

This Calendar Item No. C38 was approved as Minute Item No. 38 by the California State Lands Commission by a vote of 3 to 0 at its 6-2-03 meeting.

**CALENDAR ITEM
C38**

A) Statewide 06/02/03
Bid Log 2002-15
W 25759
S) J. Porter, D. Brown

**REQUEST DELEGATION FOR EXECUTIVE OFFICER
TO SOLICIT BIDS, AWARD AND EXECUTE AGREEMENT
FOR AGRICULTURAL LAND INVESTMENT CONSULTANT**

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

The California State Lands Commission (CSLC), through its State School Lands Management Program, manages approximately 478,000 acres of school lands held in fee ownership by the State and the reserved mineral interests on another 790,000 acres of school lands. Section 8700 et seq. of the Public Resources Code (School Land Bank Act) provides for the acquisition of real property (or any interest in real property) by the CSLC acting as the School Land Bank trustee with the objective of facilitating management of school lands for the purpose of generating revenue. The School Land Bank Trustee may make investments in equity real estate by way of direct investment in properties through staff of the State Lands Commission.

Staff has completed initial investigations into the viability of agricultural property as an investment vehicle for School Land Bank Funds. An extensive report completed for the CSLC by Agland Investment Services, Inc. explores the benefits, risks, and returns potentially available from investment in agricultural property. Based on the Agland Investment Services, Inc. report and subsequent meetings and discussions with Bill Mott (principal, Agland Investment Services, Inc.), staff is in agreement that agricultural property has the potential to be a suitable investment vehicle for School Land Bank Funds. As identified in the report, benefits from investment in agricultural land include the opportunity for:

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- competitive and stable long term financial returns
- relatively low risk
- a positive economic impact on the state economy
- increase in land value due to long term global scarcity of quality irrigated farmland
- broad crop diversification provided by California farm lands

PROPOSED ACTIVITY:

Staff proposes to retain an Agricultural Land Investment Consultant to facilitate the exploration of specific investment opportunities. The consulting services will be utilized to assist staff in further analyzing and refining the range of agricultural property investment options that are possible within the operating structure of the CSLC. The services of the consultant may consist of, but may not necessarily be limited to:

- providing recommendations for specific types of agricultural land investments;
- assisting staff in locating suitable agricultural land investments;
- analyzing the risks and returns associated with each specific investment option identified;
- performing services associated with due diligence in making sound business decisions; and
- assisting staff in the negotiation and finalization of real property purchases, operating leases, and long-term property management as needed.

The bids shall be conducted consistent with procedures as specified in the State Administrative Manual and Public Contract Code. All bid proposals and evaluation sheets will be available for public inspection at the Commission's Sacramento office in accordance with Public Contract Code requirements. It is estimated that the cost of this agreement shall be less than \$100,000.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. Public Contract Code Section 10335 et. seq. (Contracts for Services)
- C. Public Contract Code Section 10355 et. seq. (Consulting Services)
- D. State Contracts Manual Section 1200 (Contracts)
- E. Public Resources Code Section 8705

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IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THESE ACTIVITIES ARE EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL CODE REGS. 15061 BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.
2. AS TRUSTEE, AUTHORIZE THE EXPENDITURE OF SCHOOL LAND BANK FUNDS FOR THIS PURPOSE IN ACCORDANCE WITH PUBLIC RESOURCES CODE SECTION 8705.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT BIDS, AWARD AND EXECUTE CONTRACT IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES.