

**CAPITAL PROJECTS ADVISORY REVIEW BOARD**

**John L. O'Brien Building  
504 15<sup>th</sup> Avenue, Hearing Room A  
Olympia, Washington  
December 13, 2007  
9:00 AM**

**Final Minutes**

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<b><u>MEMBERS PRESENT</u></b>	<b><u>REPRESENTING</u></b>	<b><u>MEMBERS ABSENT</u></b>	<b><u>REPRESENTING</u></b>
Daniel Absher	General Contractors	Rep. Dan Kristiansen	House (R)
Vince Campanella	General Contractors	Senator Rodney Tom	Senate (D)
Gerald "Butch" Reifert	Architects	Senator Dale Brandland	Senate (R)
Paul Masten	Engineers	Rocky Sharp	Specialty Contractors
Ed Kommers	Specialty Contractors	VACANT	Private Industry
Terry Tilton	Construction Trades Labor	Dan Vaught	School Districts
Pete Crow	Construction Trades Labor		
Cynthia Cooper	OMWBE		
John Ahlers	Private Industry		
Olivia Yang	Higher Education		
John Lynch (Chair)	General Administration		
Larry Byers	Insurance/Surety Industry		
Rodney Eng	Cities		
Nora Huey	Counties		
Robert Maruska	Ports		
Wendy Keller	Public Hospital Districts		
Rep. Kathy Haigh (Vice Chair)	House (D)		

**STAFF & GUESTS**

Nancy Deakins, GA	Rick Slunaker, AGC
Searetha Kelly, GA	Stan Bowman, AIA WA Council
Cheri Lindgren, Puget Sound Meeting Services	Joseph Holly, L&I
Dick Goldsmith, AWPFD	Sharon Swanson, SCS
Karen Barrett, JLARC	Arnie Sheppard, Pierce County
Fred Tharp, WSDOT	John Salmon, Pierce County
Dick Lutz, Centennial Construction	Jeanne Rynne, OSPI
Pam Johnson, OST	Roland Orr, GA
Cos Roberts, Urban Tech Systems	Tony Benjamin, Urban League CDCC
Ginger Eagle, Ports	Thomas Kuffel, King County
Ashley Probart, AWC	Marsha Reilly, House Research Analyst
Robyn Hofstad, GA	

**Welcome & Introductions**

Chair John Lynch called the Capital Projects Advisory Review Board (CPARB) meeting to order at 9:04 a.m. A meeting quorum was attained. Chair Lynch welcomed new members. Everyone present provided self-introductions.

*Ms. Cooper arrived.*

Chair Lynch announced that the meeting may be Ms. Keller's last meeting. He thanked her for her faithful attendance and expressed appreciation for all her work on behalf of the Board.

Ms. Keller introduced her replacement, Jim Paapke, Administrative Director of Facilities for Olympic Medical Center in Port Angeles, Public Hospital District. Mr. Paapke reported he is currently serving on the Project Review Committee (PRC).

**Approve Agenda**

**Pete Crow moved, seconded by Cynthia Cooper, to accept the agenda as distributed. Motion carried.**

**Approve November 8, 2007 Meeting Minutes**

**Rodney Eng moved, seconded by Robert Maruska, to approve the November 8, 2007 minutes with the following correction: within the staff and guests section on the first page, the last guest name should be changed to "Greg Guedel." Motion carried.**

**Public Comments**

There were no public comments offered at this time.

**63-20 Presentation**

Thomas Kuffel, Senior Deputy Prosecuting Attorney, King County Prosecuting Attorney Office, provided a PowerPoint presentation on 63-20 Financing. The term "63-20" represents the Department of Treasury's ruling of the tax-exempt financing structure. One methodology involves private land/private construction while the other involves public land/private construction. Attributes for each include:

1. Private Land/Private Construction
  - Build to suit – lease to own. Private company owns the land and constructs the building. Public agency leases the building upon completion. Public agency owns the building at the end of the lease period.
2. Public Land/Private Construction
  - Build to suit – lease/leaseback. Public agency owns the land and leases it to a private entity for construction. Private entity owns the building and leases it back to the public agency. Public agency owns the building at the end of the lease.

