



STATE PUBLIC WORKS BOARD

Gavin Newsom ■ Governor

915 L Street ■ Ninth Floor ■ Sacramento CA ■ 95814-3706 ■ (916) 445-9694

STATE PUBLIC WORKS BOARD

March 18, 2026

FINAL MINUTES

MEMBERS PRESENT:

Michele Perrault, Chief Deputy Director, for the Department of Finance
Jason Kenney, Chief Deputy Director, for the Department of General Services
Steven Keck, Chief Financial Officer, for the Department of Transportation
Dave Oppenheim, Deputy Controller, for the State Controller
John Sheldon, Deputy Treasurer, for the State Treasurer

MEMBERS ABSENT:

None.

CALL TO ORDER AND ROLL CALL:

Michele Perrault, Chairperson of the State Public Works Board (Board), called the meeting to order at 11:31 a.m. Angela Noland, Secretary to the Board, called the roll. A quorum was established.

CONSENT CALENDAR

The first order of business was to consider three Consent Items.

CONSENT ITEM 1:

Michael McGinness, Deputy Director of the Board, stated that the requested action would authorize an augmentation of \$5.1 million for the Judicial Council of California's new courthouse project in Santa Rosa. This augmentation was driven by the need to remedy a water discharge issue.

Sonoma County issued a letter to the Judicial Council concerning water runoff from the curb outlet of the new courthouse. Tests of the runoff water detected contamination. As a result, the county prohibited any further discharge of the runoff into the storm drain. The findings required the Judicial Council to separate the groundwater discharge system from the rainwater discharge system.

On February 25, 2026, the Department of Finance notified the Chairs of the Joint Legislative Budget Committee and the fiscal committees in each house of its intent to approve the augmentation. Questions were raised and were adequately addressed.

CONSENT ITEM 2:

Mr. McGinness stated that the requested action would approve an augmentation of \$2.7 million for the California Department of Corrections and Rehabilitation's Mental Health Crisis Facility at the California Institution for Men in San Bernardino County.

Mr. McGinness continued stating that the requested augmentation of \$2.7 million (2.1 percent incremental and 18.7 percent cumulative), would bring the current total estimated cost for the project to \$150.9 million. The increased costs totaled \$2.9 million which was offset by savings of \$249,000 for architecture and engineering design. Therefore, the net total augmentation needed was \$2.7 million.

The project consists of the design and construction of a new, 50-Bed Mental Health Crisis Facility to provide housing, treatment, and office space to allow for incarcerated patients in a mental health crisis state or incarcerated patients requiring other levels of licensed mental health care to be treated.

Construction is scheduled to be completed in April 2026.

On February 23, 2026, the Department of Finance notified the Chairs of the Joint Legislative Budget Committee and the fiscal committees in each house of its intent to approve the augmentation. Questions were raised and were adequately addressed.

CONSENT ITEM 3:

Mr. McGinness stated that the requested action would approve an augmentation of \$11.1 million to address unforeseen increased costs associated with higher-than-estimated contract bids for the College of San Mateo's affordable student housing project. Approval of this augmentation was necessary for the district to begin construction and support timely delivery of the project. Total estimated project costs were \$85.4 million (\$66.9 million state funds and \$18.4 million local funds). The local share of project costs would be funded with the College of San Mateo's Capital Outlay Fund.

The project consists of the construction of an affordable student housing facility containing 316 affordable beds and two additional residential director beds at the College of San Mateo. Pursuant to Government Code Section 15820.203, rental rates would not be set in excess of 30 percent of 50 percent of the area median income for a single-room occupancy unit type except as may be adjusted annually as specified in statute.

Construction was scheduled to begin in April 2026 and be completed in December 2027.

On February 23, 2026, the Department of Finance notified the Chairs of the Joint Legislative Budget and fiscal committees in each house of its intent to approve the augmentation. Questions were raised and were adequately addressed.

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

A motion was made by Mr. Kenney and seconded by Mr. Keck to approve the Consent Calendar. The motion passed unanimously through a 3-0 roll-call vote (Ms. Perrault, Mr. Kenney, and Mr. Keck all voting aye).

BOND ITEMS

The next order of business was to consider four Bond Items.

BOND ITEM 1:

Mr. McGinness stated that the requested action would adopt an amended and restated resolution authorizing actions to be taken to provide for interim financing, authorizing the sale of lease revenue bonds, and other related actions for the Judicial Council of California's new courthouse in Santa Rosa.

Mr. McGinness noted that this was the same project scope as detailed in Consent Item 1. The total bond appropriation was \$208.6 million.

