



STATE PUBLIC WORKS BOARD  
October 19, 2020

**APPROVED MINUTES****PRESENT:**

Ms. Gayle Miller, Chief Deputy Director, Department of Finance  
Ms. Ellen Greenberg, Deputy Director, Department of Transportation  
Mr. Daniel Kim, Director, Department of General Services  
Ms. Jacqueline Wong-Hernandez, Deputy Controller, State Controller  
Mr. Blake Fowler, Director of Public Finance, State Treasurer

**CALL TO ORDER AND ROLL CALL:**

Ms. Gayle Miller, Chairperson of the Board, called the meeting to order at 10:01 a.m.  
Ms. Kat Lee, serving as Secretary to the Board, called the roll. A quorum was established.

**BOND ITEMS:**

The first order of business was to consider two Bond Items

- Bond Item 1: Ms. Lukenbill, Executive Director for the Board, indicated that if approved, the action would adopt a resolution authorizing the sale of State Public Works Board 2021 Series A lease revenue refunding bonds, approve the form of various documents related to the refunding, and authorize other related actions in connection with the issuance, sale, and delivery of the refunding bonds. The estimated par amount of the bonds is approximately \$508 million, and the transaction will refund on tax exempt basis, three previous bond series issued by the Board (the 2011A, 2011C and 2011D). Since these 2011 bonds are not all callable until fall 2021, the 2021 Series A bonds will be sold through a negotiated sale that has been structured as a forward delivery, under which the bonds are priced now but are not issued until fall of 2021. This will allow the bonds to be sold on a tax-exempt basis while locking in current rates. Estimated savings are \$132 million, with approximately \$100 million net present value savings, which is approximately 16.5 percent of the par amount of the bonds, which is consistent with the Board's refunding policy.

Staff recommended adoption of the resolution.

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

Ms. Miller welcomes Assembly Member Ash Kalra.

**A motion was made by Ms. Wong-Hernandez and seconded by Mr. Fowler to adopt the resolution. The motion passed unanimously through a 5-0 roll-call vote (MS. Miller, Mr. Kim, Ms. Greenberg, Ms. Wong-Hernandez, and Mr. Fowler all voting aye).**

- Bond Item 2: Ms. Lukenbill indicated that if approved, Bond Item 2 would adopt a resolution authorizing actions to be taken 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 construction of the Hayward Area Office Replacement project, Alameda County, for the California Highway Patrol. The project includes a new state of the art facility of approximately 48,000 square feet on a former Caltrans 6 acre parcel. The new facility will replace the existing 11,000 sf facility, which was built in 1971 and has numerous infrastructure deficiencies.

Ms. Lukenbill noted an error in the agenda. She explained that it stated in 2019, the appropriation was funded through the Motor Vehicle Account but was in fact funded through the Public Buildings Construction Fund.

Staff recommended adoption of the resolution.

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

**A motion was made by Mr. Kim and seconded by Ms. Wong-Hernandez to adopt the resolution. The motion passed unanimously through a 5-0 roll-call vote (MS. Miller, Mr. Kim, Ms. Greenberg, Ms. Wong-Hernandez, and Mr. Fowler all voting aye).**

Ms. Miller thanked and excused Ms. Wong-Hernandez and Mr. Fowler from the meeting.

**MINUTES:**

NONE

**CONSENT ITEMS:**

The next order of business was to consider the Consent Calendar, which consisted of one item. Ms. Lukenbill presented the following:

- Consent Item 1: If approved, the request would (1) recognize a scope change for one Health Care Facility Improvement Program project at the California Correctional Center in Lassen County (2) approve an allocation of \$24,509,000 authority to seven Health Care Facility Improvement Program projects, and (3) recognize revised project costs for the seven Program projects, all for the Department of Corrections and Rehabilitation (CDCR).

Ms. Lukenbill noted that the consent item required a 20-day notice to the Joint Legislative Budget Committees and the fiscal committees in each house, and the review period for the item had expired without adverse comment.

Staff recommended approval of Consent Item 1.

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

Mr. Kim asked Mr. Chris Lief, Deputy Director, Facility Planning, Construction and Management, CDCR, if there was a plan to do a broader facility condition assessment of the existing facilities, given there's been much discussion regarding closures of facilities in the future, deferred maintenance of facilities, and new developments.

Mr. Lief addressed Mr. Kim's question and explained that the decision in closing a prison is complex, and the department is actively engaged in determining which prison may be the next one to be closed, and the timing of the decision is still unknown.

Mr. Kim suggested a facility condition assessment for some of the older buildings.

Mr. Lief stated that a study of the 12 oldest prisons was completed last year and they are actively looking at the results of the study to help inform future decisions.

**A motion was made by Ms. Greenberg and seconded by Mr. Kim to approve Consent Item 1. The motion passed unanimously through a 3-0 roll-call vote (Ms. Miller, Mr. Kim, and Ms. Greenberg all voting aye).**

#### **OTHER BUSINESS:**

The next order of business was to consider one business item:

- Business Item 1: If approved, the action would authorize the Executive Director and Deputy Directors of the Board to negotiate and execute amendments to the Board's bond counsel and disclosure counsel contracts, for services related to the issuance of Public Works Board bonds.

Bond counsel and disclosure counsel contracts have a cap per transaction, and under both contracts, the firms' invoices are paid upon transaction completion. As discussed in Bond Item 1, staff recommends the issuance of the 2021 Series A lease revenue refunding bonds, which are structured as a forward delivery given the savings opportunities. This is a unique type of refunding, and involves more work and a much longer closing timeline than is typical for bonds issued by the Board. Specifically, the transaction won't be fully completed until fall 2021, over a year after the work on the transaction commences. Because of this longer timeline for the completion of the transaction and the additional work, staff recommends authorizing an amendment of the Board's bond counsel and disclosure counsel contracts to allow for an increase in the cap for the transaction, and for the payment of invoices in a two-phased structure; counsel will be paid for work to-date up to an "interim close" scheduled for November 5, with full and final payment next fall, upon the completion of the transaction.

Staff recommended authorizing the Executive Director and Deputy Directors to negotiate and execute amendments to the Board's bond counsel and disclosure counsel contracts.

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

**A motion was made by Mr. Kim and seconded by Ms. Greenberg to adopt the staff recommendation. The motion passed unanimously through a 3-0 roll-call vote (Ms. Miller, Mr. Kim, and Ms. Greenberg all voting aye).**

**GENERAL PUBLIC COMMENT:**

NONE

**REPORTABLES:**

NONE

**NEXT MEETING:**

Ms. Miller stated that the next Board meeting was scheduled for Friday, November 13, 2020.

Ms. Miller asked if there were any other questions or comments from the Board, or from the public on any other matters within the Board's jurisdiction. There were none.

The meeting was concluded.