*Representative Haigh arrived.*

Three basic steps associated with the traditional Design Bid Build (DBB) method were reviewed:

Mr. Kuffel reported the Municipal Leasing Act can be found in Title 35.42.060 of the Revised Code of Washington (RCW). Cities or towns (or counties with a population greater than one million per RCW 36.42.205) may execute a lease prior to the actual acquisition of a site and the construction of a building provided:

1. Lessee is not required to pay rent until the building is ready for occupancy.
2. Lessor must furnish a bond satisfactory to the lessee conditioned on the delivery of possession of the completed building to the lessee at the time prescribed in the lease, unavoidable delay excepted.

3. No part of the cost of construction shall ever become an obligation of the city/town/county.

RCW 39.04.260 requires payment of prevailing wages if the public agency leases, rents, or purchases more than 50% of the building. There is no statutory required procurement process for the lessor, nonprofit, or developer with the build to suit – lease to own method. A graphic description about how build to suit lease transactions was provided. Two types of financing options with the build to suit – lease to own alternative are as follows:

1. If a non-profit owner, they may finance with tax exempt bonds (63-20 bonds or 501c3 bonds) or Certificates of Participation (COPs). The 63-20 bonds are a type of tax exempt financing available to non-profits pursuant to Internal Revenue Service (IRS) regulations. A requirement is that when the debt is retired, title to the facility must transfer to a public entity. Interest on the bonds is not subject to federal income tax. Rates are lower resulting in a lower construction cost. COPs are a different type of tax-exempt bond. These were described as selling of an interest in the lease payment that the government makes once it occupies the building.
2. If a profit owner or developer, then taxable finance for construction and tax exempt financing for takeout with COPs. The developer will assign the lease and all other rights and obligations to an entity or trustee. The trustee will issue COP bonds that provide for tax exempt financing.

Flow charts outlining how each financing option works were reviewed.

Basic statutory requirements (RCW 35.42.070) for the public land/private construction option consist of two components:

1. Any city or town (or county with a population greater than one million per RCW 36.42.205) desiring a building for its use erected on land owned or to be acquired by it can lease the land for a reasonable rental for a term of not less than 50 years.
2. The city/town/county leases back the building or a portion thereof for the same term.

Statutory lease terms for public land/private construction are as follows:

1. No part of the cost of construction shall ever become an obligation of the city/town/county.
2. City/town/county shall have a prior right to occupy part or all of the building.
3. Rent may not exceed prevailing rates for comparable space.
4. Lessee may rent out unoccupied portions of the building to tenants approved by the city/town/county.
5. Upon expiration of the lease, all buildings and improvements on the land become the property of the city/town/county.

Mr. Kuffel reported prevailing wages are required if the public agency leases, rents, or purchases more than 50% of the building.

The statutory procurement process for the lease/leaseback alternative is based on a call for bids (Request for Proposals [RFP]) upon terms most advantageous to the city/town/county. Technically, it is the non-profit that is the lessor. Mr. Kuffel said King County's approach involves two procurements. One is for the developer and development team and a separate procurement for the lessor (nonprofit). The reason for two procurements is because King County wants to encourage competition.

Three types of financing options for the lease/leaseback option include:

1. Private financing during building construction and leaseback periods.
2. 63-20 tax exempt bonds issued by a non-profit corporation.
3. COPs issued in lease either for construction or as take-out financing.

Miscellaneous features of the statutes concerning state tax issues and debt limitations were highlighted.

Advantages and disadvantages of build to suit models using 63-20 financing were reviewed:

- Private company owns building and assumes risk and financial responsibility during construction.
- Rental rate paid by the public agency during the term of the lease remains flat. It is not subject to increases over time that generally occurs in private sector office space rents.
- As compared to issuing Long Term General Obligation (LTGO) bonds, there may be additional costs associated with 63-20 and COPs financing. These include potentially higher issuance costs because there are more players and fees if a third party non-profit is involved.
- Per federal tax law, public agency gets unencumbered title to the property and improvements at the end of the lease for no additional cost.

