



STATE PUBLIC WORKS BOARD

Gavin Newsom ■ Governor

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STATE PUBLIC WORKS BOARD

May 9, 2025

FINAL MINUTES

MEMBERS PRESENT:

Michele Perrault, Chief Deputy Director, for the Department of Finance
Jennifer Osborn, Chief Deputy Director, for the Department of General Services
Dave Oppenheim, Deputy Controller, for the State Controller
John Sheldon, Deputy Treasurer, for the State Treasurer

MEMBERS ABSENT:

Department of Transportation.

CALL TO ORDER AND ROLL CALL:

Michele Perrault, Chairperson of the State Public Works Board (Board), called the meeting to order at 10:01 a.m. Randall Katz, Deputy Director of the Board, called the roll. A quorum was established.

Ms. Perrault noted that John Sheldon, Deputy Treasurer, joined remotely, and asked Mr. Sheldon to let the Board know if anyone over the age of 18 would be in the room during the meeting. There were none.

BOND ITEMS:

The first order of business was to consider one Bond Item.

BOND ITEM 1:

Mr. Mike McGinness, Deputy Director of the Board, stated that the requested action would adopt an amended and restated resolution authorizing actions to be taken to provide interim financing, authorize the sale of lease revenue bonds, and other related actions, for the Delano Field Office Replacement in Kern County, for the Department of Motor Vehicles (DMV).

The project scope included the design and construction of a new 12,371 square foot single-story DMV Field Office on a 3-acre site in the city of Delano. The project would provide 9 customer transaction terminals and include a motorcycle test area, drive-test canopy, solar canopies for parking areas, and electric vehicle charging stations.

The resolution for this item was being amended to include a construction augmentation of \$1,614,000 Public Building Construction Fund that was delegated by the Board and shown in the Reportables table at the end of this agenda, bringing the total bond allocation from \$17,314,000 to \$18,928,000.

Bonds for this project will be issued in an amount not to exceed \$18,928,000.

Ms. Perrault asked if there were any questions or comments from the Board, or from the public. There were none.

A motion was made by Mr. Oppenheim and seconded by Ms. Osborn to approve Bond Item 1. The motion passed unanimously through a 4-0 roll-call vote (Ms. Perrault, Ms. Osborn, Mr. Oppenheim, and Mr. Sheldon all voting aye).

Ms. Perrault thanked and excused the Deputy Controller and Deputy Treasurer.

MINUTES:

The next order of business was to approve the minutes from the March 27, and April 11, 2025, Board meetings.

Ms. Perrault asked if there were any questions or comments from the Board, or from the public. There were none.

A motion was made by Ms. Osborn and seconded by Ms. Perrault to approve the minutes. The motion passed unanimously through a 2-0 roll-call vote (Ms. Perrault and Ms. Osborn both voting aye).

CONSENT CALENDAR:

The next order of business was to consider one Consent item.

CONSENT ITEM 1:

Mr. McGinness stated that the requested action would recognize a scope change and approve an augmentation of \$218,000 General Fund (1.1 percent of total project appropriations and 17.7 percent cumulative), for the Statewide – Enhanced Treatment Units (ETU) project in San Luis Obispo and San Bernardino Counties for the Department of State Hospitals.

The authorized scope included the conversion of existing dorm rooms at Patton and Atascadero State Hospitals into ten individual rooms with enhanced security and dedicated individual and group therapy space. The project included the installation of lockable doors on patient rooms, the installation of toilets and sinks in patient rooms, and upgrades to the mechanical, plumbing, and electrical systems. The component of this project to provide an ETU for male patients at Atascadero State Hospital was recently completed. The action before the Board was specifically related to the ETU at Patton State Hospital.

Scope Change: To enhance flexibility in patient care at the Patton State Hospital ETU, a scope change was requested to modify the patient use designation from female only to anyone regardless of gender, provided this change does not displace female patients.

Augmentation: The following issues identified during construction at the Patton State Hospital site were driving the need for a project augmentation of \$218,000 General Fund:

- Design Errors: Of the total requested augmentation, \$150,000 is required to address a redesign of ceiling interior to accommodate the fire sprinkler system required at the ETU. This led to a project delay of 14 months to update design, implement updated construction regulations, and complete regulatory review. The redesign also resulted in additional hazardous material abatement within the ceiling, and improvements to the ETU hallway.
- Administrative Oversight and Contingency: Of the total requested augmentation, \$68,000 is required as follows:
 - \$18,000 for increased project management fees associated with the extended project schedule.
 - \$50,000 to restore contingency, thereby best ensuring adequate funds to complete the project.

Mr. McGinness noted that this item required a 20-day notice to the Chairs of the Joint Legislative Budget Committee and fiscal committees in each house. The letter was sent on April 14, 2025 and the 20-day review period expired without adverse comment.

Ms. Perrault asked if there were any questions from the Board or from the public on the Consent Calendar. There were none.

A motion was made by Ms. Osborn and seconded by Ms. Perrault to approve Consent Item 1. The motion passed unanimously through a 2-0 roll-call vote (Ms. Perrault and Ms. Osborn both voting aye).

ACTION ITEMS:

The next order of business was to consider two Action items.

ACTION ITEM 1:

Mr. McGinness stated that if approved, the requested action would adopt three Resolutions of Necessity authorizing the use of eminent domain by the High-Speed Rail Authority, to acquire the following properties or interest in properties for the High-Speed Train System:

Property 1: M. Friis Hansen Property (Fresno County)

Property 2: Boyd Property (Fresno County)

Property 3: Magnolia Almonds Property (Kern County)

Mr. McGinness noted that for Property 3 an outdated assessor's parcel number (047-220-07) was used in the 10-day Bagley-Keene notice. The current number (047-220-49) was in the staff analysis.