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

A motion was made by Mr. Oppenheim and seconded by Mr. Sheldon to approve Bond Item One. The motion passed unanimously through a 5-0 roll-call vote (Ms. Perrault, Mr. Kenney, Mr. Keck, Mr. Oppenheim, and Mr. Sheldon all voting aye).

BOND ITEM 2:

Mr. McGinness stated that If approved, the requested action would authorize the sale of the 2026 Series A and B lease revenue bonds and approve the form of various documents related to, and approve and authorize other related actions in connection with, the issuance, sale, and delivery of said revenue bonds.

The 2026 Series A and B bonds would finance the construction of the following projects:

- Judicial Council
 - Santa Rosa Criminal Courthouse, Sonoma County
- Department of Corrections and Rehabilitation
 - San Quentin: Rehabilitation Center, Education/Vocational Center
- Board of State and Community Corrections
 - San Joaquin Jail Project (SB 863)
 - San Joaquin Jail Project (SB 1022)
- Board of Governors of the California Community Colleges
 - Lake Tahoe Community College District Student Housing project
- Department of General Services
 - Sacramento Region: Jesse Unruh Building Renovation project

Mr. McGinness stated that concurrent with the issuance of the bonds, the departments would enter into site leases with the Board for their respective projects, under which the Board would lease the sites at which the projects are located from the departments. The Board would lease the respective facilities to the departments. The rental payments under these facility leases secure the payment of the principal and interest on the Board's bonds. Additionally, with the consent of the Board, the Board of State and Community Corrections (BSCC) would enter into facility subleases with each respective county for the county's use, operation, and maintenance of the projects. Similarly, the Board of Governors of the Community Colleges would enter into a facility sublease with Lake Tahoe Community College.

The leases for the BSCC and Community College projects were scheduled to be terminated at the end of 15 years. Upon termination, the projects would be owned by the respective counties.

The bonds are scheduled to be fully paid and the leases for the Judicial Council, Department of Corrections and Rehabilitation and the Department of General Services projects are scheduled to terminate in 25 years.

The 2026 Series A bonds would be sold as tax exempt, and the Series B bonds would be sold as taxable, through a negotiated sale on the basis described in the Bond Purchase Agreement.

The Resolution had the Board authorize a not to exceed par amount of \$743,410,000 for Series A and \$101,170,000 for Series B. The amounts included a possible debt service reserve fund and accounts for possible market fluctuations; however, the actual expected PAR amounts for Series A was \$629,065,000 and Series B was \$91,035,000, as set forth in the near final Preliminary Official Statement being approved pursuant to the resolution.

Ms. Perrault asked if there were any comments or questions from the Board, or from the public.

Mr. Sheldon noted that Bond Item Two included the Jesse Unruh Building, which the meeting was held in.

Ms. Perrault thanked Mr. Sheldon and the State Treasurer for allowing the Board to utilize the room for the Board meeting.

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

A motion was made by Mr. Sheldon and seconded by Mr. Oppenheim to approve Bond Item Two. The motion passed unanimously through a 5-0 roll-call vote (Ms. Perrault, Mr. Kenney, Mr. Keck, Mr. Oppenheim, and Mr. Sheldon all voting aye).

BOND ITEM 3:

Mr. McGinness began by stating that if approved, the requested action would adopt a resolution authorizing actions to provide for interim financing, authorize the sale of lease revenue bonds, approve the form of and authorize the execution and delivery of a Project Delivery Agreement, and other related actions for the Judicial Council's new courthouse in Monterey County.

The current authorized total project cost was \$166.8 million. The project included the design and construction of a new, 7-courtroom courthouse of approximately 83,000 square feet on five acres in the city of Seaside. The courthouse would include space for jury assembly, in-custody holding, self-help and family law services, administrative space, secure parking for judicial officers, and public parking spaces. The project would use a design-build delivery method. This courthouse would consolidate operations and replace three existing facilities. The project would relieve the current space shortfall;

improve security, accessibility, and safety; and allow the court to co-locate functions for operational efficiency.

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

A motion was made by Mr. Oppenheim and seconded by Mr. Kenney to approve Bond Item Three. The motion passed unanimously through a 5-0 roll-call vote (Ms. Perrault, Mr. Kenney, Mr. Keck, Mr. Oppenheim, and Mr. Sheldon all voting aye).

BOND ITEM 4:

Mr. McGinness stated that if approved, the requested action would adopt an amended and restated resolution to declare the Board's intent to reimburse certain expenditures of the Community College Affordable Student Housing projects from future bond proceeds, a requirement and condition of federal tax law in seeking to issue tax exempt bonds. The requested action would also authorize interim financing for the projects and related actions.

The 2024 Budget Act established a new lease revenue bond program to provide long-term funding for 13 affordable student housing projects which were originally part of the Higher Education Student Housing Grant Program. Reductions were made to the original program, which was supported by the General Fund, to balance the budget. A total of \$815.8 million in bond authority was authorized for the new program with specific amounts allocated to each project. Pursuant to the authorizing statutes, the participating colleges in the Lease Revenue Bond Funded Affordable Student Housing Program shall revert their General Fund allocations upon receipt of proceeds derived from amounts borrowed by the State Public Works Board through the financing program established in support of these projects.

In order to issue as many of the bonds on a tax-exempt basis as possible, federal tax law necessitates that the Board declare its intent to reimburse certain capital expenditures from such future bonds. The Board took action in June 2025 to comply with federal tax law requirements. However, with the augmentation of certain projects, it is necessary to amend the June 2025 Resolution to increase the authorized bond amount consistent with the augmentation.

In addition to recognizing the augmentation, the resolution authorized the use of interim financing for the projects as well as the issuance of bonds to ultimately finance and refinance eligible costs. The proposed resolution includes the delegation to the Executive Director and any of the Deputy Directors the authority to execute documents or take actions necessary to carry out the intent of the resolution.

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

A motion was made by Mr. Sheldon and seconded by Mr. Oppenheim to approve Bond Item Four. The motion passed unanimously through a 5-0 roll-call vote (Ms. Perrault, Mr. Kenney, Mr. Keck, Mr. Oppenheim, and Mr. Sheldon all voting aye).

Ms. Perrault thanked and excused Mr. Oppenheim and Mr. Sheldon.

MINUTES

The next order of business was to approve the minutes from the February 6, 2026, Board meeting.

Mr. McGinness stated that staff had prepared and reviewed the minutes from the February 6, 2026, Board meeting and recommended approval of the meeting minutes.

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. Kenney and seconded by Mr. Keck to approve the minutes. The motion passed unanimously through a 3-0 roll-call vote (Ms. Perrault, Mr. Kenney, and Mr. Keck all voting aye).

ACTION ITEMS:

The next order of business was to consider one Action Item.

ACTION ITEM 1:

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

1. Ricchiuti Property (Madera County)
2. Moreno Property (Madera County)

The Authority notified the Board's staff that in December 2025 the respective property owners were provided with a first written offer to purchase the subject properties, as required by Government Code section 7267.2. The Authority had informed the Board's staff that negotiations to acquire the properties were continuing; however, to keep the project on schedule, the adoption of a Resolution of Necessity to authorize the use of eminent domain was required at that time.

On February 19, 2026, Notices of Intent to adopt a Resolution of Necessity were mailed by Board staff to the owners. These notices were sent in accordance with Code of Civil Procedure section 1245.235.

Mr. McGinness indicated that the board member briefing packets contained the Resolutions of Necessity and surveyor maps for the properties. The packets also included correspondence from the representatives of the Moreno Property, as well as the High-Speed Rail Authority's response.

Mr. McGinness noted that Board counsel had reviewed the objections raised in these letters, and based on that review, staff recommended that the Board move forward with the adoption of the Resolutions of Necessity for these properties. However, he recommended the Board consider the opposed Resolution of Necessity separately from the Resolution of Necessity which did not receive objections.

As a result, the unopposed Resolution of Necessity for Property #1, the Ricchiuti Property, was presented first, with a separate vote.

Unopposed Resolution of Necessity:

Jesus Corral, serving as counsel to the Board, presented the Unopposed Resolution of Necessity.

Mr. Corral stated that the Unopposed Resolution of Necessity that was 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 were present. Specifically, the Resolutions provide:

1. The public interest and necessity require the Project.
2. That the proposed Project is planned and located in a manner that would provide the greatest public good with the least private injury.
3. The acquisition property described in Exhibit A of the Resolutions was necessary for the project; and
4. The offer of just compensation required by Government Code section 7267.2 had been made to all owners of record as required by the statute.

Mr. Corral continued that it was counsel's opinion that for the unopposed Resolutions of Necessity, prima facie evidence for these factors were present such that the Board may adopt the Resolutions of Necessity. Mr. Corral concluded that if the Board agreed and determined these factors were present, the Board may move to adopt the Resolution of Necessity.

Ms. Perrault asked if there were any comments or questions from the Board, from the property owners and their counsel, or from the public. There were none.