Mr. Kuffel noted that the transaction can still take advantage of tax exempt financing even if the transaction is not funded by government bonds. The cost of construction is still lower compared to utilizing private financing.

Chair Lynch asked if there is a risk to the owner for lease costs to increase if costs during construction increase. Mr. Kuffel replied that lease documents are confirmed at the start of the transaction. The developer is guaranteeing no cost increases.

Chair Lynch asked whether the owner has control over design details during construction and how it works if the owner has no cost obligations. Mr. Kuffel said the owner, developer, nonprofit, and architect are engaged at predevelopment typically before construction begins. Contracts have been executed. However, the predevelopment process occurs prior to construction commencing.

Mr. Kommers asked how the 63-20 financing option benefits nonprofits. Mr. Kuffel responded that nonprofits receive an administrative fee equaling a small percentage of the construction contract. The fee is reflected in the agreement signed by the nonprofit and developer.

Mr. Kommers asked whether the public body is obligated to produce a calculated report on the dollar advantages associated with 63-20 financing compared to other APW or construction methods. Mr. Kuffel said there is no statute requiring a calculated report.

Mr. Maruska asked about responsibility for operation and maintenance (O&M) costs and how O&M costs are accounted in the construction cost. Mr. Kuffel said the agency is responsible for O&M costs once they have occupied the building.

Ms. Tilton asked if there's an option to negotiate a project labor agreement with 63-20 financing. Mr. Kuffel replied he's not sure there's a prohibition. He described a specific case where a labor agreement is being followed with a 63-20 project.

Mr. Crow asked if there are requirements for public bidding and a public bid opening for 63-20 projects. Mr. Kuffel said the only procurement process in place concerns the lessor in a leaseback type transaction.

Discussion ensued about investor and nonprofit involvement during design and construction. Mr. Kuffel explained investor interest is abstract because they handle the purchase of the bonds. It's important the bonds are attractive for investors. The developer acts primarily as the nonprofit's agent. Nonprofits provide a mechanism to take advantage of the tax-exempt debt issuance scheme that treasury regulations allow. A nonprofit will look to the developer and other representatives to monitor and protect their interests.

Chair Lynch asked whether the contract with the architect is separate. Mr. Kuffel replied he believes so.

Discussion followed concerning tenant involvement (TI), an allowance set aside for TI, smaller owners benefiting from soliciting outside expertise to review financing documents, and that reasonable rental rates are established on the onset based upon the amount of debt issued.

Mr. Maruska asked if the 63-20 financing option is set aside as a totally different APW model that an owner could use to obtain a building or facility. Mr. Kuffel answered that is correct.

Chair Lynch noted with the exception of the prevailing wage requirement, 63-20 is not an APW process.

Mr. Campanella asked at what point an entity runs the risk of losing a tax-exempt status. Mr. Kuffel replied the governmental entity's commitment runs until the bonds are paid off.

Chair Lynch thanked Mr. Kuffel for the 63-20 briefing.

Representative Haigh asked if 63-20 financing can be used for major remodels. Mr. Kuffel answered yes, on the real property transaction side.

Chair Lynch reminded members that the State Treasurer's Office asked the Board to consider drafting legislation that would require data collection on 63-20 financed projects.

*Representative Haigh departed.*

### **Project Review Committee Report**

Mr. Orr briefed the Board on the outcome of the PRC's November 29, 2007 panel meeting.

Lake Washington School District withdrew its application for certification. The City of Kenmore submitted a project application for General Contractor/Construction Manager (GC/CM) for a new city hall in downtown Kenmore. The proposal consists of a 22,000 square foot two-story building. The project budget is approximately \$18.9 million. The panel voted unanimously to approve the City of Kenmore's project application for GC/CM for its city hall project. PRC members believe the owner's project team was experienced and the schedule fits with the project. Dan Chandler is the main project manager. The PRC will review the City of Seattle's certification application for both GC/CM and Design Build (DB) in January.

