr. Brian Dewey reported that a scope change is being requested to increase the size of the project from approximately 37,000 square feet to 47,000 square feet to address some health and safety design deficiencies. In addition, this item was being presented as an Action Item to highlight the fact that the proposed changes for this project have already been incorporated into the design documents without prior approval from the Board or the Department of Finance, contrary to the state's administrative policy, as adopted by the Board.

Mr. Dewey further stated that both the Department of Food and Agriculture and the University of California have been directed to remind their staff of the state's administrative policy, as adopted by the Board, and to ensure the necessary controls are instituted to prevent this situation from recurring.

Staff recommended the Board recognize the proposed scope change and approve preliminary plans.

Mr. Jerue requested that a representative from both the University of California and Department of Food and Agriculture give a brief description of the steps being taken to ensure the necessary controls have been put in place.

Mr. Patrick Lenz, Vice President of Budget and Capital Resources, University of California (UC), stated that UC has very strict guidelines and that campus staff and any entity working on capital projects are advised to adhere to the guidelines. Mr. Lenz agreed that this situation was out of character and a unique situation; however, he assured the Board that UC's controls are very strict and are in place.

Ms. Jody Lusby, Budget Officer with the Department of Food and Agriculture, stated that their department is working with both the Department of Finance and UC to increase communication and keep the Department of Finance informed of all changes prior to any decisions being made. Ms. Lusby assured the Board that this situation will not happen again.

There were no further questions or comments from the Board or the public.

**A motion was made by Mr. Tuttle and seconded by Mr. Almanza to approve Action Item 1. Action Item 1 was approved by a 3-0 vote.**

**ACTION ITEM 2:** Action Item 2, Judicial Council of California's Administrative Office of the Courts' New Red Bluff Courthouse (Walnut Street Site) in Tehama County, considered for authorizing acquisition.

Mr. Dewey reported that Action Item 2 was initially proposed as an Action Item because the County Board of Supervisors (County) had not yet approved the final Parking Agreement that is part of this transaction. However, this agreement was approved by the County on November 8, 2011.

Staff recommended the Board authorize the acquisition.

Mr. Martin Tuttle commented in the future that a map of the location would be helpful with the project information for Action Items. Mr. Dewey invited a representative of the Judicial Courts to address the Board and provide clarification on the site.

Ms. Eunice Calvert-Banks, Manager of Real Estate for the Administrative Office of the Courts, presented a map to the Board and gave a brief description of the location of the courthouse and modular buildings, including future parking facilities.

There were no further questions or comments from the Board or the public.

**A motion was made by Mr. Tuttle and seconded by Mr. Almanza to approve Action Item 2. Action Item 2 was approved by a 3-0 vote.**

**ACTION ITEM 3:** Action Item 3, Department of Parks and Receptions' (Parks) up to 70 Operating Agreements for state park units statewide that are subject to closure, considered for making findings and determinations regarding the operating agreements and for establishing operating agreements parameters, as recommended by staff, for individual operating agreements to be considered by the Board in the future.

Mr. Dewey reported that approval of Action Item 3 would allow Parks to pursue operating agreements under specified parameters for any of the 70 state parks covered by this item. Mr. Dewey explained the criteria under existing law that allows the Board to approve certain operating agreements that have not been reviewed by the Legislature, as well as the reason why Parks needs the Board's authority to enter into operating agreements well before July 1, 2012.

Mr. Dewey further stated that once the Board has made the required findings and determinations as requested, the Board may approve new operating agreements no sooner than 20 days after the appropriate legislative committees have been notified of the Board's intent to review and approve new operating agreements.

Due to the current unavailability of individual operating agreement details, staff recommended approval of the following parameters that potential operating agreements will be expected to meet prior to presenting potential operating agreements to the Board for final approval in the future:

- The agreement involves no significant increase in the state's risk exposure or legal liability than would otherwise apply to a closed state park.
- The request includes a financial projection of the agreement's anticipated operational costs and revenues.
- The operating agreement does not reflect in a net increase in state funding or staffing levels to support continued public services at the unit(s).
- The agreement request is received by the Board before April 1, 2012.

In summary, staff recommended that the Board find and determine that the operating agreements at the 70 state park units subject to closure beginning July 1, 2012 could not have been reviewed by the Legislature during its consideration of the 2011-2012 Budget Bill. Further, staff recommended that the Board find and determine that deferring review and approval until the Legislature's consideration of the 2012-2013 Budget Bill would be adverse to the interests of the public, and that the terms of the operating agreements to be considered for approval under this action should be consistent with the parameters identified in this item.

Mr. Dewey added that while the operating agreement covers 70 parks, it is unlikely that all 70 parks would be able to benefit from the use of the operating agreements. However, it is anticipated that a significant yet currently unknown number of the 70 parks would prove successful.

Mr. Esteban Almanza inquired about the number of estimated jobs that would be saved or created as a result of approval of the operating agreements. Mr. Jim Luscutoff, Chief of the Concessions, Reservations and Fees Division in California State Parks, responded that the number of jobs that would be impacted is currently unknown. Mr. Tuttle asked if the operating agreements would be presented in December. Mr. Luscutoff explained the requirements for presenting operating agreements to the Board. He further stated that if and when any of the operation agreements meet the requirements for Board action, then the details would be presented to the Board in December. Mr. Dewey noted that following a 20-day Legislative notice, presentation of the operating agreements to the Board may start in December 2011 and continue through April 2012.

There were no further questions or comments from the Board or the public.

**A motion was made by Mr. Tuttle and seconded by Mr. Almanza to approve Action Item 3. Action Item 3 was approved by a 3-0 vote.**

**ACTION ITEM 4:** Action Item 4, Department of Parks and Recreations' (Parks) 29 Concessions in state park units statewide subject to closure, considered for making findings and determinations regarding the concessions and for establishing concession parameters, as recommended by staff, for individual concessions to be considered by the Board in the future.

Mr. Dewey reported that approval of Action Item 4 would make specified findings and determinations and would authorize Parks to pursue concession agreements under specified parameters.

Due to the current unavailability of individual operating agreement details, staff recommended approval of the following parameters that potential operating agreements will be expected to meet prior to presenting potential operating agreements to the Board for final approval in the future:

- The scope of each concession must cover clearly identifiable and distinct elements of one or more state park units, such as campgrounds, restaurants, day-use areas, or a combination of multiple elements.
- The concession must enhance public access at the park unit that would otherwise not occur without the concession.
- The concession involves no significant increase in the state's risk exposure or legal liability.
- The request includes a financial projection of the concession's anticipated operational costs and revenues.
- The concession does not result in a net increase in state funding or staffing levels to support continued public services at the unit.
- The concession request is received by the Board before April 1, 2012.

In summary, staff recommended that the Board find and determine that proposed concessions in the 29 state park units could not have been reviewed by the Legislature during its consideration of the 2011-2012 Budget Bill. Further, it would be adverse to the interests of the public to defer that review and approval until the Legislature's consideration of the 2012-2013 Budget Bill, and the terms of the concessions to be considered for approval under this action must be consistent with the parameters identified above.

There were no questions or comments from the Board or the public.

**A motion was made by Mr. Tuttle and seconded by Mr. Almanza to approve Action Item 4. Action Item 4 was approved by a 3-0 vote.**

## **OTHER BUSINESS**

There were two items under Other Business. Mr. Rogers stated that the first item was to adopt the 2012 State Public Works Board Calendar. The proposed calendar keeps the Board's meeting dates on the second Friday of each month.

Staff recommended approval of the 2012 State Public Works Board Calendar.

**A motion was made by Mr. Tuttle and seconded by Mr. Almanza to approve the 2012 Board calendar. The 2012 State Public Works Board Calendar was approved by a 3-0 vote.**

The second item under Other Business was to recognize the 2011 Audited Financial Statements prepared by Gilbert and Associates for the Public Buildings Construction Fund and the High Technology Education Revenue Bond Fund. Mr. Rogers reported that the audited financial statements were for the fiscal year that ended June 30, 2011, and the auditors issued an unqualified opinion of the financial statements.

Staff have reviewed the financial statements and recommended the Board recognize the 2011 State Public Works Board Financial Statements.

**A motion was made by Mr. Almanza and Second by Mr. Tuttle to recognize the 2011 Board Financial Statements. The motion was approved by a 3-0 vote.**

**REPORTABLES:**

Mr. Rogers reported that there were two reportable items that was included in the binders.

**NEXT MEETING:**

Mr. Rogers stated that the next Public Works Board meeting is scheduled for **Friday, December 9, 2011, at 10:00 a.m., at the State Capitol, in Room 113.**

There were no questions or comments from the Board or the public.

The meeting was adjourned at 10:30 a.m.