The Authority notified the Board's staff in January 2025, that for Property 3, the property owners were provided with a first written offer to purchase the subject property, as required by Government Code section 7267.2. The Authority informed the Board's staff that negotiations to acquire the property were continuing; however, to keep the project on schedule, the adoption of a Resolution of Necessity to authorize the use of eminent domain is required at this time. For Properties 1 and 2, a formal offer to purchase the Properties was not mailed due to an inability to locate the owner of

record or confirm the identity of any appropriate heirs, descendants, or devisees.

On April 17, 2025, Notices of Intent to adopt a Resolution of Necessity were mailed by Board staff to the owners of Property 3. The Notices of Intent for Properties 1 and 2 were posted at the property boundary. These notices were sent in accordance with Code of Civil Procedure.

Ben Chandler, serving as counsel to the Board on Eminent Domain items, presented the Resolutions of Necessity.

Mr. Chandler stated that the Resolutions of Necessity that were before the Board had been reviewed to ensure there was prima facie evidence that the factors set forth in Code of Civil Procedure Section 1245.230 are present. Specifically, that each Resolution provided:

1. The public interest and necessity require the Project.
2. That the proposed Project is planned and located in a manner that will provide the greatest public good with the least private injury.
3. The acquisition property described in Exhibit A of the Resolution is necessary for the project; and
4. The offer of just compensation required by Government Code section 7267.2 has been made to all owners of record as required by the statute, except where an offer could not be made because the owner of record or any appropriate heirs, descendants, or devisees could not be located.

Mr. Chandler stated that it was counsel's opinion that for the Resolutions of Necessity, prima facie evidence for these factors was present such that the Board may adopt the Resolutions of Necessity. If the Board agreed and determined these factors were present, the Board may move to adopt the Resolutions of Necessity.

Ms. Perrault asked if there were any questions from the Board, property owners or counsel, or from the public on Action item one. There were none.

A motion was made by Ms. Osborn and seconded by Ms. Perrault to approve Action Item 1. The motion passed unanimously through a 2-0 roll-call vote (Ms. Perrault and Ms. Osborn both voting aye).

ACTION ITEM 2:

Mr. McGinness stated that if approved, the requested action would adopt a resolution to approve the forms of various agreements to facilitate lease revenue bond financing of 13 California Community College affordable student housing projects. In addition, upon the satisfaction of specified conditions, delegate the authority to the Executive Director and any of the Deputy Directors to finalize and execute or consent to the execution of the agreements, as applicable.

Specifically, the Agreements are as follows:

Project Delivery and Construction Agreement:

Pursuant to the authorizing statutes, the Board of Governors of the California

Community Colleges, a participating community college district as specified in Education Code section 15820.200, and the Board may enter into a lease-leaseback agreement for each approved project that provides, at a minimum, the performance expectations of the parties related to the design and construction of the project, guidelines and criteria for the use and application of the interim financing and proceeds of lease revenue bonds issued by the Board, and the ongoing maintenance and staffing responsibilities for the term of the financing. This agreement is called the Project Delivery and Construction Agreement (PDCA). There is a form PDCA used for ongoing projects and another form for completed projects.

Restrictive Covenant:

Accompanied by this agreement is the Restrictive Covenant, a statutorily required commitment which defines the requirements pertaining to the construction process and use of the bond-financed facility. It specifies the participating college's responsibilities, including the rental rate cap and the unit enrollment required for eligibility. The requirements of the restrictive covenant are binding for the lifetime of the bond-financed facility.

Ground Lease:

In order to facilitate the Board's financing of each approved project, the participating community college district, as lessor, must lease the property on which the related project is located to the Board of Governors of the California Community Colleges, as the lessee (the Ground Lease). The Board is not a party to the Ground Lease but must consent to the Ground Lease.

Site Lease and Facility Lease:

To establish the lease-lease back structure, the Board of Governors, as lessor, must lease the property to the State Public Works Board as the lessee (the Site Lease). The Board will then, as lessor, lease the property back to the Board of Governors (Facility Lease), which acts as the lease securing rental payments on the bonds.

Facility Sublease:

A final sublease (Facility Sublease) is established between the Board of Governors of the California Community Colleges Chancellor's Office, as lessor, and the participating community college district, as lessee.

In summary, the proposed resolution included the approval of the forms of these aforementioned agreements and delegation to the Executive Director and any of the Deputy Directors the authority to execute or consent to the agreements for each project, with changes as required or approved by the Executive Director or Deputy Director, subject to specified conditions. This delegation would facilitate timely delivery of the projects, in lieu of bringing each of the above-named agreements for the projects to the Board.

Ms. Perrault asked if there were any questions from the Board or from the public on Action item 2. There were none.

A motion was made by Ms. Osborn and seconded by Ms. Perrault to approve Action Item 2. The motion passed unanimously through a 2-0 roll-call vote (Ms. Perrault and Ms. Osborn both voting aye).

OTHER BUSINESS:

None.

GENERAL PUBLIC COMMENT:

Ms. Perrault asked if there were any other questions or comments from the Board, or from the public. There were none.

REPORTABLES:

Mr. McGinness presented the Reportable Items for the period of March 27, 2025, through April 27, 2025.

NEXT MEETING:

Ms. Perrault stated that the next Board meeting was scheduled for Monday, June 16, 2025. The time and location of the meeting would be posted on the Board's website.

Ms. Perrault asked if there were any other questions or comments from the Board or from the public. There were none. The meeting concluded at 10:16 a.m.