### **Brief Reports from Subcommittees**

#### ***Expansion – Olivia Yang***

Ms. Yang reported the Expansion Subcommittee focused on clean up legislation for the Board's review and action. Copies of the most current draft legislation were provided to members. She reviewed issues the

subcommittee discussed involving DB \$2 to \$10 million, Design Build Operate and Maintain (DBOM) that provides for two demonstration projects, clean up language concerning DB in section 202 of House Bill (HB) 1506, clarification of DB award to “responsive” and not Best and Final Offer (BAFO), and clarification regarding certification of public owners. Changes specific to these issues have been incorporated in the draft legislation document.

Remaining issues the subcommittee will consider at its next meeting (April 4, 2008) concern public reading of bids for GC/CM, clarification to allow incidental new construction associated with renovation for Job Order Contracting (JOC), and clarification of whether GC/CM preconstruction costs are included in the GC/CM total contract cost. Language specific to these items is not included in the draft legislation document. It is proposed to consider amendments during the 2009 session.

Items remaining from the 2007 session include two JOC issues (80% versus 90% subcontract, and expansion of JOC for other public owners [via direct authority or interlocal agreement]). Mr. Benson proposed a review of how public bodies select DB procurements. Ms. Yang reviewed other issues described on page 3 of the subcommittee meeting minutes.

Mr. Kommers noted for purposes of establishing a quorum, he attended the Expansion Subcommittee’s December 7, 2007 meeting; however, he is marked “absent.”

Chair Lynch expressed appreciation for the suggested amendment for the upcoming 2008 session. The Board could discuss the issue or review and discuss the changes in January and take formal action. He said asking the Attorney General for a legal opinion concerning the housing authority issue is not a simple request. General Administration’s (GA) budget for the CPARB covers basic operating expenses and does not provide resources to pay for a legal opinion.

Ms. Deakins added the subcommittee agreed not to take action concerning the housing authority issue pending the Board’s discussion and action about whether housing authorities are included and covered in APW statute 39.10.

Ms. Yang conveyed that Mr. Eng had suggested adding the words “housing authority” in the definition of public bodies as an easy fix from a drafting perspective if that’s the Board’s direction.

Mr. Eng said the question of whether changing the definition of public bodies to include housing authorities destroys the proposed amendment is a different issue.

Mr. Kommers said it’s inappropriate to add housing authority to the definition of public bodies at this time. He encouraged the Board to pursue asking for a legal opinion. He asked whether a private entity or taxpayer can request a legal opinion or should the request come from the CPARB. Ms. Deakins replied that a formal request should come from a legislator or from a board.

Discussion followed about whether Representative Haigh or a senator’s office could request and/or pay for a legal opinion and possible political consequences if including housing authorities as a public body. Ms. Yang said a legal opinion might not be a critical piece for a decision. Engaging the housing authority in the process might be a better strategy.

Chair Lynch said the Board previously agreed to request a legal opinion. If the cost is affordable, GA might make the request. He said he will speak staff from Representative Haigh’s office. If the cost for an opinion is substantial he asked that the CPARB provide additional guidance.

Ms. Huey asked Chair Lynch to gather cost information and report to the Board prior to making a formal request. Chair Lynch said he will provide the information to members electronically.

***Industry-Wide Issues – Nora Huey***

Ms. Huey reported the Industry-Wide Subcommittee reviewed responsibility guidelines and outstanding issues. Due to limited time, there was no consensus. Further discussion of issues was deferred to a future meeting. Subcommittee members discussed whether current open lawsuits are an appropriate issue to review. A key piece is whether there is a pattern of bad behavior.

Concerning proposed methods to deal with offsite prefabrication, a major concern is Washington is losing significant revenue and jobs to out-of-state fabricators. Miriam Moses and Dave Johnson led the discussion during the subcommittee meeting and presented five options. Ms. Huey reviewed the options outlined in the meeting notes. She emphasized the issue is complicated. Mr. Johnson indicated that he was not asking CPARB to support an option at this time, but to acknowledge it's an important issue of complexity, competing interests, and impacts. Legislators are working on the matter. Mr. Johnson asked for flexibility by the Board as well as reacting or commenting on any proposed legislation. The subcommittee supported that strategy.

