



CALIFORNIA STATE
PUBLIC WORKS BOARD

EDMUND G. BROWN JR. • GOVERNOR

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STATE PUBLIC WORKS BOARD
November 6, 2012

MINUTES

PRESENT:

Mr. Pedro Reyes, Chief Deputy Director, Department of Finance
Mr. Esteban Almanza, Chief Deputy Director, Department of General Services
Mr. Malcolm Dougherty, Director, Department of Transportation
Mr. Francisco Lujano, Director, Securities Management, State Treasurer's Office
Mr. Jim Lombard, Chief Administrative Officer, State Controller's Office

STAFF PRESENT:

Greg Rogers, Executive Director
Brian Dewey, Deputy Director
Theresa Gunn, Deputy Director
Stephen Benson, Deputy Director
Deborah Cregger, Counsel
Manerva Cole, Executive Secretary
Alessandra Brown, Budget Analyst
Andy Ruppenstein, Budget Analyst
Randy Katz, Budget Analyst
Shryl Thomas, Budget Analyst

CALL TO ORDER AND ROLL CALL:

Mr. Pedro Reyes, Chairperson of the Board and Chief Deputy Director of the Department of Finance called the meeting to order at 10:00 a.m. Ms. Manerva Cole, Executive 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 10, 2012 meeting. Mr. Greg Rogers, Executive Director of the Board, reported that 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 from the October 10, 2012 meeting. The minutes were approved by a 4-0 vote.

BOND ITEMS:

Mr. Reyes stated there were two bond items on this month's agenda. Mr. Rogers reported the two bond items were related to interim financing for two University of California projects.

BOND ITEM #1: Mr. Rogers reported Bond Item #1 was for the University of California (UC), Santa Barbara Campus, Davidson Library Addition and Renewal in Santa Clara County.

The requested action, if approved, would adopt a Resolution to:

1. declare the official intent of the Board to reimburse certain capital expenditures made by the UC Regents from the Public Buildings Construction Fund from the proceeds of the sale of bonds at a future date;
2. authorize the sale of lease revenue bonds; and
3. approve the form of and authorize the execution of Project Delivery Agreements between the Regents of the University of California and the Board.

Mr. Rogers stated the Regents have authorized the use of interim financing for this project from UC funds given the limited availability of interim financing the Board has access to through Pooled Money Investment Board loans. Adoption of the Resolution by the Board would allow the Board to reimburse at a future date with a bond issuance project cost paid upfront by The Regents.

Mr. Rogers recommended approval and adoption of the Resolution for Bond Item #1.

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

Ms. Cole called a roll to approve Bond Item #1:

AYES

- Mr. Pedro Reyes, Chief Deputy Director, Policy, Department of Finance
- Mr. Esteban Almanza, Chief Deputy Director, Department of General Services
- Mr. Jim Lombard, Chief Administrative Officer, State Controller's Office
- Mr. Francisco Lujano, Director, Securities Management, State Treasurer's Office

NOS

None

ABSENT

- Mr. Malcolm Dougherty, Director, Department of Transportation

Bond Item #1 was approved by a 4-0 vote.

BOND ITEM #2: Mr. Rogers reported Bond Item #2 was for the University of California (UC), San Diego Campus, Scripps Institute of Oceanography Research Support Facilities in San Diego County.

Similar to Bond Item #1, the requested action would adopt a Resolution to:

1. declare the official intent of the Board to reimburse certain capital expenditures made by the UC Regents from the Public Buildings Construction Fund from the proceeds of the sale of bonds at a future date;
2. authorize the sale of lease revenue bonds; and
3. approve the form of and authorize the execution of Project Delivery Agreements between the Regents of the University of California and the Board.

Mr. Rogers stated the Regents have authorized the use of interim financing for this project from UC funds given the limited availability of interim financing the Board has access to through Pooled Money Investment Board loans. Adoption of the Resolution by the Board would allow the Board to reimburse at a future date with a bond issuance project cost paid upfront by The Regents.

Mr. Rogers recommended approval and adoption of the Resolution for Bond Item #2.

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

Ms. Cole called a roll to approve Bond Item #2:

AYES

- Mr. Pedro Reyes, Chief Deputy Director, Policy, Department of Finance
- Mr. Esteban Almanza, Chief Deputy Director, Department of General Services
- Mr. Jim Lombard, Chief Administrative Officer, State Controller's Office
- Mr. Francisco Lujano, Director, Securities Management, State Treasurer's Office

NOS

None

ABSTAIN

- Mr. Malcolm Dougherty, Director, Department of Transportation

Bond Item #2 was approved by a 4-0 vote.

CONSENT ITEMS:

Mr. Rogers informed the Board there were four Consent Items; however, Consent Item #1 was being pulled from the consent calendar due to unresolved outstanding due diligence issues. In summary, the revised consent calendar consisted of the following requested actions:

- 1 request to recognize a scope change, Item 2
- 1 request to authorize acquisition, Item 3
- 1 request to establish project scope, cost, and schedule, Item 4

There was one legislative notification letter associated with Content Item 2 for a scope change. Staff received no concerns from the Joint Legislative Budget Committee regarding the proposed scope change letter.

Mr. Rogers recommended approval of Consent Items 2, 3 and 4.

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

A motion was made by Mr. Dougherty and seconded by Mr. Almanza to approve Consent Items 2, 3 and 4. The Consent Items were approved by a 3-0 vote.

OTHER BUSINESS:

Mr. Rogers reported there were four items under Other Business.

OTHER BUSINESS ITEM #1: California High Speed Rail Authority.