A motion was made by Mr. Kenney and seconded by Mr. Keck to approve the Unopposed Resolution of Necessity for Property #1, The Ricchiuti Property. The motion passed through a 3-0 roll-call vote (Ms. Perrault, Mr. Kenney, and Mr. Keck all voting aye).

Opposed Resolution of Necessity

Mr. Corral presented the opposed Resolution of Necessity for Property #2, the Moreno Property.

In a letter sent to the Board, counsel to the property owners objected to the acquisition and requested that the property be removed from consideration at this meeting.

Specific concerns included:

- The authority has not made a proper and legally sufficient offer for the land, as the offer is based on a flawed and deficient appraisal, and fails to consider loss of income from rental and business uses
- The High-Speed Rail Authority has not engaged in substantive negotiations or provided the property owner a reasonable opportunity to obtain an independent appraisal.

- The High-Speed Rail Authority does not have sufficient funding to complete the acquisition of properties and construction of the High-Speed Rail project. Until such time, it is not necessary to proceed with acquisition of the subject property.

Mr. Corral continued by saying that the Resolution of Necessity, owner's objection, and the High-Speed Rail Authority's response had been reviewed, and it was counsel's opinion that the High-Speed Rail Authority's written response adequately addressed the objections made on behalf of the property owners. In addition, prima facie evidence that the factors set forth in Code of Civil Procedure Section 1245.230 were present. Mr. Corral noted again that this evidence did not include concerns regarding the amount of compensation to be paid or the value of the property to be acquired, and such concerns were not considered by the Public Works Board when determining if the Board should adopt a given Resolution of Necessity.

Mr. Corral stated that if the Board agreed and determined these factors were present, the Board may move to adopt the Resolution of Necessity. Mr. Corral concluded that the Board's adoption of the Resolution of Necessity did not preclude continued negotiations as part of an effort to secure a mutually agreeable acquisition of each subject property.

Ms. Perrault asked if there were any comments or questions from the Board, from the property owners or their counsel, or from the public.

Christopher Washington, serving as counsel for the owners, emphasized that the concerns were not regarding the dollar amount received by the property owners, but that the appraisal was not proper without taking into consideration the loss of income, as well as the property value. Mr. Washington requested that the Board allow time for the property owner to obtain a personal appraisal and then move forward with negotiations. Mr. Washington then stated that Ms. Moreno did not have sufficient time to attain her own appraisal of the Property.

Then, Mr. Washington questioned the High-Speed Rail Authority's funding of the completion of the project and stated that if funding was in question, the Property should not be obtained until funding was ensured.

Ms. Perrault thanked Mr. Washington and asked if there were any comments from the High-Speed Rail Authority.

Rae Zhou, attorney with the High-Speed Rail Authority, began by stating that the first written offer was made in person to Ms. Moreno, and she was advised that if she did not believe the offer was adequate, that she should obtain another appraisal and that the High-Speed Rail Authority would pay up to \$5,000 to support that.

In response to funding concerns, Ms. Zhou stated that the Merced to Madera segment was secured and construction of that segment was scheduled to begin in 2028. Ms. Zhou indicated that the High-Speed Rail Authority needed the Resolution of Necessity to stay on schedule at this time due to the lengthy time the Eminent Domain process took and to provide the property to contractors in time for construction to begin. Ms. Zhou emphasized that negotiations would continue to negotiate during that time.

Ms. Perrault asked if there were any comments or questions from the public or the property owner.

Edita Moreno, property owner, stated that the process had been difficult due to personal reasons, but now that she had legal representation the process had improved. Ms. Moreno also requested more time to negotiate with the High-Speed Rail Authority and come to an agreement.

Ms. Perrault thanked Mr. Washington and Ms. Moreno and asked if there were any other comments or questions from the Board or the public.

Ms. Perrault emphasized that negotiations would continue between Ms. Moreno and the High-Speed Rail Authority.

A motion was made by Mr. Kenney and seconded by Mr. Keck to approve the Opposed Resolution of Necessity for Property #2, the Moreno Property. The motion passed through a 3-0 roll-call vote (Ms. Perrault, Mr. Kenney, and Mr. Keck all voting aye).

OTHER BUSINESS:

None.

GENERAL PUBLIC COMMENT:

None.

REPORTABLES:

Mr. McGinness presented the Reportable Items for the period of January 26, 2026, through March 6, 2026.

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

NEXT MEETING:

Ms. Perrault stated that the next Board meeting was scheduled for Friday, April 17, 2026. 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 12:13 p.m.