At the subcommittee meeting, Ms. Huey reported Mr. Absher distributed draft legislation dealing with General Contractor (GC) liability for trust payments/defaulting subcontractors. GCs are responsible for subcontractors who are not making payments to the trust; however, GCs have no mechanism to manage the risk and are unable to recover costs from subs if they go out of business. The proposed solution allows a contractor to request notice from the trust about whether there are delinquent payments. The trust must provide a written response within 14 days. If the trust indicates the subcontractor is current, the contractor would not be responsible for delinquency related to that time period. Mr. Kommers and Mr. Johnson indicated they would speak with their attorneys and report to the subcommittee in January. Depending on the outcome, the subcommittee may ask the Board to support amendments for 2008 legislation. Ms. Huey said she has asked Ms. Kelly to post related materials on the website.

Mr. Kommers commented that the issue is complicated and might not be part of a language amendment package for the upcoming session.

Ms. Huey reported a small task force was assembled to consider the unsupported claims issue for the 2009 legislative session. The subcommittee plans to discuss the Mike M. Johnson issue in January.

Discussion ensued about the current status of the Responsibility Guidelines and related appendices and how changes to the guidelines document are facilitated.

Mr. Masten stated Washington State Department of Transportation (WSDOT) probably has a significant interest in the offsite prefabrication issue. Ms. Huey indicated that WSDOT will be invited to attend subsequent subcommittee meetings.

Concerning offsite prefabrication, Mr. Campanella reported eastern Washington does receive a fair amount of participation from Canadian fabricators, which should be part of the discussion.

Chair Lynch acknowledged that offsite prefabrication is a complicated issue. The Board will have an opportunity to provide an opinion on legislation that could emerge.

Chair Lynch recessed the meeting from 10:30 a.m. to 10:45 a.m.

Mr. Absher distributed copies of his draft legislation to Boardmembers.

Chair Lynch said Ms. Reilly is recommending the Board take action concerning subcommittee language changes. The earlier a bill moves forward, the more likely it is to succeed.

### **Best Value Meeting Report**

Ms. Deakins briefed the Board on a recent best value Expansion Subcommittee task force meeting that generated good discussion. A number of issues were raised. The task force scheduled an owners meeting within the next several months to develop goals for best value, how it will work, disadvantages, why owners need the methodology, and to create a stakeholders list.

### **Draft Legislation**

At the request of Chair Lynch, Ms. Reilly reviewed draft legislation proposed by the subcommittees as reflected in a document dated December 7, 2007. The bill does three things concerning the expansion of DBOM:

- Item (3) on page 2 provides for developing guidelines to be used by the committee for the review and approval of DB demonstration projects that procure operations and maintenance services.
- Item (5) on page 2 authorizes the committee to review and approve not more than two DB demonstration projects that include procurement of operations and maintenance services for a period longer than three years.
- Item (6) on page 5 authorizes public bodies to seek committee approval for DB demonstration projects.

Other changes are summarized below:

- Item (4) on page 2 provides for review and approve the use of DB contracting procedure by certified and non-certified public bodies for projects with a total project cost between \$2 and \$10 million. Projects must meet the criteria in RCW 39.10.200 (1). The committee shall not approve more than five projects in a fiscal year that meet the dollar criteria in this section and shall attempt to distribute these projects among more than one public body.
- Item (5) on page 5 authorizes public bodies to seek review and approval for the use of DB projects between \$2 and \$10 million. The project must meet the same criteria for DB projects over \$10 million.
- Item (2) on page 3 states public bodies seeking certification for the DB procedure must demonstrate successful management of at least one DB project within the previous five years. A public body seeking certification for the GC/CM procedure must demonstrate successful management of at least one GC/CM project within the previous five years.
- The words “best and final” used within item (5) on page 8 have been replaced with “responsive.”
- RCW 39.10.310 (DB procedure – Negotiated adjustments to lowest bid or proposal) is repealed.

Mr. Kommers said the Expansion Subcommittee is prepared for the CPARB to accept the proposed legislation changes.

Mr. Absher said he’s not sure that requiring successful management of at least one DB project within the previous five years clarifies that it must be a DB project within the meaning of DB. He indicated he could support the amendment as long as the intent is clear to both the Board and PRC. Concerning the issue of DB projects between \$2 and \$10 million, he said he’s not clear that the Board approved the proposal that is now reflected in the draft legislation.

Ms. Yang said the Expansion Subcommittee discussed the DB demonstration projects matter at least twice, which was outstanding from the last session. It is her understanding that the language proposed represents a compromise among the stakeholders.

Mr. Eng asked if the language implements the Expansion Subcommittee's concept. Ms. Yang answered yes.

Ms. Deakins noted page 7 of the November 8, 2007 minutes reflect the Board took action to approve the DB threshold/demonstration concept as outlined in the Expansion Subcommittee meeting notes, with the drafting subcommittee directed to work on language for the Board's consideration and action.

Mr. Absher said he might have misunderstood. He thought the Board approved the concept; however, members did not deliberate or vote on the DB threshold/demonstration issue. He stated he would like confirmation that the Expansion Subcommittee discussed, deliberated, and agreed to the language proposed. Ms. Yang responded the Expansion Subcommittee was represented by Mr. Slunaker. She conveyed she thought the concept was flushed out by cities, counties, ports, and Associated General Contractor (AGC) representatives.

Discussion ensued about the process that led to the Board approving the concept and resulting legislation, and whether the language has been vetted by all stakeholders.

Mr. Absher referred to comments reflected on page 7 of the Board's November minutes. Ultimately, the Board agreed to the concept of pilot projects, but that the number of projects was undetermined.

Mr. Eng asked Mr. Absher about his concern of five projects annually. Mr. Absher answered the construction industry lobbied to retain a \$10 million threshold. Five projects per year under \$10 million are significant.

Mr. Eng said an element of the \$10 million threshold compromise was recognizing the Board will consider DB demonstration projects between \$2 and \$10 million.

Mr. Absher stated his concern is with the number of pilot projects. He suggested 10 demonstration projects for the life of the legislation. He said tying the number of projects to a sunset date appeals to him. The DB process is very expensive to pursue. If it's found that all 10 pilot projects were distributed within three years and successful, the CPARB could propose additional changes. Five projects per year sounds like a standard.

Mr. Ahlers added another concern is that smaller contractors will not participate based on the initial cost.

Mr. Eng stated it's his understanding that the Expansion Subcommittee was comfortable with five projects annually. He said he understands that Mr. Absher is uncomfortable with five; however, he's much more comfortable with the number being 20 or 25.

Mr. Probart reported the discussion initially focused on a fixed number of demonstration projects for the life of the statute. The drafting subcommittee chose 'x' number of projects per year strategy with the idea that if five per year are not distributed, any remainder does not carry over into the next year compared to a rush of projects. The idea with a fixed small number of projects was to collect data points and evaluate how the program works out.

**Wendy Keller moved, seconded by Rodney Eng, to approve the draft legislation as proposed.**

Discussion ensued about the rationale behind establishing \$2 million as the construction cost floor, and input from the design profession industry about the threshold. Mr. Masten commented that if \$2 million is tough for a contractor, it is 10 times as tough for a designer. Mr. Bowman answered that the American Institute of Architects (AIA) supports a high threshold for price of DB projects for that very reason. However, the AIA doesn't object to a low number of demonstration projects.

**Mr. Absher offered an amendment to distribute 10 demonstration projects for the life of the legislation or two per year. There was no second to Mr. Absher's amendment. Mr. Eng was unwilling to accept the amendment as friendly.**

Conversation followed about the number of demonstration projects, using a phased approach, and WSDOT's experience.

Mr. Tharp said in 2006, legislation was approved where WSDOT could pursue five, \$2 to \$10 million projects on a pilot basis. WSDOT enters into 200 capital improvement projects annually. The state agency has yet to take advantage of the legislation. DB contracting for projects with a total cost between \$2 and \$10 million is a specialized tool. WSDOT has not found the right project for reasons Boardmembers have discussed. High procurement costs are not justified for a project. WSDOT has looked for projects that are low on the engineering side and constructed related, or projects heavily design-oriented. He said he doesn't know whether there is a negative side to the number of demonstration projects.

Chair Lynch asked for an informal vote on the motion as proposed, and on the motion with an amendment as suggested by Mr. Absher. Mr. Absher called for the question.

