

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2726

Introduced by Assembly Member Daly

February 21, 2014

An act to amend ~~Section 10512~~ *Sections 10511, 10512, and 10513* of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2726, as amended, Daly. University of California: real property sales.

Existing provisions of the California Constitution provide that the University of California constitutes a public trust and requires the university to be administered by the Regents of the University of California, a corporation in the form of a board, with full powers of organization and government, subject to legislative control only for specified purposes, including such competitive bidding procedures as may be applicable to the university by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods, and services.

Existing law requires the Regents of the University of California to accept in public a bid for the sale of University of California real property that offers the combination of price and terms which it deems to be in the best interest of the university. *Public notice, as specified, is required when the regents sell real property valued in excess of \$500,000.*

~~This bill would require the Legislative Analyst's Office to report to the Legislature, by June 30, 2015, on the feasibility of allowing the~~

regents to consider factors other than price and monetary terms in selecting a bid for the sale of real property.

This bill would amend the public notice requirements to apply only when the property to be sold is valued in excess of \$1,000,000. This bill would also authorize the regents to consider the bidder’s qualifications, as specified, in addition to terms and price in determining which bid or proposal is in the best interests of the university. The bill would also authorize the regents to reject all bids and proposals and would exempt additional property, such as property acquired by foreclosure, from the requirements of these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10511 of the Public Contract Code is
2 amended to read:

3 10511. (a) (1) The Regents of the University of California
4 shall give public notice to bidders of the sale of University of
5 California real property situated in California if the estimated value
6 of the real property to be sold exceeds the amount specified in
7 paragraph (2).

8 (2) Paragraph (1) shall apply to real property whose estimated
9 value exceeds ~~five hundred thousand dollars (\$500,000)~~ *one million*
10 *dollars (\$1,000,000)* net to the seller.

11 (b) Notice of the sale of real property shall be by publication a
12 minimum of six times, between 2 and 12 weeks preceding the day
13 set for receiving bids, as follows:

14 (1) A minimum of three times in at least one newspaper of
15 general circulation in the county in which the property is situated.

16 (2) At least three times in a newspaper of general circulation in
17 the City of Los Angeles, the City of San Diego, the City of San
18 Francisco, or the City of Sacramento, whichever is deemed most
19 appropriate by the regents.

20 (3) The published notices shall specify the general description
21 of the property, the source for bid materials and information, and
22 the date and place for the receiving of sealed bids.

23 SECTION 1.

24 SEC. 2. Section 10512 of the Public Contract Code is amended
25 to read:

1 10512. (a) On the date designated in the public notice, the
2 sealed bids shall be publicly opened.

3 (b) (1) The regents shall accept in public the bid that offers the
4 combination of price and terms which it deems to be in the best
5 interest of the university, or reject all bids or proposal that it deems
6 to offer the best combination of price, terms, and bidder's
7 qualifications to the university, or reject all bids or proposals. A
8 bidder's qualifications may include factors other than price and
9 terms, such as the bidder's ability to complete the transaction or
10 to secure development entitlements.

11 (2) If a successful bidder fails to perform in the manner
12 specified, the regents may, at their sole option and without further
13 notice, accept, from those remaining bids or proposals submitted
14 and opened in public pursuant to subdivision (a), the bid that offers
15 the combination of price and terms that the regents deem to be in
16 the best interest of the university or proposal that it deems to offer
17 the best combination of price, terms, and bidder's qualifications
18 to the university.

19 ~~(e) The Legislative Analyst's Office shall report to the~~
20 ~~Legislature, by June 30, 2015, on the feasibility of allowing the~~
21 ~~regents to consider factors other than price and monetary terms in~~
22 ~~selecting a bid for the sale of real property.~~

23 *SEC. 3. Section 10513 of the Public Contract Code is amended*
24 *to read:*

25 10513. The publication and award procedures set forth in this
26 article shall not be applicable to any of the following:

27 (a) The sale of an undivided or fractional ownership interest in
28 real property.

29 (b) A sale of a right of use in real property that is less than fee
30 ownership.

31 (c) A sale of real property subject to title conditions or
32 restrictions on the university's ownership deriving from the origin
33 of that ownership by gift, devise, or otherwise, if that sale would
34 be inconsistent with those title conditions or restrictions.

35 (d) The disposition of real property acquired through exercise
36 of a power of sale pursuant to a deed of trust, *foreclosure, deed in*
37 *lieu of foreclosure, transactions when property is accepted in*
38 *settlement of a defaulted mortgage, legal settlement,* or held as an
39 asset in the university's investment portfolio.

- 1 (e) A sale of public lands under the direction of the federal land
2 agent.
- 3 (f) A sale to a person or entity who will dedicate the real
4 property to public use.
- 5 (g) A sale of real property acquired after January 1, 1985,
6 through eminent domain proceedings initiated by the Regents of
7 the University of California. In those cases, the person from whom
8 the property was acquired shall be notified and be accorded an
9 exclusive opportunity for 90 days to purchase the property at its
10 fair market value. If the person fails to undertake proceedings to
11 purchase the property within 90 days, the procedures specified in
12 Sections 10511 and 10512 shall then be followed in the sale of the
13 property.
- 14 (h) An exchange to acquire real property of another person or
15 entity for university purposes. Any exchange shall be upon terms
16 and conditions agreed to by the exchanging parties.