

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

DON SHOOTER
CHAIRMAN 2011
PAULA A. ABOUD
ANDY BIGGS
RICH CRANDALL
LORI KLEIN
RICK MURPHY
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HOUSE OF
REPRESENTATIVES

JOHN KAVANAGH
CHAIRMAN 2012
LELA ALSTON
CHAD CAMPBELL
STEVE COURT
NANCY MCLAIN
JUSTIN OLSON
ANNA TOVAR

JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, February 7, 2012

8:00 A.M.

House Hearing Room 4

MEETING NOTICE

- Call to Order
 - [Approval of Minutes of November 17, 2011](#)
 - DIRECTOR'S REPORT (if necessary).
1. ARIZONA STATE UNIVERSITY
 - [A. Review of Recreation Facilities Bond Projects.](#)
 - [B. Review of Athletic Facilities Renovations Bond Projects.](#)
 - [C. Review of Student Housing Bond Refund.](#)
 2. [ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Recommending FY 2012 Rent Exemptions.](#)

The Chairman reserves the right to set the order of the agenda.

2/1/12

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People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 926-5491.

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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

November 17, 2011

The Chairman called the meeting to order at 1:12 p.m., Thursday, November 17, 2011, in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Kavanagh, Vice-Chairman
	Senator Aboud	Representative Alston
	Senator Biggs	Representative Court
	Senator Crandall	Representative Olson
	Senator Klein	
	Senator Murphy	
Absent:	Senator Schapira	Representative Campbell
		Representative McLain
		Representative Tovar

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of September 28, 2011, Chairman Don Shooter stated the minutes would stand approved.

NORTHERN ARIZONA UNIVERSITY - Review of Parking Structure Bond and Office Indirect Financing Projects.

Ms. Marge Zylla, JLBC Staff, presented Northern Arizona University's (NAU) request for review of 2 projects, each with a different funding method. The first is a \$26.5 million revenue bond that will fund a parking structure that will provide spaces for students and staff and visitors. The second is a lease-purchase agreement with a subsidiary of the NAU Foundation and this would allow NAU to rent a newly-constructed office building, and ultimately own the building after 20 years.

The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review to NAU's Parking Structure Bond and Office Indirect Financing Projects, along with the following Standard University Financing Provisions.

(Continued)

Standard University Financing Provisions

- *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.*
- *NAU shall provide the final debt service schedule for the projects as soon as it is available.*

The motion carried.

ARIZONA STATE UNIVERSITY - Review of East and West Recreation Facilities and Downtown Phoenix Post Office Projects.

Ms. Leatta McLaughlin, JLBC Staff, presented Arizona State University's (ASU) 3 revenue bond projects that total \$56.0 million. The first project is a new student services recreation facility at the East campus. The second is a new student services recreation facility at the West campus. The third project is a renovation at the Downtown Phoenix post office. The Postal Service has vacated a portion of this building and ASU plans to renovate about 19,000 square feet to create a student union space for the Downtown Phoenix campus students. The JLBC Staff presented options to the Committee.

Ms. McLaughlin responded to member questions.

Mr. Morgan Olson, Chief Financial Officer, Arizona State University responded to member questions.

Mr. Joseph A. Grossman, Student Body President, Arizona State University Downtown Campus and Mr. Jacob Goulding, Student Body President, Arizona State University Tempe Campus responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to ASU's 2 Recreation Facilities Projects, along with the following Standard University Financing Provisions

Representative Kavanagh requested a roll call vote.

The motion carried by a roll call vote of 7-2-0-5. (*Attachment 1*)

Representative Kavanagh moved that the Committee give a favorable review to ASU's Downtown Phoenix Post Office Project, along with the following Standard University Financing Provisions.

Standard University Financing Provisions

- *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.*
- *ASU shall provide the final debt service schedule for the projects as soon as it is available.*

The motion carried.

UNIVERSITY OF ARIZONA - Review of Athletic Facilities Improvements Bond Projects.

Ms. Leatta McLaughlin, JLBC Staff, presented the University of Arizona's (UA) \$73.5 million bond project to renovate and expand the football stadium's north end-zone, among other upgrades at other campus athletic facilities. The renovation and expansion of the north end-zone project will include a new football operations facility, stadium seating, restrooms, stairs and elevators, among other upgrades.

(Continued)

The JLBC Staff presented options to the Committee.

Ms. McLaughlin responded to member questions.

Mr. Tim Bee, Associate Vice President of State Relations and Lobbyist, University of Arizona responded to questions.

Mr. Bob Smith, Senior Associate Vice President for Business Affairs, University of Arizona responded to member questions.

Senator Aboud moved that the Committee give a favorable review to UA's Athletic Facilities Improvements Bond Projects, along with the provision that the projects are ultimately approved by the Arizona Board of Regents and the following Standard University Financing Provisions.

Standard University Financing Provisions

- *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.*
- *UA shall provide the final debt service schedule for the projects as soon as it is available.*

The motion carried.

PINAL COUNTY COMMUNITY COLLEGE DISTRICT - Review of General Obligation Bond Issuance.

Ms. Marge Zylla, JLBC Staff, presented a review of Pinal County Community College District's (Central Arizona College, or CAC) \$59.0 million General Obligation bond issuance proposal. This is the second of 2 issuances totaling \$99.0 million. The Committee favorably reviewed the bond package in 2008 and voters approved the bonding, paid for by property taxes.

The JLBC Staff presented options to the Committee.

Ms. Zylla responded to member questions.

Mr. Chris Wodka, Vice President of Finance, Central Arizona College, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to Pinal County Community College District's General Obligation Bond Issuance along with the provision the CAC seek Committee review before using bonding monies for projects not previously reviewed by the Committee. The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION - Review of Sprinkler and Fire Alarm Systems Project.

Mr. Benjamin F. Beutler, JLBC Staff, presented the Arizona Department of Transportation's (ADOT) proposal to expend \$252,000 to install fire sprinklers and alarm systems at equipment repair shops in Mesa and Show Low. Of this amount, \$174,500 comes from FY 2006 funds that require Committee review before expenditure. The JLBC Staff recommended a favorable review.

(Continued)

Representative Kavanagh moved that the Committee give a favorable review to ADOT's Sprinkler and Fire Alarm Systems Project. The motion carried.

ARIZONA STATE PARKS BOARD - Review of FY 2012 State Lake Improvement Fund Capital Expenditures.

Mr. Art Smith, JLBC Staff, presented the Arizona State Parks Board FY 2012 State Lake Improvement Fund (SLIF) capital expenditure plan. The Parks Board has allocated \$500,000 in SLIF monies for emergency building renewal projects. The JLBC Staff presented options to the Committee.

Mr. Jay Zeeman, Assistant Director and Lobbyist, Arizona State Parks Board, responded to member questions.

Ms. Renee Bahl, Director, Arizona State Parks Board, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to the Arizona State Parks Board's FY 2012 State Lake Improvement Fund Capital Expenditures, along with the following provisions:

- 1. The Parks Board notifies the Chairman and JLBC Staff that they plan to spend less than \$50,000 on an emergency project. The Parks Board can proceed without Committee review.*
- 2. If the emergency project is \$50,000 or greater, the Parks Board will request JCCR to review the project.*
- 3. The Chairman can allow the Parks Board to move forward with an emergency project of greater than \$50,000 without Committee review.*
- 4. The Chairman will notify the Parks Board if he does not agree that the project is an emergency and will request that the Parks Board not proceed with the project.*

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity. These provisions are similar to those used for prior contingency allocations in other agencies.

The motion carried.

ARIZONA STATE LOTTERY COMMISSION - Review of FY 2012 Building Renewal Allocation Plan.

Mr. Jon Stall, JLBC Staff, presented the Arizona State Lottery Commission's FY 2012 Building Renewal Allocation Plan. The FY 2012 Capital Outlay Bill appropriated \$79,200 to the State Lottery Commission from the State Lottery Fund for building renewal projects. The Commission plans to use these monies to fund 2 projects to be completed at the Phoenix office. The first included \$55,500 to replace their Uninterruptable Power Supply System. The second includes \$21,400 to replace air condition units at the office. The JLBC Staff recommended the Committee give a favorable review.

Representative Kavanagh moved that the Committee give a favorable review to the Arizona State Lottery Commission's FY 2012 Building Renewal Allocation Plan. The motion carried.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Recommending FY 2012 Rent Exemption.

Mr. Brett Searle, JLBC Staff, presented the Arizona Department of Administration's (ADOA) proposed \$20,100 FY 2012 increased rent payment for the Attorney General (AG) and the corresponding \$20,100 partial rent exemption for the Department of Water Resources (DWR), as 1,776 square feet of space in Tucson was reallocated from DWR to the AG. The JLBC Staff recommended ADOA's recommendation.

Representative Kavanagh moved that the Committee recommend ADOA's FY 2012 Rent Exemption. The motion carried.

Without objection, the meeting adjourned at 2:32 p.m.

Respectfully submitted:

Mya Trivison, Secretary

Leatta McLaughlin, Assistant Director

Senator Don Shooter, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>.

JOINT COMMITTEE ON CAPITAL REVIEW

Meeting Date: 11/17/2011

ITEM # 2 (ASU Fitness)

ITEM # _____

	PRESENT	ABSENT	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD	<u>X</u>	<u> </u>		✓			
REP. ALSTON	<u>X</u>	<u> </u>		✓			
SEN. BIGGS	<u> </u>	<u>X</u>					✓
REP. CAMPBELL	<u> </u>	<u>X</u>					✓
REP. COURT	<u>X</u>	<u> </u>		✓			
SEN. CRANDALL	<u>X</u>	<u> </u>		✓			
SEN. KLEIN	<u>X</u>	<u> </u>		✓			
REP. MCLAIN	<u> </u>	<u>X</u>					✓
SEN. MURPHY	<u>X</u>	<u> </u>		✓			
REP. OLSON	<u>X</u>	<u> </u>			✓		
SEN. SCHAPIRA	<u> </u>	<u>X</u>					✓
REP. TOVAR	<u> </u>	<u>X</u>					✓
REP. KAVANAGH	<u>X</u>	<u> </u>			✓		
SEN. SHOOTER	<u>X</u>	<u> </u>		✓			
TOTALS	<u>9</u>	<u>5</u>	<u>0</u>	<u>7</u>	<u>2</u>	<u>0</u>	<u>5</u>

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD					
REP. ALSTON					
SEN. BIGGS					
REP. CAMPBELL					
REP. COURT					
SEN. CRANDALL					
SEN. KLEIN					
REP. MCLAIN					
SEN. MURPHY					
REP. OLSON					
SEN. SCHAPIRA					
REP. TOVAR					
REP. KAVANAGH					
SEN. SHOOTER					
TOTALS	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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DATE: January 31, 2012

TO: Representative John Kavanagh, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Leatta McLaughlin, Assistant Director

SUBJECT: Arizona State University - Review of Recreation Facilities Bond Projects

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with revenue bonds. Arizona State University (ASU) requests Committee review of a \$56.9 million bond to fund a Student Services Recreation Facility at the Downtown Phoenix campus and expanded recreation facility space at the Tempe campus.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.
2. An unfavorable review.

Under either option, the JLBC Staff recommends the following standard university financing provisions:

Standard University Financing Provisions

- A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.
- ASU shall provide the final debt service schedule for the projects as soon as it is available.

Analysis

ASU plans on building a new recreation facility at the Downtown Phoenix campus and expanding the recreation facility space at the Tempe campus. The projects are expected to begin construction in March 2012 to be completed by May 2013.

(Continued)

Student Services Recreation Facility - Downtown Phoenix Campus

This \$24.4 million revenue bond project would provide a 4-story, 73,800 square foot student recreation center located immediately south of the existing Lincoln Family Downtown YMCA. Of the 73,800 square feet, 14,300 square feet will be academic space. Students at the Downtown Phoenix campus can currently use the YMCA facility, but ASU states that this facility is too small for the campus's demands. The new recreation facility will be connected to the YMCA at the ground floor by an enclosed, air-conditioned hallway. ASU plans to enter an agreement with the YMCA that would allow ASU students and Y-members to use both facilities. The following will be included in the scope of the project: a 10,000 square foot weight and fitness area, 3 multi-purpose studios for group fitness classes, a 2-court gymnasium, a multi-activity area, outdoor gathering spaces, an outdoor lap pool, and academic space for the Kinesiology program.

The existing YMCA is comprised of about 70,000 square feet of recreation center space. The following are included in this space: a food service area, weight and fitness space, men's and women's locker rooms, classroom and lab space for the exercise and wellness program, studios for group fitness classes, a basketball court, racquetball courts, and a 4-lane indoor lap pool. Currently, there are 4,811 YMCA members. The current monthly membership rate for YMCA members is \$45 for adults and \$80 for families.

Student Services Expansion - Tempe Campus

This \$32.5 million revenue bond project would add 84,500 square feet of student services and recreational space onto the current 143,600 square foot Student Recreation Center. According to ASU, the current recreation center is inadequate for the size of the present and future student body. The following will be included in the scope of the project: a large gymnasium, multi-purpose space, strength and cardio areas, free weights area, a small gymnasium, wellness space, and a social recreation area. ASU is also planning to renovate 5,000 square feet of the existing recreation center, including strength/fitness areas, locker rooms, and cardio spaces.

Comparison Data

ASU surveyed recreation facilities at other institutions about the square foot of recreation space per student that each of them provided. On average, the 12 institutions they surveyed provided 8.2 square feet of recreation space per student. The National Intramural-Recreation Sports Association recommends 8.9 square feet of recreation space per student. ASU currently provides 2.3 square feet of recreation space per student. These facilities, along with the 2 facilities favorably reviewed at the November 2011 meeting, will increase the square feet of recreation space per student to 4.9.

The Committee most recently reviewed similar recreation facilities projects for ASU at its November 2011 meeting. ASU's student services recreation facilities projects at the East and West campuses had direct construction costs per square foot of \$308 and \$292, respectively, which is more expensive than these 2 recreation facilities projects. The direct construction cost per square foot of the Downtown Phoenix campus project is \$242, and the Tempe campus cost is \$284.

Financing

ASU plans on issuing a revenue bond for both projects by early FY 2013. The bond rating is expected to be Aa3 (Moody's)/AA (S&P) at an estimated average 4.6% interest rate for a term of 30 years. The university expects an interest-only debt service payment of about \$607,000 in FY 2013 followed by annual payments of about \$3.5 million over the remaining 29 years of the bond's term. The total cost over the 30-year term for both issuances is expected to be \$106.7 million. The debt service payments will be paid from auxiliary funds generated through the new mandatory Student Services Facilities fee, which is \$150/year for students enrolled in 7 or more credit hours and \$75/year for students enrolled in 6 or fewer credit hours.

(Continued)

Since the bonds won't be issued until early FY 2013, but the projects are expected to begin construction in March 2012, ASU plans on using working capital cash balances for expenditures incurred prior to the issuance of the bond, which will be repaid with bond proceeds.

A.R.S. § 15-1683 allows each state university to incur a projected annual debt service for bonds and certificates of participation of up to 8% of each institution's total projected annual expenditures. This calculation is known as the debt ratio. This revenue bond would increase the ASU debt ratio by 0.21%, from 4.9% to 5.11%.

RS/LMc:mt

ASU
ARIZONA STATE UNIVERSITY

October 27, 2011

The Honorable Don Shooter, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, AZ 85007



Dear Senator Shooter:

In accordance with ARS 15-1683, the Arizona Board of Regents requests that the following bond-financed items for Arizona State University be placed on the next Joint Committee on Capital Review agenda for review:

- Tempe Campus Student Services Facility
- Downtown Phoenix Campus Student Services Facility
- Downtown Phoenix Campus - Historic Post Office Renovation

Enclosed is pertinent information relating to these items.

If you have any questions or desire any clarification on the enclosed material, please contact me at (480) 727-9920.

Sincerely,

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JCCR
Tom Anderes, President, Arizona Board of Regents, ABOR
Lorenzo Martinez, Assistant Executive Director For Capital Resources, ABOR
Steve Miller, Deputy Vice President, Public Affairs
Lisa Frace, Associate Vice President for Budget and Planning
David Brixen, Associate Vice President, Facilities Development and Management
Joanne Wamsley, Senior Associate Vice President for Finance and Deputy Treasurer
Leatta McLaughlin, Capital Review Analyst, JCCR

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

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**Joint Committee on Capital Review
Arizona State University
November 17, 2011 JCCR Meeting**

RE: ASU requests JCCR review the following projects as required by ABOR policy and ARS § 15-1683:

- Tempe Campus Student Services Facility
- Downtown Phoenix Campus Student Services Facility
- Downtown Phoenix Campus - Historic Post Office Renovation

Background

ASU plans to undertake three bond-financed projects to expand student services across all campuses, as requested by ASU student leadership. The total cost of these projects is \$61,057,500, and additional information regarding the projects is shown on the following pages.

Initial work on the projects will begin prior to the issuance of bonds in order to meet project scheduling requirements. Project expenditures incurred prior to the issuance of bonds will be funded from the University's working capital cash balances, which will be restored upon sale of the bonds.

Arizona Board of Regents executive summaries have been included with this request for the Tempe and Downtown Campus Student Service Facilities. For the remaining project, Downtown Phoenix Campus Historic Post Office Remodel, an executive summary is not included since ABOR approval is not required for projects with an estimated cost of under \$5,000,000 (see ABOR Policy 7-102.B.1).

ASU requests JCCR review on these following projects as required by ABOR policy and ARS § 15-1683.

**Joint Committee on Capital Review
Arizona State University
November 17, 2011 JCCR Meeting**

FY 2012 Debt-Financed Projects

PROJECT SUMMARY

<u>New Construction:</u>	<u>Funding Source:</u>	<u>Amount:</u>
Tempe Campus Student Services Facilities	Student Service Facility Fee	\$32,155,000
Downtown Phoenix Campus Student Services Facilities	Student Service Facility Fee/Tuition	24,132,500
<u>Renovation & Improvements:</u>		
Downtown Phoenix Campus-Historic Post Office Remodel	Student Service Facility Fee	4,770,000
		<u>\$61,057,500</u>

FINANCING INFORMATION

<u>System Revenue Bonds:</u>	
Project Costs	\$61,057,500
Estimated Costs of Issuance	\$647,500
Anticipated Bond Rating	Aa3 (Moody's) and AA (S&P)
Anticipated Date of Issuance	Spring 2012
Assumed Interest Rate	4.61%
Term	20 to 30 years

<u>Debt Service Information:</u>	
Estimated Debt Service for 2012	\$650,900
Estimated Annual Debt Service for 2013 to 2032	\$3,894,100
Estimated Annual Debt Service for 2033 to 2042	\$3,538,100
Total Estimated Debt Service Costs	\$113,913,900

DEBT RATIO

Debt Ratio on Existing Debt	4.9%
Incremental Debt Ratio for FY2012 Projects	0.23%
Projected Debt Ratio	5.13%



**Joint Committee on Capital Review
Arizona State University
November 17, 2011 JCCR Meeting**

1. TEMPE CAMPUS STUDENT SERVICES FACILITY

Project Description

This project will add approximately 84,500 gross square feet of student services and recreational space at the ASU Tempe Campus to meet the pressing need for adequately-sized student service facilities. The new facility will connect to the existing Tempe Student Recreation Center. The existing building will be partially renovated as part of this project. The new facility will feature amenities such as a weight and fitness area, a wellness area, social recreation space, three multipurpose studios, and two gymnasiums.

This project was planned in consultation with student government and funded by a student government-endorsed facility fee.

An Arizona Board of Regents (ABOR) executive summary is attached for this project, which outlines the project description, justification, comparable project costs, and other relevant information. This project was recommended for Project Approval by the ABOR Capital and Project Finance committee at its November 10, 2011 meeting and is scheduled for review at the December 1-2, 2011 ABOR meeting.

Project Costs

Total Project Cost	\$ 32,155,000
Total Project Construction Cost	\$ 24,000,000
Total Project Cost per GSF	\$ 380
Construction Cost per GSF	\$ 284

Project Delivery Method

This project will be delivered by the Construction Manager at Risk (CMAR) method.

**Joint Committee on Capital Review
Arizona State University
November 17, 2011 JCCR Meeting**

2. DOWNTOWN PHOENIX CAMPUS STUDENT SERVICES FACILITY

Project Description

The ASU Downtown Phoenix Campus Student Services Facility project will construct a new student recreation center of approximately 73,800 gross square feet. This new facility will be located immediately south of the existing Lincoln Family Downtown YMCA, and the two buildings will be connected at ground level. The building is planned to be a four-story structure with a mezzanine. The facility will provide a weight and fitness area, three multipurpose studios, Kinesiology program space, two gymnasiums, an indoor track and an outdoor pool.

An ABOR executive summary is attached for this project, which outlines the project description, justification, comparable project costs and other relevant information. This project was recommended for Project Approval by the ABOR Capital and Project Finance committee at its November 10, 2011 meeting and is scheduled for review at the December 1-2, 2011 ABOR meeting.

Project Costs

Total Project Cost	\$ 24,132,500
Total Project Construction Cost	\$ 17,855,000
Total Project Cost per GSF	\$ 327
Construction Cost per GSF	\$ 242

Project Delivery Method

This project will be delivered by the Construction Manager at Risk (CMAR) method.

**Joint Committee on Capital Review
Arizona State University
November 17, 2011 JCCR Meeting**

System Revenue Bonds, Series 2011B

ESTIMATED DEBT SERVICE SCHEDULE

Tempe Campus Student Services Facility

Period Ending	Principal	Interest	Debt Service
07/01/2012		\$346,740	\$346,740
07/01/2013	\$635,000	1,386,959	2,021,959
07/01/2014	645,000	1,377,751	2,022,751
07/01/2015	655,000	1,367,044	2,022,044
07/01/2016	665,000	1,354,730	2,019,730
07/01/2017	680,000	1,340,167	2,020,167
07/01/2018	695,000	1,323,235	2,018,235
07/01/2019	715,000	1,304,261	2,019,261
07/01/2020	740,000	1,282,740	2,022,740
07/01/2021	760,000	1,258,394	2,018,394
07/01/2022	790,000	1,231,490	2,021,490
07/01/2023	820,000	1,202,576	2,022,576
07/01/2024	850,000	1,171,580	2,021,580
07/01/2025	880,000	1,138,260	2,018,260
07/01/2026	920,000	1,102,532	2,022,532
07/01/2027	955,000	1,064,076	2,019,076
07/01/2028	995,000	1,023,106	2,018,106
07/01/2029	1,040,000	979,326	2,019,326
07/01/2030	1,090,000	932,526	2,022,526
07/01/2031	1,140,000	882,386	2,022,386
07/01/2032	1,190,000	829,148	2,019,148
07/01/2033	1,250,000	772,742	2,022,742
07/01/2034	1,310,000	712,617	2,022,617
07/01/2035	1,370,000	648,951	2,018,951
07/01/2036	1,440,000	581,821	2,021,821
07/01/2037	1,510,000	510,829	2,020,829
07/01/2038	1,585,000	436,084	2,021,084
07/01/2039	1,665,000	357,468	2,022,468
07/01/2040	1,745,000	274,718	2,019,718
07/01/2041	1,835,000	187,817	2,022,817
07/01/2042	1,925,000	96,250	2,021,250
Total	\$32,495,000	\$28,478,317	\$60,973,317

**Joint Committee on Capital Review
Arizona State University
November 17, 2011 JCCR Meeting**

System Revenue Bonds, Series 2011B

ESTIMATED DEBT SERVICE SCHEDULE

Downtown Phoenix Campus Student Services Facility

Period Ending	Principal	Interest	Debt Service
07/01/2012		\$260,239	\$260,239
07/01/2013	\$475,000	1,040,955	1,515,955
07/01/2014	485,000	1,034,067	1,519,067
07/01/2015	490,000	1,026,016	1,516,016
07/01/2016	500,000	1,016,804	1,516,804
07/01/2017	510,000	1,005,854	1,515,854
07/01/2018	525,000	993,155	1,518,155
07/01/2019	540,000	978,823	1,518,823
07/01/2020	555,000	962,569	1,517,569
07/01/2021	570,000	944,309	1,514,309
07/01/2022	595,000	924,131	1,519,131
07/01/2023	615,000	902,354	1,517,354
07/01/2024	635,000	879,107	1,514,107
07/01/2025	660,000	854,215	1,514,215
07/01/2026	690,000	827,419	1,517,419
07/01/2027	720,000	798,577	1,518,577
07/01/2028	750,000	767,689	1,517,689
07/01/2029	780,000	734,689	1,514,689
07/01/2030	815,000	699,589	1,514,589
07/01/2031	855,000	662,099	1,517,099
07/01/2032	895,000	622,171	1,517,171
07/01/2033	935,000	579,748	1,514,748
07/01/2034	980,000	534,774	1,514,774
07/01/2035	1,030,000	487,146	1,517,146
07/01/2036	1,080,000	436,676	1,516,676
07/01/2037	1,135,000	383,432	1,518,432
07/01/2038	1,190,000	327,250	1,517,250
07/01/2039	1,250,000	268,226	1,518,226
07/01/2040	1,310,000	206,101	1,516,101
07/01/2041	1,375,000	140,863	1,515,863
07/01/2042	1,445,000	72,250	1,517,250
Total	\$24,390,000	\$21,371,292	\$45,761,292

EXECUTIVE SUMMARY

ITEM NAME: Tempe Campus Student Services Facility (Arizona State University)

☒ Action Item ☐ Discussion Item ☐ Information Item

Issue: ASU requests Project Implementation Approval (PIA) and Project Approval (PA) for the ASU Tempe Campus Student Services Facility project. This \$32,155,000 capital project will be financed with System Revenue Bonds, the debt service for which will be paid over 30 years from the Student Services Facilities fee.

Previous Board Actions:

- | | |
|------------------------------------|------------|
| • FY 2012 Capital Development Plan | June 2011 |
| • FY 2011 Capital Development Plan | Dec. 2010 |
| • FY 2012 Capital Improvement Plan | Sept. 2010 |

Statutory/Policy Requirements:

- Board Policy 7-109 requires Capital Committee review and Board approval of projects with a total project cost over \$20 million.

Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process:

- Current student service facilities are inadequate for the size of the present and future student body of ASU. For instance, the Tempe campus recreation complex is outdated and lacks adequate size to meet the growing demands of the student body.
- In recognition of the key role student service facilities play in the student experience, a proposal to implement a Student Services Facility Fee was initiated by the ASU Council of Presidents, comprised of student body presidents from all four ASU campuses. Through numerous student senate meetings, open forums and town halls, ASU students supported the fee, which was subsequently approved by the Board of Regents at the March 2010 ABOR meeting.
- The scope of the proposed student services facilities projects for the four ASU campuses has been defined by student leaders and a consultant, with guidance

Contact:

Morgan R. Olsen, Executive Vice President, Treasurer and CFO, (480) 727-9920, Morgan.R.Olsen@asu.edu

EXECUTIVE SUMMARY

from ASU administration. The priority in planning these facilities is to provide, where possible, similar and equitable Sun Devil experiences, regardless of the campus. With this goal in mind, the ASU Council of Presidents has identified priority student service needs for each campus.

- The community input process ASU has undertaken for this project ensures that the proposed student services facilities will provide a commensurate level of service and support to all ASU students. It is the goal of this initiative to enhance student life on all campuses, by encouraging enhanced connectivity to the larger community and increasing social engagement through the use of community space.
- This project aligns with both the ABOR 20/20 *Vision* plan and the ASU strategic plan goal of "Access and Quality for All." This project will "enhance student development and individual student learning" by providing opportunities for individual student growth, recreation and wellness, and social and community involvement.

Project Description/Scope/Compliance with Space Standards:

- This project will add approximately 84,500 gross square feet of student services and recreational space at the Tempe campus. The project will include:
 - A new recreation facility
 - A large gym with multiple courts
 - Multi-purpose space
 - Strength and cardio areas
 - Free weights area/small gym
 - Wellness space
 - A social recreation area
 - Partial renovation of the existing student recreation facility
- The new construction will connect to the existing Tempe Student Recreation Center. The existing building will be partially renovated to adapt to the new facility. All improvements will comply with applicable space standards.
- To maximize the long-term investment in this facility, the project will be built to last 100 years. The facility has been designed in accordance with the ASU Design Guidelines, and will be constructed of high quality, durable, maintainable materials and building systems to maximize energy efficiency and minimize operational, repair and replacement costs.

EXECUTIVE SUMMARY

Project Delivery Method and Process:

- This project is being delivered through the Construction Manager at Risk method (CMAR). This approach was selected for the project to save time through fast-track project scheduling, provide contractor design input and coordination throughout the project, improve potentially adversarial project environments, and allow for the selection of the most qualified contractor team. With the use of two independent cost estimates at each phase, and low-bid subcontractor work for the actual construction, CMAR also provides a high level of cost and quality control.
- The CMAR was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. Twenty (20) responses to the project Request for Qualifications (RFQ) were received, and five (5) of the responding teams were short-listed for interview. A licensed contractor from the community was included on the selection committee as required by Board Policy. The design team was selected through a similar process, and four (4) teams were interviewed out of the twenty-one (21) RFQ responses received.

Project Costs:

- The budget for this project is \$32,155,000. The estimated budget presented in June to the Board in the ASU 2012 CDP was \$31,480,000. Adjustments to the scope were needed to adapt the existing building infrastructure to the new facility, as were changes affecting program operations and student circulation. The budget was adjusted to reflect the needed additions to the project.
- This budget represents an estimated construction cost of \$284 per square foot for the project. The estimated total project cost is \$380 per gross square foot. The construction costs are based on analysis of the 50% construction design plans by the CMAR and have been closely examined for efficiencies.
- The following table displays comparable projects, with total project costs per square foot, escalated to third quarter 2012 (the ASU Tempe Campus Student Services Facility project construction midpoint):

EXECUTIVE SUMMARY

Comparable Project	Location	Project Size	Year Completed	Escalated Const. Cost / SF
California State University - Sacramento Recreation and Wellness Center	Sacramento, CA	151,000	2010	\$357
University of Arizona Student Recreation Center Expansion	Tucson, AZ	54,000	2010	\$420
Cal State University – Long Beach Student Recreation and Health Center	Long Beach, CA	115,000	2010	\$417
Average Comparable Project		106,667		\$398

- Considering these relevant comparable construction costs, the ASU Tempe Campus Student Services Facility budget of \$284 is considered adequate.
- Two independent cost estimates have been provided, one by the DP and one by the CMAR. These estimates have been reconciled to confirm accurate, competitive scope quantities and unit prices to form the estimated cost for the entire scope of work. The CMARs current estimate is made up of roughly 0 percent subcontractor bid commitments, 10 percent price projections from subcontractors, and 90 percent estimates prepared by the CMAR team.

Project Status and Schedule:

- This project is in the design phase. The Design Professional (DP) and CMAR have been identified using a standard selection process. Design is nearly complete. The Guaranteed Maximum Price (GMP) will be within the approved budget.
- General construction is scheduled to begin March 2012. Construction will be completed May 2013.

Fiscal Impact and Financing Plan:

- The project funding will be System Revenue Bonds (SRBs). The debt service on these bonds will be paid from auxiliary funds, generated from the Student Services Facilities Fee.
- Operation and maintenance costs for this project are estimated at \$567,000. The funding source for operations and maintenance will be local funds.
- Debt ratio impact: The incremental debt ratio impact for this project is projected to be 0.12%.

EXECUTIVE SUMMARY

Recommendation:

- It is recommended that the Board grant Project Implementation Approval and Project Approval to ASU for the Tempe Campus Student Services Facility project.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University

Project Name: ASU Tempe
Campus Student Services Facility

Project Description and Location:

This project is planned to construct an approximately 84,500 gross square foot student recreation facility at the ASU Tempe Campus, and to perform renovations to the existing facility. The facility will provide a weight and fitness area, a wellness area, social recreation space, three multipurpose studios and two gymnasiums.

Project Schedule:

Planning	July	2010
Design	February	2011
Construction	March	2012
Occupancy	May	2013

Project Budget:

Facility Useful Life (approx)		100 years
Total Project Cost	\$	32,155,000
Total Project Construction Cost	\$	24,000,000
Total Project Cost per GSF	\$	380
Construction Cost per GSF	\$	284
Change in Annual O & M Cost:		
Utilities	\$	233,500
Personnel		83,500
All Other Operating		250,000
Subtotal	\$	567,000

Funding Sources:

Capital

- | | | |
|--|----|------------|
| A. System Revenue Bonds | \$ | 32,155,000 |
| Funding Source for Debt Service: auxiliary funds, generated from the Student Services Facilities Fee | | |
| B. Operation/Maintenance | \$ | 567,000 |
| Funding Source: Local funds | | |

EXECUTIVE SUMMARY

Capital Project Cost Estimate

University: ASU at the Tempe campus

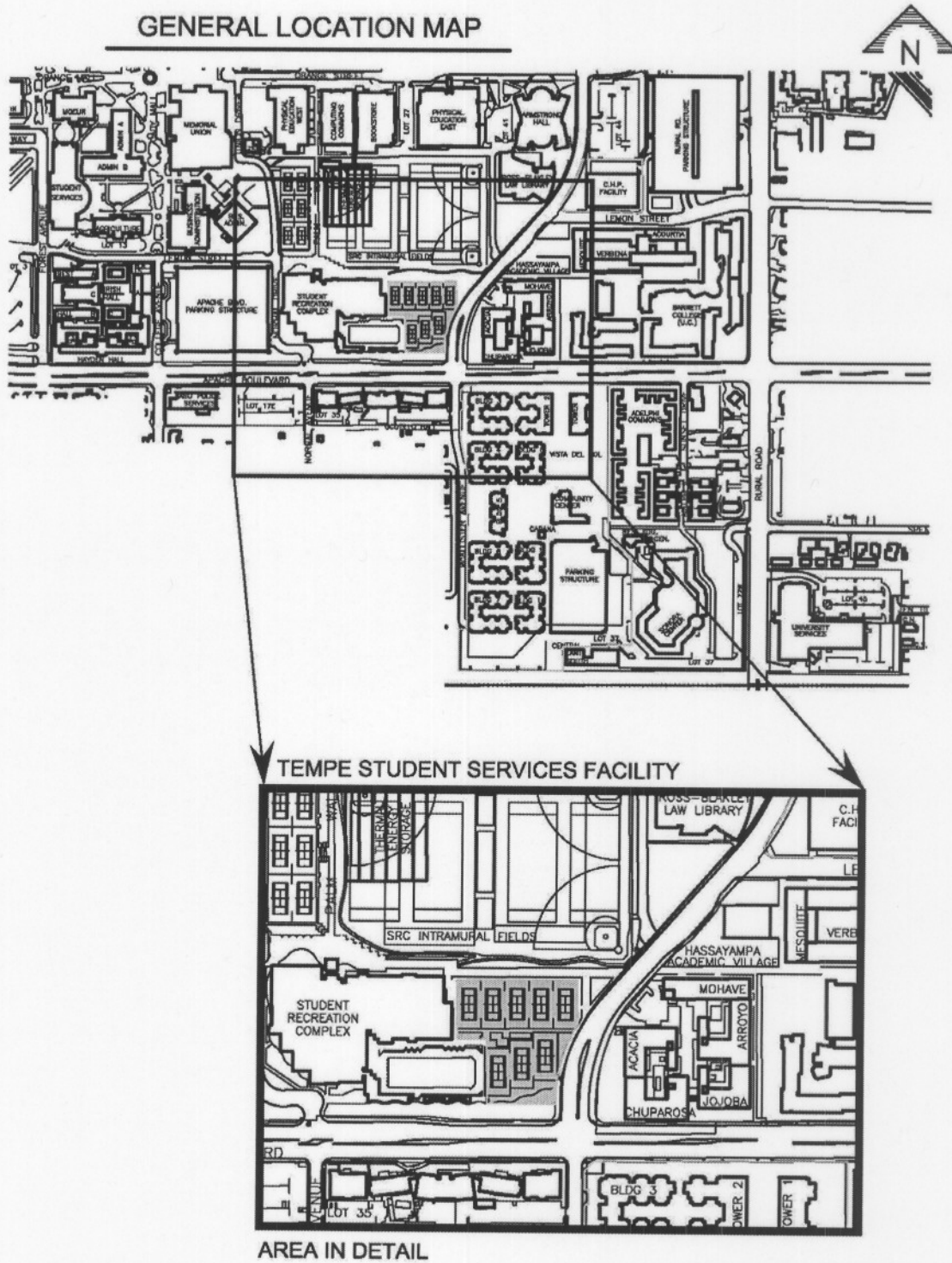
Project: ASU Tempe Campus Student Services Facility

	Capital Development Plan	Project Implementation Approval	Project Approval
Capital Costs			
1. Land Acquisition	\$ -	\$ -	\$ -
2. Construction Cost	-	-	-
A. New Construction	18,940,000	19,315,479	19,315,479
B. Renovation	1,875,000	1,875,000	1,875,000
C. Special Fixed Equipment	-	-	-
D. Site Development (excl. 2.E.)	1,180,038	1,180,038	1,180,038
E. Parking and Landscaping	635,340	635,340	635,340
F. Utilities Extensions	550,113	688,208	688,208
G. Other*(Demolition)	305,935	305,935	305,935
Subtotal Construction Cost	<u>\$ 23,486,426</u>	<u>\$ 24,000,000</u>	<u>\$ 24,000,000</u>
3. Fees			
A. Construction Mgr	\$ 200,000	\$ 200,000	\$ 200,000
B. Architect/Engineer	2,157,421	2,157,421	2,157,421
C. Other	-	-	-
Subtotal Consultant Fees	<u>\$ 2,357,421</u>	<u>\$ 2,357,421</u>	<u>\$ 2,357,421</u>
4. FF&E Movable	\$ 1,795,000	\$ 1,845,000	\$ 1,845,000
5. Contingency, Design Phase	238,000	91,000	91,000
6. Contingency, Constr. Phase	2,131,254	2,289,201	2,289,201
7. Parking Reserve	-	-	-
8. Telecommunications Equipment	585,000	670,000	670,000
Subtotal Items 4-8	<u>\$ 4,749,254</u>	<u>\$ 4,895,201</u>	<u>\$ 4,895,201</u>
9. Additional University Costs			
A. Surveys, Tests, Haz. Mat. Abatement	\$ 95,000	\$ 95,000	\$ 95,000
B. Move-in Costs	20,000	20,000	20,000
C. Printing Advertisement	-	-	-
D. Keying, signage, facilities support	50,000	50,000	50,000
E. Project Management Cost (2%)	617,008	630,238	630,238
F. State Risk Mgt. Ins. (.0034 **)	104,891	107,140	107,140
Subtotal Addl. Univ. Costs	<u>\$ 886,899</u>	<u>\$ 902,378</u>	<u>\$ 902,378</u>
Total Capital Cost	<u><u>\$ 31,480,000</u></u>	<u><u>\$ 32,155,000</u></u>	<u><u>\$ 32,155,000</u></u>

* Universities shall identify items included in this category

** State Risk Management Insurance factor is calculated on construction costs and consultant fees.

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

ITEM NAME: Downtown Phoenix Campus Student Services Facility (Arizona State University)

☒ Action Item ☐ Discussion Item ☐ Information Item

Issue: ASU requests Project Implementation Approval (PIA) and Project Approval (PA) for the ASU Downtown Phoenix Campus Student Services Facility project. The \$24,132,500 project will be financed with System Revenue Bonds, the debt service for which will be paid over 30 years from the Student Services Facilities Fee and tuition.

Previous Board Actions:

- | | |
|------------------------------------|------------|
| • FY 2012 Capital Development Plan | June 2011 |
| • FY 2011 Capital Development Plan | Dec. 2010 |
| • FY 2012 Capital Improvement Plan | Sept. 2010 |

Statutory/Policy Requirements:

- Board Policy 7-109 requires Capital Committee review and Board approval of projects with a total project cost over \$20 million.

Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process

- Several of ASU's current student service facilities are inadequate for the size of the present and future student body. Specifically, the Downtown Phoenix campus lacks student union and meeting space. For recreation, students at the Downtown Phoenix Campus utilize the local YMCA, which is too small for the demands of a growing urban student population.
- In recognition of the key role student service facilities play in the student experience, a proposal to implement a Student Services Facility Fee was initiated by the ASU Council of Presidents, comprised of student body presidents from all four ASU campuses. Through numerous student senate meetings, open forums and town halls, ASU students supported the fee, which was subsequently approved by the Board of Regents at the March 2010 ABOR meeting.

Contact:

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EXECUTIVE SUMMARY

- The scope of the proposed student services facilities projects for the four ASU campuses has been defined by student leaders and a consultant, with guidance from ASU administration. The priority in planning these facilities is to provide, where possible, similar and equitable Sun Devil experiences, regardless of the campus. With this goal in mind, the ASU Council of Presidents has identified priority student service needs for each campus.
- The community input process ASU has undertaken for this project ensures that the proposed student services facilities will provide a commensurate level of service and support to all ASU students. It is the goal of this initiative to enhance student life on all campuses, by encouraging enhanced connectivity to the larger community and increasing social engagement through the use of community space.
- This project aligns with both the ABOR 20/20 *Vision* plan and the ASU strategic plan goal of "Access and Quality for All." This project will "enhance student development and individual student learning" by providing opportunities for individual student growth, recreation and wellness, and social and community involvement.

Project Description/Scope/Compliance with Space Standards:

- The ASU Downtown Phoenix Campus Student Services Facility project will construct a new student recreation center of approximately 73,800 gross square feet. This new facility will be located immediately south of the existing Lincoln Family Downtown YMCA, and the two buildings will be connected at ground level. The building is planned to be a sustainable structure of four stories with a mezzanine, with a minimum of LEED silver certification. The project will enhance student life through recreational programs and services in an indoor and outdoor activity space for Downtown Phoenix Campus students and the campus community. The second floor of the facility will house 16,638 gross square feet of academic space for the Kinesiology program, including two classrooms, exercise laboratories, and shared multipurpose exercise areas.
- The project will include:
 - Approximately 10,000 gsf of state-of-the-art weight and fitness area, including cardiovascular equipment, strength machine equipment, and free weights
 - Three multipurpose studios for group fitness classes (aerobics, boot camp classes, yoga, Pilates, etc.) and student club use (dance practice, activities)

EXECUTIVE SUMMARY

- A two-court gymnasium for basketball, volleyball, badminton, etc.
 - Multi-activity space for campus events, conference space, concerts, etc.
 - Outdoor gathering spaces
 - An outdoor leisure pool with lap lanes
 - Programs and services open during the day, evening and weekends
 - Academic program (Kinesiology) on the second floor, as well as two classrooms
- The project will be in conformance with applicable ABOR space guidelines.
- To maximize the long-term investment in this facility, the project will be built to last 100 years. The facility has been designed in accordance with the ASU Design Guidelines, and will be constructed of high quality, durable, and maintainable materials and building systems to maximize energy efficiency and minimize operational, repair and replacement costs.

Project Delivery Method and Process:

- This project is being delivered through the Construction Manager at Risk method (CMAR). This approach was selected for the project to save time through fast-track project scheduling, provide contractor design input and coordination throughout the project, improve potentially adversarial project environments, and allow for the selection of the most qualified contractor team. With the use of two independent cost estimates at each phase, and low-bid subcontractor work for the actual construction, the CMAR also provides a high level of cost and quality control.
- The CMAR was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. Fifteen (15) responses to the project Request for Qualifications (RFQ) were received, and five (5) of the responding teams were short-listed for interview. A licensed contractor from the community was included on the selection committee as required by Board policy. The design team was selected through a similar process, and five (5) teams were interviewed out of the twenty-six (26) RFQ responses received.

Project Costs:

- The budget for this project is \$24,132,500. The estimated budget presented in June to the Board in the ASU 2012 CDP was \$21,120,000. The budget increase reflects the inclusion of a portion of the Kinesiology academic program into this facility. The Kinesiology program utilizes many of the same types of space that

EXECUTIVE SUMMARY

are found in a Student Recreation Facility, such as multipurpose and group fitness spaces. Through the inclusion of the Kinesiology program, the student recreation facility gained valuable additional shared recreation space while maintaining its original budget, and Kinesiology gained additional space at a very reasonable cost. The additional budget increase is being funded through tuition, as the space will support an academic unit.

- This budget represents an estimated construction cost of \$242 per square foot for the new Student Recreation Facility and related utility infrastructure extensions. The estimated total project cost is \$327 per gross square foot. The construction costs are based on analysis of the 50% construction design plans by the CMAR and have been closely examined for efficiencies.
- The following table displays comparable projects, with total project costs per square foot, escalated to third quarter 2012 (the ASU Downtown Phoenix Campus Student Services Facility project construction midpoint):

Comparable Project	Location	Project Size	Year Completed	Escalated Const. Cost / SF
California State University - Sacramento Recreation and Wellness Center	Sacramento, CA	151,000	2010	\$357
University of Arizona Student Recreation Center Expansion	Tucson, AZ	54,000	2010	\$420
Cal State University – Long Beach Student Recreation and Health Center	Long Beach, CA	115,000	2010	\$417
Average Comparable Project		106,667		\$398

- Considering these relevant comparable construction costs, the ASU Downtown Phoenix Campus Student Services Facility budget of \$242 per square feet is considered to be adequate.
- Two independent cost estimates have been provided, one by the Design Professional (DP) and one by the CMAR. These estimates have been reconciled to confirm accurate, competitive scope quantities and unit prices to form the estimated cost for the entire scope of work. The CMAR's current estimate is made up of roughly 0 percent subcontractor bid commitments, 83 percent price projections from subcontractors, and 17 percent estimates prepared by the CMAR team.

EXECUTIVE SUMMARY

Project Status and Schedule:

- This project is in the design phase. The DP and CMAR have been identified using a standard selection process. Design is nearly complete. The Guaranteed Maximum Price (GMP) will be within the approved budget.
- General construction is scheduled to begin March 2012. Construction will be completed May 2013.

Fiscal Impact and Financing Plan:

- The project funding will be System Revenue Bonds (SRBs). The debt service on these bonds will be paid from auxiliary funds, generated from the Student Services Facilities Fee and tuition.
- Operation and maintenance costs for this project are estimated at \$479,000. The funding source for operations and maintenance will be local funds.
- Debt ratio impact: The incremental debt ratio impact for this project is projected to be approximately 0.09%.

Recommendation:

- It is recommended that the Board grant Project Implementation Approval and Project Approval to ASU for the Downtown Phoenix Campus Student Services Facility project.

EXECUTIVE SUMMARY

Capital Project Information Summary

University: Arizona State University

Project Name: ASU Downtown
Phoenix Campus Student
Services Facility

Project Description and Location:

This project is planned to construct an approximately 73,800 gross square foot student recreation and health services facility at the ASU Downtown Phoenix Campus. The facility will provide a weight and fitness area, three multipurpose studios, Kinesiology program space, two gymnasiums, an indoor track and an outdoor pool.

Project Schedule:

Planning	July	2010
Design	May	2011
Construction	March	2012
Occupancy	May	2013

Project Budget:

Facility Useful Life (approx)		100 years
Total Project Cost	\$	24,132,500
Total Project Construction Cost	\$	17,855,000
Total Project Cost per GSF	\$	327
Construction Cost per GSF	\$	242
Change in Annual O & M Cost:		
Utilities	\$	204,000
Personnel		28,000
All Other Operating		247,000
Subtotal	\$	479,000

Funding Sources:

Capital

- A. System Revenue Bonds \$ 24,132,500
Funding Source for Debt Service: auxiliary funds, generated from the Student Services Facilities Fee, and tuition
- B. Operation/Maintenance \$ 479,000
Funding Source: Local funds

EXECUTIVE SUMMARY

Capital Project Cost Estimate

University: ASU Downtown Phoenix
Campus

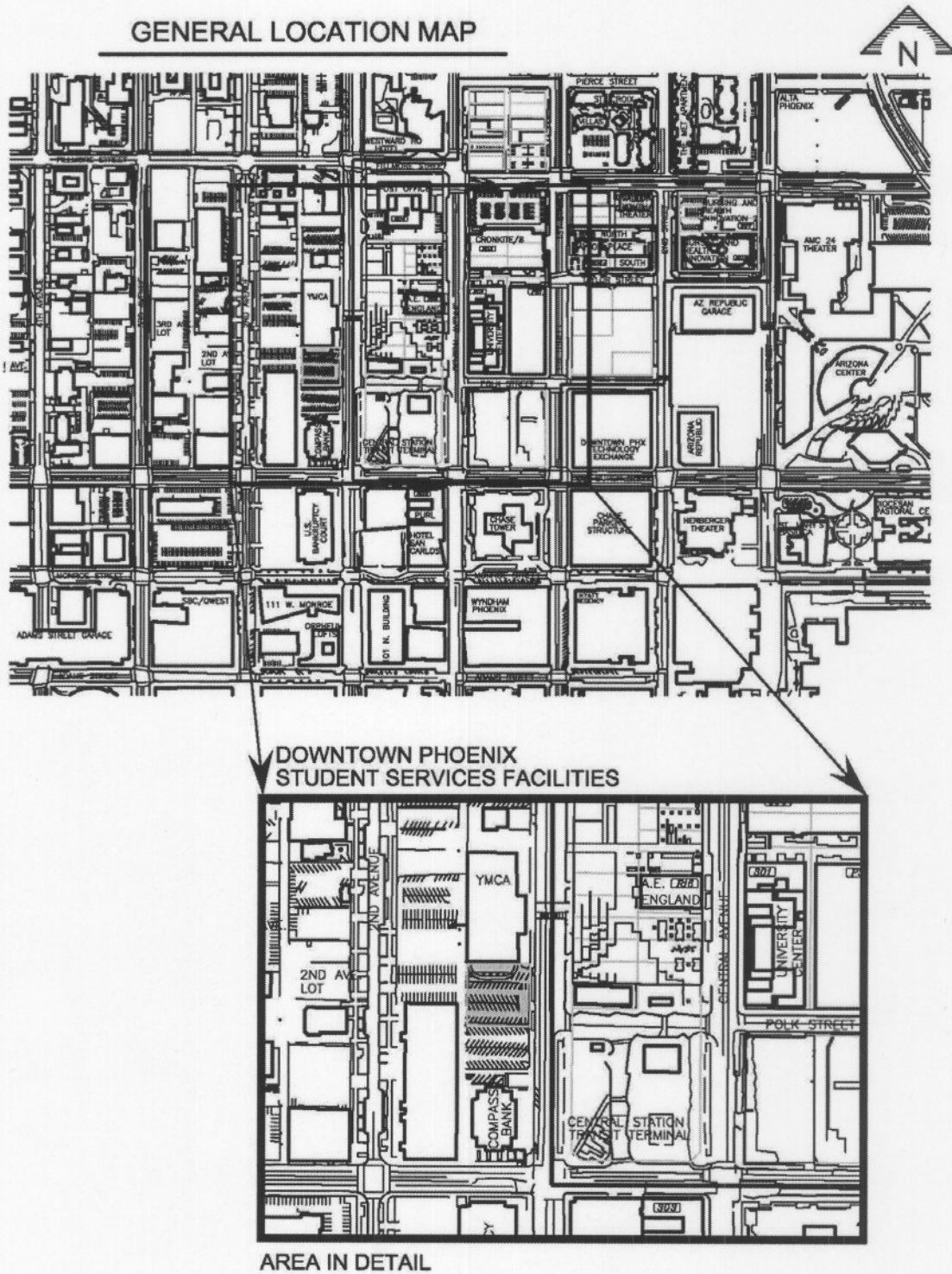
Project: ASU Downtown Phoenix Campus Student
Services Facility

	Capital Development Plan	Project Implementation Approval	Project Approval
Capital Costs			
1. Land Acquisition	\$ -	\$ -	\$ -
2. Construction Cost	-	-	-
A. New Construction	15,390,582	17,105,000	17,105,000
B. Renovation	88,000	150,000	150,000
C. Special Fixed Equipment	-	-	-
D. Site Development (excl. 2.E.)	150,000	250,000	250,000
E. Parking and Landscaping	50,000	50,000	50,000
F. Utilities Extensions	168,000	300,000	300,000
G. Other*(Demolition)			
Subtotal Construction Cost	<u>\$ 15,846,582</u>	<u>\$ 17,855,000</u>	<u>\$ 17,855,000</u>
3. Fees			
A. Construction Mgr	\$ 240,000	\$ 240,000	\$ 240,000
B. Architect/Engineer	1,300,000	1,900,000	1,900,000
C. Other	45,000	45,000	45,000
Subtotal Consultant Fees	<u>\$ 1,585,000</u>	<u>\$ 2,185,000</u>	<u>\$ 2,185,000</u>
4. FF&E Movable	\$ 675,000	\$ 750,000	\$ 750,000
5. Contingency, Design Phase	586,094	436,094	436,094
6. Contingency, Constr. Phase	1,028,000	1,178,000	1,178,000
7. Parking Reserve	-	-	-
8. Telecom, IT, AV & Security Equipment	725,000	985,000	985,000
Subtotal Items 4-8	<u>\$ 3,014,094</u>	<u>\$ 3,349,094</u>	<u>\$ 3,349,094</u>
9. Additional University Costs			
A. Surveys, Tests, Haz. Mat. Abatement	\$ 115,000	\$ 115,000	\$ 115,000
B. Move-in Costs	20,000	20,000	20,000
C. Printing Advertisement	5,000	5,000	5,000
D. Keying, signage, facilities support	50,000	50,000	50,000
E. Project Management Cost (2%)	413,952	472,997	472,997
F. State Risk Mgt. Ins. (.0034 **)	70,372	80,409	80,409
Subtotal Addl. Univ. Costs	<u>\$ 674,324</u>	<u>\$ 743,406</u>	<u>\$ 743,406</u>
Total Capital Cost	<u><u>\$ 21,120,000</u></u>	<u><u>\$ 24,132,500</u></u>	<u><u>\$ 24,132,500</u></u>

* Universities shall identify items included in this category

** State Risk Management Insurance factor is calculated on construction costs and consultant fees.

EXECUTIVE SUMMARY



STATE OF ARIZONA

Joint Committee on Capital Review

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HOUSE OF
REPRESENTATIVES

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NANCY MCLAIN
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ANNA TOVAR

DATE: February 2, 2012

TO: Representative John Kavanagh, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Marge Zylla, Senior Fiscal Analyst

SUBJECT: Arizona State University - Review of Athletic Facilities Renovations Bond Projects

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with revenue bonds. Arizona State University (ASU) requests Committee review of a \$4.7 million revenue bond issuance to fund renovations of athletic facilities on the Tempe campus.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.
2. An unfavorable review.

Under either option, the JLBC Staff recommends the following standard university financing provisions:

Standard University Financing Provisions

- A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.
- ASU shall provide the final debt service schedule for the projects as soon as it is available.

Analysis

ASU plans on renovating 9 athletic facilities at the Tempe campus beginning in spring 2012.

(Continued)

Construction Costs

The \$4.7 million total revenue bond would provide funding to renovate 9 intercollegiate athletic facilities at the Tempe campus. The renovations that would be made to these 9 facilities include:

- Mona Plummer Aquatic Complex - correct deferred maintenance issues, such as repair to failing pool infrastructure, renovate locker rooms and showers, and repair interior and exterior doors.
- Alberta B. Farrington Softball Stadium - replace stadium lighting, scoreboard, outfield net and padding, dugout flooring and update IT infrastructure within the stadium.
- Wells Fargo Arena - upgrade and repair sound system, court lights, some seating and renovate locker rooms.
- Sun Devil Stadium - upgrade stadium lighting and field water pumping system and address deferred plumbing and electrical maintenance.
- Football Practice Facility - replace and update video equipment and install concrete pads at entrances of facility.
- Ed and Nadine Carson Student Athlete Center - replace flooring and sports training equipment and upgrade data, communications and video equipment.
- Sun Devil Soccer Stadium - repair water leaks, replace scoreboard, repair and replace interior and exterior lighting and upgrade IT infrastructure.
- Sun Angel Stadium - address deferred plumbing, electrical and roofing maintenance, renovate bathrooms and athletic training room.
- Whiteman Tennis Center - replace eight 35-year-old courts that are no longer repairable because of extensive cracking.

According to ASU, work has already begun on some projects so work could be done while the facilities were not scheduled for athletic events. Expenditures that are incurred prior to the issuance of the \$4.7 million bond will be funded from ASU's working capital cash balances, which will be repaid with bond proceeds.

ASU did not provide a direct construction cost per square foot for these projects because they will affect specific systems and not spaces.

Financing

ASU plans on issuing a \$4.7 million revenue bond in early FY 2013 with an expected rating of Aa3 (Moody's)/AA (S&P) at an average annual interest rate of 4.59% for a term of 20 years. The university expects an interest-only debt service payment of \$42,800 in FY 2013, followed by annual payments of about \$350,000 over the remaining years of the bond's term. The total expected cost of the bond over the 20-year term is \$7.0 million.

The debt service payments will be paid from auxiliary funds generated through the Athletic Department. In FY 2012, the Athletic Department had revenues of \$47.8 million and operating expenditures of \$48.6 million. ASU states that the \$800,000 shortfall in FY 2012 will be carried forward into FY 2013 and will be covered by an expected surplus.

ASU currently has 1 annual donation commitment to support renovations and is seeking additional donations.

Debt Ratio Impact

A.R.S. § 15-1683 allows each state university to incur a projected annual debt service for bonds and certificates of participation of up to 8% of each institution's total projected annual expenditures. This calculation is known as the debt ratio. This revenue bond would increase the ASU debt ratio by 0.02%, from 4.9% to 4.92%.

ASU
ARIZONA STATE UNIVERSITY

January 25, 2012



The Honorable John Kavanagh, Chairman
Joint Committee on Capital Review
House of Representatives
1700 West Washington
Phoenix, AZ 85007

Dear Representative Kavanagh:

In accordance with ARS 15-1683, the Arizona Board of Regents requests that the following bond-financed items for Arizona State University be placed on the next Joint Committee on Capital Review agenda for review:

- Intercollegiate Athletics Renovations
- Mesa Student Housing Refunding

Enclosed is pertinent information relating to these items.

If you have any questions or desire any clarification on the enclosed material, please contact me at (480) 727-9920.

Sincerely,

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JCCR
Tom Anderes, President, Arizona Board of Regents, ABOR
Lorenzo Martinez, Assist. Executive Director For Capital Resources, ABOR
Steve Miller, Deputy Vice President, Public Affairs
Lisa Frace, Associate Vice President for Budget and Planning
David Brixen, Associate Vice President, Facilities Development and Management
Joanne Wamsley, Senior Associate Vice President for Finance and Deputy Treasurer
Leatta McLaughlin, Assistant Director, JCCR

OFFICE OF THE EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

BUSINESS AND FINANCE

PO Box 877505, TEMPE, AZ 85287-7505

(480) 727-9920 FAX: (480) 727-9922

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

RE: ASU requests JCCR review the following items as required by ABOR policy and ARS § 15-1683:

- Intercollegiate Athletics Renovations
- Mesa Student Housing Refunding

BACKGROUND

ASU plans to undertake bond-financed projects to extend the life and safety of several ASU athletic facilities and to refund existing student housing bonds. Additional information regarding the projects is shown on the following pages.

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

1. Intercollegiate Athletics Renovations

The total cost of these improvements is \$4,650,000. These projects will address critical deferred maintenance, infrastructure, and life safety requirements to prolong the life of athletic facilities. Projects may include, but are not limited to the following:

Mona Plummer Deferred Maintenance Correct deferred maintenance issues such as repairing failing pool infrastructure, renovating locker rooms and showers, and repairing interior and exterior doors.
Farrington Stadium Infrastructure Improvements Replace aging stadium lighting and repair infrastructure within the stadium.
Wells Fargo Arena Upgrades Upgrade several building infrastructure deficiencies and lighting.
Sun Devil Stadium Deferred Maintenance Make improvements to the functionality, and customer life safety and service of Sun Devil Stadium.
Football Practice Facility Infrastructure Improvements Update supporting infrastructure in the facility.
Carson Student Athlete Center/Sports Performance Remodel Upgrade the IT infrastructure and remodel the sports performance center.
Sun Devil Soccer Stadium Infrastructure Improvements Upgrade lighting for the stadium and address deferred maintenance and life safety needs.
Sun Angel Track Stadium Infrastructure Improvements Replace aging track facility that is no longer cost effective to repair, and address deferred maintenance issues.
Whiteman Facility Deferred Maintenance Replace courts that are no longer reparable.

Initial work on the projects will begin prior to the issuance of bonds in order to meet project scheduling requirements associated with the availability of each of the nine or more facilities that will be included. Project expenditures incurred prior to the issuance of bonds will be funded from the University's working capital cash balances, which will be restored upon sale of the bonds. Debt service will be funded with auxiliary revenues of the athletic department.

An Arizona Board of Regents executive summary has not been included for this project, because ABOR approval is not required for projects with an estimated cost of under \$5,000,000 (see ABOR Policy 7-102.B.1).

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

Project Costs

Total Project Cost	\$	4,650,000
Total Project Construction Cost	\$	3,050,000
Total Project Cost per GSF	\$	N/A*
Construction Cost per GSF	\$	N/A*

*The project will resolve deferred maintenance issues for facility infrastructure. Due to the nature of these facilities, a cost per square foot is not definable.

Operations and maintenance costs are not expected to change with these renovation projects.

Project Delivery Method

The renovation projects will be delivered by the Construction Manager at Risk (CMAR) method, Job Order Contracting, or Design Bid Build, depending on what is most appropriate for the projects.

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

2. Mesa Student Housing Refunding

In March 2001, Mesa Student Housing, LLC (MSH) was formed for the purpose of improving housing located on the former Williams Air Force Base to provide student residences. To finance the improvements, MSH issued \$21,130,000 in revenue bonds through the City of Mesa Industrial Development Authority, of which \$18,015,000 remains outstanding. The average interest rate on the outstanding MSH Bonds is 6.04 percent per annum, with a final maturity of 2032.

Based on current market interest rates, the MSH Bonds can be refunded to produce interest cost savings. The MSH Bonds will be refinanced through the issuance of ASU System Revenue Bonds to acquire the MSH improvements. In conjunction with the refunding, ASU will enter into a ground lease with the Maricopa County Community College District (MCCCD) to continue operating the improved housing as student residences. The estimated net present value savings is \$4.9 million, or 27.5 percent of the outstanding principal amount of the MSH Bonds to be refunded, based on an estimated true interest cost of 3.11 percent per annum. This refunding and acquisition was recommended for approval by the ABOR Capital and Project Finance committee at its January 26, 2012 meeting and is scheduled for full ABOR review at the February 16, 2012 meeting.

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

PROJECT SUMMARY

<u>Renovation & Improvements:</u>	<u>Funding Source:</u>	<u>Amount:</u>
Intercollegiate Athletics Renovations	Auxiliary Revenues	\$4,650,000

FINANCING INFORMATION

System Revenue Bonds:

Project Costs	\$4,650,000
Estimated Costs of Issuance	\$60,000
Anticipated Bond Rating	Aa3 (Moody's) and AA (S&P)
Assumed Interest Rate	4.59%
Term	20 years

Debt Service Information:

Estimated Debt Service for 2012	\$42,900
Estimated Annual Debt Service for 2013 to 2032	\$347,950
Total Estimated Debt Service Costs	\$7,001,900

DEBT RATIO

Debt Ratio on Existing Debt	4.90%
Incremental Debt Ratio	0.02%
Projected Debt Ratio	4.92%

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

**System Revenue Bonds
Series 2012**

ESTIMATED DEBT SERVICE SCHEDULE

Intercollegiate Athletics Renovation

Period Ending	Principal	Interest	Debt Service
07/01/2012		\$42,827	\$42,827
07/01/2013	\$175,000	171,310	346,310
07/01/2014	180,000	168,772	348,772
07/01/2015	180,000	165,784	345,784
07/01/2016	185,000	162,400	347,400
07/01/2017	190,000	158,349	348,349
07/01/2018	195,000	153,618	348,618
07/01/2019	200,000	148,294	348,294
07/01/2020	205,000	142,274	347,274
07/01/2021	215,000	135,530	350,530
07/01/2022	220,000	127,919	347,919
07/01/2023	230,000	119,867	349,867
07/01/2024	235,000	111,173	346,173
07/01/2025	245,000	101,961	346,961
07/01/2026	255,000	92,014	347,014
07/01/2027	265,000	81,355	346,355
07/01/2028	280,000	69,986	349,986
07/01/2029	290,000	57,666	347,666
07/01/2030	305,000	44,616	349,616
07/01/2031	320,000	30,586	350,586
07/01/2032	330,000	15,642	345,642
Total	\$4,700,000	\$2,301,938	\$7,001,938

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

PROJECT SUMMARY

<u>Refunding:</u>	<u>Funding Source:</u>	<u>Amount:</u>
Mesa Student Housing Refunding	Student Housing Revenues	\$19,000,000

FINANCING INFORMATION

System Revenue Bonds:

Project Costs	\$19,000,000
Estimated Costs of Issuance	\$261,000
Anticipated Bond Rating	Aa3 (Moody's) and AA (S&P)
Assumed Interest Rate	3.11%
Term	16 years

Debt Service Information:

Estimated Debt Service for 2012	\$984,800
Estimated Annual Debt Service for 2013 to 2026	\$1,533,700
Estimated Annual Debt Service for 2026 to 2027	\$1,086,800
Total Estimated Debt Service Costs	\$23,543,400

DEBT RATIO

Debt Ratio on Existing Debt	4.90%
Incremental Debt Ratio	0.08%
Projected Debt Ratio	4.98%

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

**System Revenue Bonds
Series 2012**

ESTIMATED DEBT SERVICE SCHEDULE

Mesa Student Housing Refunding

Period Ending	Principal	Interest	Debt Service
07/01/2012	\$825,000	\$159,733	\$984,733
07/01/2013	880,000	652,150	1,532,150
07/01/2014	900,000	634,550	1,534,550
07/01/2015	915,000	616,550	1,531,550
07/01/2016	945,000	589,100	1,534,100
07/01/2017	975,000	560,750	1,535,750
07/01/2018	1,005,000	531,500	1,536,500
07/01/2019	1,030,000	501,350	1,531,350
07/01/2020	1,070,000	460,150	1,530,150
07/01/2021	1,115,000	417,350	1,532,350
07/01/2022	1,160,000	372,750	1,532,750
07/01/2023	1,220,000	314,750	1,534,750
07/01/2024	1,280,000	253,750	1,533,750
07/01/2025	1,345,000	189,750	1,534,750
07/01/2026	1,415,000	122,500	1,537,500
07/01/2027	1,035,000	51,750	1,086,750
Total	\$17,115,000	6,428,433	\$23,543,433

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

DON SHOOTER
CHAIRMAN 2011
PAULA A. ABOUD
ANDY BIGGS
RICH CRANDALL
LORI KLEIN
RICK MURPHY
DAVID SCHAPIRA

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HOUSE OF
REPRESENTATIVES

JOHN KAVANAGH
CHAIRMAN 2012
LELA ALSTON
CHAD CAMPBELL
STEVE COURT
NANCY MCLAIN
JUSTIN OLSON
ANNA TOVAR

DATE: February 2, 2012

TO: Representative John Kavanagh, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Marge Zylla, Senior Fiscal Analyst

SUBJECT: Arizona State University - Review of Student Housing Bond Refund

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with revenue bonds. Arizona State University (ASU) requests Committee review of a \$17.1 million revenue bond issuance to refund a student housing bond.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.
2. An unfavorable review.

Under either option, the JLBC Staff recommends the provision that the project is ultimately approved by the Arizona Board of Regents along with the following standard university financing provisions:

Standard University Financing Provisions

- A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.
- ASU shall provide the final debt service schedule for the projects as soon as it is available.

Analysis

Prior to July 1, 2012, ASU plans to refund an existing housing bond that funded student housing improvements at the ASU - East campus.

(Continued)

Background

As part of the closing process of the Williams Air Force Base, property was transferred to ASU and to Maricopa County Community College District (MCCCD). Part of this property included Air Force base residences, which were converted to student housing. ASU operates the student housing for the use of ASU and MCCCD students.

Mesa Student Housing, LLC was formed in 2001 for the purpose of renovating the student housing. The LLC is essentially a 3rd party entity created by ASU to issue debt, receive dorm fees and use those monies to make the debt service payments. In February 2001, Mesa Student Housing, LLC issued a \$21.1 million bond to renovate 8 residence halls and 612 housing units at the ASU - East campus. Since some of the housing was on MCCCD land, MCCCD and Mesa Student Housing, LLC entered into a ground lease to outline the operating responsibilities and that the leasing revenue would be used for debt service payments. In the fall 2011 semester, these residences housed 910 students.

The 2001 bond was issued with an average annual interest rate of 6.04% for a term of 30 years. Currently, \$18.0 million in principal (plus \$13.7 million in interest) is outstanding. Given today's lower interest rates, ASU believes this bond is a candidate for refinancing. ASU plans on issuing a \$17.1 million bond, including issuance costs, to refund Mesa Student Housing, LLC for the outstanding amount. ASU anticipates that the \$17.1 million bond will be sold to investors at a premium and will generate \$19.0 million. The term of the new bond will be for 16 years with an estimated average annual interest rate of 3.11%.

ASU states that refunding the bond would result in a lower interest rate and interest cost savings of \$7.3 million. As of July 1, 2012, the bond can be redeemed without payment penalties. We are uncertain as to why ASU would absorb the remaining debt rather than have Mesa Student Housing, LLC refinance the bonds.

Since ASU would be issuing the bond, MCCCD would enter into a ground lease with ASU and discontinue the ground lease with Mesa Student Housing, LLC.

Financing

ASU plans on issuing a \$17.1 million revenue bond prior to July 1, 2012 with an expected rating of Aa3 (Moody's)/AA (S&P) at an average annual interest rate of 3.11% for a term of 16 years. The university expects a debt service payment of \$984,700 in FY 2013, followed by annual payments of about \$1.5 million over the remaining years of the bond's term. In comparison, the current annual debt service payment is \$1.5 million for an additional 20 years.

The total expected cost of the bond over the 16-year term is \$23.5 million. The debt service payments will be paid with leasing revenues from the student residences.

Debt Ratio Impact

A.R.S. § 15-1683 allows each state university to incur a projected annual debt service for bonds and certificates of participation of up to 8% of each institution's total projected annual expenditures. This calculation is known as the debt ratio. This revenue bond would increase the ASU debt ratio by 0.08%, from 4.9% to 4.98%.

RS/MZ:mt

ASU
ARIZONA STATE UNIVERSITY

January 25, 2012

The Honorable John Kavanagh, Chairman
Joint Committee on Capital Review
House of Representatives
1700 West Washington
Phoenix, AZ 85007



Dear Representative Kavanagh:

In accordance with ARS 15-1683, the Arizona Board of Regents requests that the following bond-financed items for Arizona State University be placed on the next Joint Committee on Capital Review agenda for review:

- Intercollegiate Athletics Renovations
- Mesa Student Housing Refunding

Enclosed is pertinent information relating to these items.

If you have any questions or desire any clarification on the enclosed material, please contact me at (480) 727-9920.

Sincerely,

A handwritten signature in black ink, appearing to read "Morgan R. Olsen".

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JCCR
Tom Anderes, President, Arizona Board of Regents, ABOR
Lorenzo Martinez, Assist. Executive Director For Capital Resources, ABOR
Steve Miller, Deputy Vice President, Public Affairs
Lisa Frace, Associate Vice President for Budget and Planning
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**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

RE: ASU requests JCCR review the following items as required by ABOR policy and ARS § 15-1683:

- Intercollegiate Athletics Renovations
- Mesa Student Housing Refunding

BACKGROUND

ASU plans to undertake bond-financed projects to extend the life and safety of several ASU athletic facilities and to refund existing student housing bonds. Additional information regarding the projects is shown on the following pages.

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

1. Intercollegiate Athletics Renovations

The total cost of these improvements is \$4,650,000. These projects will address critical deferred maintenance, infrastructure, and life safety requirements to prolong the life of athletic facilities. Projects may include, but are not limited to the following:

Mona Plummer Deferred Maintenance Correct deferred maintenance issues such as repairing failing pool infrastructure, renovating locker rooms and showers, and repairing interior and exterior doors.
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Initial work on the projects will begin prior to the issuance of bonds in order to meet project scheduling requirements associated with the availability of each of the nine or more facilities that will be included. Project expenditures incurred prior to the issuance of bonds will be funded from the University's working capital cash balances, which will be restored upon sale of the bonds. Debt service will be funded with auxiliary revenues of the athletic department.

An Arizona Board of Regents executive summary has not been included for this project, because ABOR approval is not required for projects with an estimated cost of under \$5,000,000 (see ABOR Policy 7-102.B.1).

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

Project Costs

Total Project Cost	\$	4,650,000
Total Project Construction Cost	\$	3,050,000
Total Project Cost per GSF	\$	N/A*
Construction Cost per GSF	\$	N/A*

*The project will resolve deferred maintenance issues for facility infrastructure. Due to the nature of these facilities, a cost per square foot is not definable.

Operations and maintenance costs are not expected to change with these renovation projects.

Project Delivery Method

The renovation projects will be delivered by the Construction Manager at Risk (CMAR) method, Job Order Contracting, or Design Bid Build, depending on what is most appropriate for the projects.

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

2. Mesa Student Housing Refunding

In March 2001, Mesa Student Housing, LLC (MSH) was formed for the purpose of improving housing located on the former Williams Air Force Base to provide student residences. To finance the improvements, MSH issued \$21,130,000 in revenue bonds through the City of Mesa Industrial Development Authority, of which \$18,015,000 remains outstanding. The average interest rate on the outstanding MSH Bonds is 6.04 percent per annum, with a final maturity of 2032.

Based on current market interest rates, the MSH Bonds can be refunded to produce interest cost savings. The MSH Bonds will be refinanced through the issuance of ASU System Revenue Bonds to acquire the MSH improvements. In conjunction with the refunding, ASU will enter into a ground lease with the Maricopa County Community College District (MCCCD) to continue operating the improved housing as student residences. The estimated net present value savings is \$4.9 million, or 27.5 percent of the outstanding principal amount of the MSH Bonds to be refunded, based on an estimated true interest cost of 3.11 percent per annum. This refunding and acquisition was recommended for approval by the ABOR Capital and Project Finance committee at its January 26, 2012 meeting and is scheduled for full ABOR review at the February 16, 2012 meeting.

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

PROJECT SUMMARY

<u>Renovation & Improvements:</u>	<u>Funding Source:</u>	<u>Amount:</u>
Intercollegiate Athletics Renovations	Auxiliary Revenues	\$4,650,000

FINANCING INFORMATION

System Revenue Bonds:

Project Costs	\$4,650,000
Estimated Costs of Issuance	\$60,000
Anticipated Bond Rating	Aa3 (Moody's) and AA (S&P)
Assumed Interest Rate	4.59%
Term	20 years

Debt Service Information:

Estimated Debt Service for 2012	\$42,900
Estimated Annual Debt Service for 2013 to 2032	\$347,950
Total Estimated Debt Service Costs	\$7,001,900

DEBT RATIO

Debt Ratio on Existing Debt	4.90%
Incremental Debt Ratio	0.02%
Projected Debt Ratio	4.92%

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

**System Revenue Bonds
Series 2012**

ESTIMATED DEBT SERVICE SCHEDULE

Intercollegiate Athletics Renovation

Period Ending	Principal	Interest	Debt Service
07/01/2012		\$42,827	\$42,827
07/01/2013	\$175,000	171,310	346,310
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07/01/2032	330,000	15,642	345,642
Total	\$4,700,000	\$2,301,938	\$7,001,938

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

PROJECT SUMMARY

<u>Refunding:</u>	<u>Funding Source:</u>	<u>Amount:</u>
Mesa Student Housing Refunding	Student Housing Revenues	\$19,000,000

FINANCING INFORMATION

System Revenue Bonds:

Project Costs	\$19,000,000
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Estimated Annual Debt Service for 2026 to 2027	\$1,086,800
Total Estimated Debt Service Costs	\$23,543,400

DEBT RATIO

Debt Ratio on Existing Debt	4.90%
Incremental Debt Ratio	0.08%
Projected Debt Ratio	4.98%

**Joint Committee on Capital Review
Arizona State University
February 2012 JCCR Meeting**

**System Revenue Bonds
Series 2012**

ESTIMATED DEBT SERVICE SCHEDULE

Mesa Student Housing Refunding

Period Ending	Principal	Interest	Debt Service
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07/01/2016	945,000	589,100	1,534,100
07/01/2017	975,000	560,750	1,535,750
07/01/2018	1,005,000	531,500	1,536,500
07/01/2019	1,030,000	501,350	1,531,350
07/01/2020	1,070,000	460,150	1,530,150
07/01/2021	1,115,000	417,350	1,532,350
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07/01/2023	1,220,000	314,750	1,534,750
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07/01/2025	1,345,000	189,750	1,534,750
07/01/2026	1,415,000	122,500	1,537,500
07/01/2027	1,035,000	51,750	1,086,750
Total	\$17,115,000	6,428,433	\$23,543,433

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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HOUSE OF
REPRESENTATIVES

JOHN KAVANAGH
CHAIRMAN 2012
LELA ALSTON
CHAD CAMPBELL
STEVE COURT
NANCY MCLAIN
JUSTIN OLSON
ANNA TOVAR

DATE: January 31, 2012

TO: Representative John Kavanagh, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Brett Searle, Fiscal Analyst

SUBJECT: Arizona Department of Administration - Consider Recommending FY 2012 Rent Exemptions

Request

A.R.S. § 41-792.01D authorizes the Director of the Arizona Department of Administration (ADOA), on recommendation from the Joint Committee on Capital Review, to grant a full or partial exemption from the payment of state-owned rental fees if the agency has vacated its space or if an agency does not have the financial resources to make the payment. ADOA requests the Committee recommend a FY 2012 partial rent exemption and corresponding \$4,100 increase, and a partial rent exemption of \$44,400 for FY 2012.

Recommendation

The JLBC Staff recommends that the Committee recommend the proposed \$4,100 FY 2012 increased rent payment for the Department of Insurance, and the corresponding \$4,100 partial rent exemption for the Department of Real Estate. The JLBC Staff also recommends that the Committee recommend the proposed \$44,400 FY 2012 partial rent exemption for the Arizona Historical Society (AHS).

Analysis

Effective February 1, 2012, 653 square feet of space at 2910 North 44th Street, Phoenix, Arizona was reallocated from the Department of Real Estate to the Department of Insurance.

Due to a technical error, AHS' FY 2012 appropriation is not sufficient to fund the entire rent obligation for the Papago Park Museum at 1300 College Avenue, Tempe, Arizona. The FY 2012 rent obligation for the facility is \$1,128,300 and the current appropriation is insufficient by approximately \$44,400.

Statute permits an agency to request an exemption from paying their full rent on state-owned space.

RS/BS:mt

Janice K. Brewer
Governor



Scott A. Smith
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

January 19, 2012



The Honorable Don Shooter, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

Dear Senator Shooter:

As you know, A.R.S. § 41-792.01.D. provides that the Director of the Arizona Department of Administration (ADOA), on recommendation of the Joint Committee on Capital Review (JCCR), may authorize a whole or partial exemption from payment of a Capital Outlay Stabilization Fund (COSF) rental fee if an agency does not occupy or vacates state-owned space after the beginning of the fiscal year.

ADOA requests the JCCR recommend a COSF rent exemption for the reasons set forth below. ADOA submits the following agency for consideration:

1. A FY 2012 COSF rent exemption for the Arizona Department of Real Estate (Real Estate) of \$4,100 for five-months prorated COSF rent for approximately 653 Square Feet of office space at 2910 North 44th Street, Phoenix, AZ.

ADOA reallocated approximately 653 Square Feet of office space from Real Estate to the Arizona Department of Insurance (Insurance) effective February 1, 2012. As of the foregoing date, the increased cumulative space allocated to Insurance at 2910 North 44th Street, Phoenix, AZ is 28,393 Square Feet. ADOA is invoicing Insurance \$4,100 for five-months prorated COSF rent for FY 2012 as offset to the Real Estate exemption.

If you have any questions regarding the proposed COSF rent exemption, please contact William Hernandez, Assistant Director, ADOA General Services Division, at (602) 364-2872.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey Scott Smith".

Scott A. Smith
Director

The Honorable Don Shooter

January 19, 2012

Page 2 of 2

cc: The Honorable John Kavanagh, Vice-Chairman, JCCR
Richard Stavneak, Director, JLBC Staff
Leatta McLaughlin, Assistant Director, JLBC Staff
John Arnold, Director, OSPB
Jennifer Uharriet, Budget Analyst, OSPB
Judy Lowe, Commissioner, Real Estate
Mary Utley, Assistant Commissioner, Real Estate
Michael Moan, Business Services Manager, Real Estate
Christina Urias, Director, Insurance
Scott Greenberg, Chief Financial Officer, Insurance
Jeff Grant, Deputy Director, ADOA
Paul Shannon, Assistant Director, ADOA
William Hernandez, Assistant Director, ADOA
Nola Barnes, General Manager, ADOA
Joe Whitmer, Controller, ADOA

Janice K. Brewer
Governor



Scott A. Smith
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

December 27, 2011

The Honorable Don Shooter, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007



Dear Senator Shooter:

As you know, A.R.S. § 41-792.01.(D) provides that the Arizona Department of Administration (ADOA) Director, on recommendation of the Joint Committee on Capital Review (JCCR), may authorize a whole or partial exemption from payment of a Capital Outlay Stabilization Fund (COSF) rental fee if an agency does not have the financial resources to pay for state-owned space.

ADOA requests JCCR provide a favorable review of an FY 2012 partial COSF rent exemption for the Arizona Historical Society (AHS) for the Papago Park Museum at 1300 College Avenue, Tempe, Arizona, in the amount of \$44,400 for the reason set forth below:

ADOA retired the lease-purchase financing of the Papago Park Museum in FY2011. Beginning FY 2012, the state-owned facility transitioned to a COSF rent status. AHS' total FY 2012 COSF rent obligation for the Papago Park Museum is \$1,128,300; however, AHS did not receive rent funding for the entire amount and its current appropriation is insufficient to absorb approximately \$44,400 of COSF rent.

If you have any questions regarding ADOA's proposed FY 2012 partial COSF rent exemption for AHS, please contact William Hernandez, Assistant Director, ADOA General Services Division, at (602) 364-2872.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott A. Smith".

Scott A. Smith
Director

The Honorable Don Shooter
December 27, 2011
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cc: The Honorable John Kavanagh, Vice-Chairman, JCCR
Richard Stavneak, Director, JLBC Staff
Leatta McLaughlin, Assistant Director, JLBC Staff
John Arnold, Director, OSPB
Jennifer Uharriet, Budget Analyst, OSPB
Dr. Anne Woosley, Executive Director, AHS
Bill Ponder, Operations Manager, AHS
Jeff Grant, Deputy Director, ADOA
Paul Shannon, Assistant Director, ADOA
Bill Hernandez, Assistant Director, ADOA
Nola Barnes, General Manager, ADOA