**Motion failed with five in favor and 10 opposed.**

**Daniel Absher moved, seconded by John Ahlers, to accept the draft legislation language as proposed, but modify item (4) within section 2 on page 2 to allow 10 demonstration projects between \$2 and \$10 million for the life of the legislation.**

At the request of Ms. Huey, Chair Lynch recessed the meeting from 11:19 a.m. to 11:36 a.m. so that members could caucus.

*(Ms. Tilton departed during the break.)*

**Daniel Absher moved, seconded by John Ahlers, to amend the motion to include a mandatory review of the demonstration projects be given to CPARB from the PRC in two years that include recommendations for further use of the \$2 to \$10 million DB demonstration projects.**

Ms. Deakins responded that the PRC doesn't have an evaluation duty other than to review and approve projects proposed to go forward. Mr. Absher stated in two years there will not be any DB projects that have been completed. The Board and PRC would be reviewing the selection process at that point.

Mr. Eng added that the PRC would report through CPARB with recommendations for further changes.

Chair Lynch said if the motion and the amendment to the motion are approved, the Board would be authorizing Ms. Reilly and others to implement changes to the draft language as proposed.

**The main motion and the amendment to the motion carried unanimously.**

**Membership of Board & PRC**

Ms. Deakins announced that there is one vacancy on the Board representing private industry. Outreach to appoint a replacement for Mr. Reifert (architects) is needed. A private industry representative could include those from DB, construction management associations, or private groups such as Boeing. Members were asked to help recruit another private industry member. An application is available online. There is a possibility that Darlene Septelka could apply for the private industry slot on the Board.

Currently, there is a vacancy representing OMWBE on the PRC. Mr. Paapke is replacing Ms. Keller on CPARB, which creates another opening on the PRC. Ms. Deakins reported Kerry Carpenter from Moses Lake has submitted a letter of interest for Mr. Paapke's position. Mr. Carpenter is the Director of Plant Facilities with Samaritan Health Care, Grant County Public Hospital District. She described his construction experience.

**Wendy Keller moved, seconded by Robert Maruska, to approve the appointment of Kerry Carpenter to the PRC.**

*Ms. Cooper departed.*

Mr. Absher said the Board had additional information when appointing members to the PRC. Mr. Carpenter sounds highly qualified; however, he said he would like to review a resume.

**Wendy Keller and Robert Maruska withdrew the motion.**

Chair Lynch indicated GA staff will mail additional information to Boardmembers electronically. Members can discuss appointments at the January CPARB meeting.

Ms. Deakins explained if the Board wants to retain Ms. Septelka on the PRC, the Board could consider adding a private industry representative to the committee's structure.

Discussion ensued about options available to the Board that include creating a private industry slot on the PRC and appointing Ms. Septelka to fill that space to help avoid any problems of attaining a quorum as well as renaming representation categories. The Board agreed to postpone any action pending GA providing additional information for discussion in January.

**Strategic Plan**

Boardmembers reviewed the Strategic Planning document dated December 13, 2007. Ms. Deakins referred to items with a "?" in the target date column. Members agreed to change the target date from 2008 Session to the 2009 Session for the following issues:

- Reappointments to CPARB
- JOC – New construction versus renovation language
- Housing authorities

Ms. Deakins encouraged the Expansion and Industry-Wide Subcommittees to develop strategic plans (work programs) for 2008 and reprioritize the items. She noted that new issues have emerged. The "?" marks next to the last two APW issues (total contract cost – include pre-con services and DB procurement process) were removed. Members agreed that the "?" beside "2008 Session" for GC liability for trust payments/defaulting subcontractors is appropriate.

**Set Next Meeting Agenda**

- Membership of Board and PRC
- Office of Financial Management (OFM) travel reimbursement policy and process for CPARB and PRC members

A location for the January 10, 2008 CPARB meeting has not been confirmed. Chair Lynch reported GA staff will follow up with members.

**Adjournment**

With there being no further business, Chair Lynch adjourned the meeting at 12:07 p.m.

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John Lynch, CPARB Chair

Prepared by Cheri Lindgren, Recording Secretary  
Puget Sound Meeting Services