

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, April 19, 2011

The Chairman called the meeting to order at 9:08 a.m., Tuesday, April 19, 2011 in Senate Appropriations Room 109. The following were present:

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

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Chairman Andy Biggs stated the minutes of December 14, 2010 would stand approved.

ADOPTION OF COMMITTEE RULES AND REGULATIONS

Ms. Leatta McLaughlin, JLBC Staff, requested that the Committee adopt the Rules and Regulations provided in the meeting materials.

Representative Tobin moved that the Committee adopt the Rules and Regulations. The motion carried.

ARIZONA STATE UNIVERSITY - Review of Housing Indirect Financing and Dining Bond Projects.

Ms. Leatta McLaughlin, JLBC Staff, presented Arizona State University's (ASU) proposal to enter into ground leases with American Campus Communities and Inland American Communities to renovate 2 dorms at the Tempe campus and construct a new dorm at each of the West & East campuses. ASU does not have any obligation to financially support the facilities. ASU also requests Committee review of a \$17.7 million revenue bond issuance to reimburse the third parties for construction of a 25,000 square foot dining facility at each of the West and East campuses. The JLBC Staff presented options to the Committee.

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Ms. McLaughlin responded to member questions.

Representative Tobin moved that the Committee give a favorable review to ASU's Housing Indirect Financing and Dining Bond projects, 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.

NORTHERN ARIZONA UNIVERSITY - Review of Housing Indirect Financing Projects.

Ms. Marge Zylla, JLBC Staff, presented a request from Northern Arizona University (NAU) to review their proposal to enter into third party financing and ground lease agreements with American Campus Communities for development of new student housing facilities at 2 separate locations on the Flagstaff campus. The total cost of the projects is estimated to be \$68.0 million. NAU does not have any obligation to financially support the facilities. The JLBC Staff presented options to the Committee.

Representative Tobin moved that the Committee give a favorable review to NAU's Housing Indirect Financing Projects, along with the provision that this does not constitute endorsement of any level of General Fund appropriations. The motion carried.

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

Ms. Marge Zylla, JLBC Staff, presented a request from Maricopa County Community College District (MCCCD) for the Committee to review their proposed \$150 million General Obligation Bond Issuance request, which is the 4th of 5 issuances that total \$951 million and are used to fund capital projects and district-wide initiatives. The 14-year 4th issuance is expected to be issued in May 2011 with an annual payment that would start at \$6.1 million and grow to \$24.5 million. The JLBC Staff presented options to the Committee.

Ms. Zylla responded to member questions.

Representative Tobin moved that the Committee give a favorable review of MCCCD's General Obligation Bond Issuance, with the provision that MCCCD: 1) seek Committee review before using any portion from the bond issuance for any project not previously reviewed by the Committee, and 2) report to the Committee on updated project costs when MCCCD returns for review of its fifth issuance. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Recommending FY 2011 Partial Rent Exemptions and FY 2012 - FY 2013 Quarterly Rent Payments.

Mr. James Alcantar, JLBC Staff, presented a request from the Arizona Department of Administration (ADOA). ADOA requests the Committee recommend 3 partial rent exemptions for FY 2011 totaling \$1,800 for the State Parks Board, Secretary of State and the Governor's Office, and 1 rent increase of \$1,800 for the Department of Corrections. Additionally, ADOA requests the Committee recommend

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allowing the State Board of Technical Registration to make quarterly privatized lease-to-own lease-purchase payments in FY 2012 - 2013 instead of 1 annual payment due at the beginning of each year.

Representative Tobin moved that the Committee recommend the proposed FY 2012 - FY 2013 quarterly lease-purchase payment plan for the State Board of Technical Registration, the proposed \$1,800 FY 2011 increased rent payment for the Department of Corrections (ADC), and the proposed \$1,800 FY 2011 partial rent exemptions for the State Parks Board, Secretary of State, and Governor's Office. The motion carried.

ARIZONA STATE LOTTERY COMMISSION - Review of FY 2011 Building Renewal Allocation Plan.

Mr. Ted Nelson, JLBC Staff, presented a request from the Arizona State Lottery Commission that the Committee review its \$75,600 FY 2011 Building Renewal Allocation Plan to be spent on a replacement generator, an upgraded uninterruptible power supply system, and a damaged light pole. The JLBC Staff recommended a favorable review.

Mr. Nelson responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to the Arizona State Lottery Commission's \$75,600 FY 2011 Building Renewal Allocation Plan. The motion carried.

Without objection, the meeting adjourned at 9:18 a.m.

Respectfully submitted:

Mya Trivison, Secretary

Leatta McLaughlin, Assistant Director

Senator Andy Biggs, 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>