Ms. Gunn, Deputy Director for the Board, reported the requested action was to adopt a Resolution approving the form of acquisition agreement and the delegation of authority to execute certain contracts for the acquisition of property for the California High Speed Rail Authority (Authority) to Board staff.

Ms. Gunn stated the Board is required by law to perform various functions or approvals in relation to its capital outlay oversight responsibilities and bond issuance obligations. In an effort to improve the efficiency of these processes, the Board has approved the delegation of certain functions and approvals to its duly appointed Board staff.

Ms. Gunn explained currently, all acquisition items are brought to the Board for consideration and approval. However, the Authority anticipates needing to acquire approximately 1,100 properties over the next three years and thousands of additional properties as the system extends. To facilitate this process, Board staff and the Authority, with assistance from the Department of General Services (DGS) and Department of Transportation staff, have prepared a form of acquisition contract that is expected to be suitable for the majority of acquisitions for the project. The form of contract includes standard optional provisions to use as appropriate in different circumstances.

In lieu of bringing each acquisition to the Board for approval, it is requested that the Board approve the form of contract and delegate the ability to execute contracts for the acquisition of property for the project when certain conditions are met. The conditions giving rise to the delegation area are:

- a) the contract proposed to be signed is the form of contract approved by the Board;
- b) the property in question is one where just compensation has been set;
- c) the property has previously been included within the Board's site selection approval; and
- d) the contract has been executed by the Authority, the right of way agent, and approved by the DGS with Government Code section 11005. Situations not falling within the stated conditions would be brought to the Board for consideration. The form of contract, the optional provisions, and the conditions were all set forth in the Resolution.

Ms. Gunn recommended approval and adoption of the Resolution approving a form of acquisition agreement and the delegation of authority to execute certain contracts for the acquisition of property for the Authority.

Mr. Reyes commended Board staff for their work on this item.

Mr. Kole Upton, a member of the public, property owner, farmer in Merced County, and representative of Preserve Our Heritage which is a group of 200 farmers, commented the Board can delegate authority, but cannot delegate responsibility. He reminded the Board of the pending lawsuit between the City of Chowchilla and the High Speed Rail Authority and asked the Board to abstain from making any decisions pending a possible ruling in the court hearing scheduled for November 16, 2012.

Ms. Karen Stout, a member of the public, property owner, farmer in Kings County, and representative of Citizens for California High Speed Rail Accountability (CCHSRA), strongly urged the Board to review the Authority's tasks to ensure accuracy, as the Board would now be the

public's advocate since there are no further opportunities for public comment. She commented CCHSRA stated to Authority representatives many times that they feel the High Speed Rail (HSR) project would be shorter, more cost efficient, and far less destructive to California's economy if the rail route were to follow the major transportation corridor of Interstate 5 and along the California Aqueduct, resulting in decreased interference with citizens' private property. Ms. Stout added in Kings County alone, the current HSR project would result in 649 to 1,268+ agricultural acres being converted to non-agricultural acres, and with chemical sprayers not being allowed to spray pesticides or herbicides within a half mile of the HSR tracks, a significant amount of farmland could suffer.

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

A motion was made by Mr. Almanza and seconded by Mr. Dougherty to approve Other Business Item 1. Other Business Item 1 was approved by a 3-0 vote.

OTHER BUSINESS ITEM #2: Resolution appointing officials to act on the Board's behalf.

Mr. Rogers reported the Resolution would change and streamline the process for the appointment of officials that act on the Board's behalf by making such appointments on a position/classification basis rather than an individual basis. The Resolution would also rescind all prior appointment Resolutions made on an individual basis.

Mr. Rogers recommended adoption of the Resolution.

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

A motion was made by Mr. Dougherty and seconded by Mr. Almanza to approve Other Business Item 2. Other Business Item 2 was approved by a 3-0 vote.

OTHER BUSINESS ITEM #3: 2013 State Public Works Board calendar.

Mr. Rogers reported the proposed 2013 State Public Works Board calendar sets the meeting and due dates for the next calendar year. The proposed calendar keeps the Board's meeting dates on the second Friday of each month, except for February and April, where the Board would meet on the following Monday due to scheduling conflicts. The Board could revise the calendar or move meeting dates as the need arises throughout the year.

Mr. Rogers recommended adoption of the 2013 State Public Works Board calendar.

A motion was made by Mr. Almanza and seconded by Mr. Dougherty to approve Other Business Item 3. Other Business Item 3 was approved by a 3-0 vote.

OTHER BUSINESS ITEM #4: 2012 State Public Works Board Financial Statements.

Mr. Rogers requested the Board to recognize the 2012 Audited Financial Statements prepared by Gilbert and Associates for the Public Buildings Construction Fund and the High Technology Education Revenue Bond Fund. The auditors issued an unqualified opinion on the financial statements of both funds that they conform to accounting principles generally accepted in the United States. Mr. Rogers noted during the audit, the auditors identified two misstatements that

were subsequently corrected during the audit by Contracted Fiscal Services, who the Board contracts with for accounting services, and Contracted Fiscal Services updated their procedures and controls to ensure the errors would not occur in the future.

The final statements were reviewed by staff and staff recommended the Board recognize the 2012 State Public Works Board financial statements.

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

Other Business Item 4 was recognized by a 3-0 vote.

REPORTABLES

Mr. Rogers reported there was one Reportable for this month:

- Department of Parks and Recreation, Los Angeles County:
 - Approved a reversion of bid savings, in the amount of \$211,300

NEXT MEETING:

Mr. Reyes stated the next State Public Works Board meeting is scheduled for **Friday, December 14, 2012, at 10:00 a.m., at the State Capitol, in Room 113.**

The meeting was adjourned at 10:25 a.m.