



STATE OF ARIZONA

Joint Committee on Capital Review

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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

April 27, 2021

The Chairman called the meeting to order at 10:00 a.m., Tuesday, April 27, 2021 in House Hearing Room 1 and via video conference. The following were present:

Members:	Senator Gowan, Chairman	Representative Cobb, Vice-Chairman
	Senator Alston	Representative Friese
	Senator Bowie	Representative Kavanagh
	Senator Gray	Representative Osborne
	Senator Kerr	Representative Toma
	Senator Leach	
	Senator Rios	

Absent:	Representative Bolding
	Representative Lieberman

APPROVAL OF MINUTES

Representative Cobb moved that the Committee approve the minutes of December 16, 2020. The motion carried.

CONSENT AGENDA

The following items were considered without discussion:

ADOPTION OF COMMITTEE RULES AND REGULATIONS

The Committee Rules and Regulations remain the same as last session.

(Continued)

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Consider Recommending FY 2021 Partial Rent Exemptions.

A.R.S. § 41-792.01D authorizes the Director of 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 an agency does not occupy their space or lacks the financial resources to make a payment. ADOA requested the Committee recommend partial rent exemptions of \$(2,300) for the Department of Insurance and Financial Institutions and a corresponding increase for ADOA and \$(8,000) for the State Board for Private Postsecondary Education and a corresponding increase for the Commission for Postsecondary Education. The JLBC Staff provided options.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of Phoenix Veterans' Home Cooling Tower Project.

A.R.S. § 41-1252 requires the Joint Committee on Capital Review to review capital projects with estimated costs exceeding \$250,000. ADOA, on behalf of the Department of Veterans' Services, requested Committee review of \$500,000 of non-appropriated monies in FY 2021 and FY 2022 for a cooling tower replacement at the Phoenix Veterans' Home. The JLBC Staff provided options.

ARIZONA STATE UNIVERSITY (ASU) -Consider Review and Approval of Bateman Physical Sciences Center Financing Project.

Pursuant to A.R.S. § 15-1671 and § 15-1683, the Joint Committee on Capital Review is required to approve any debt-financed capital projects paid with funds from the university's Capital Infrastructure Fund and review any university projects financed with system revenue bonds. ASU requested review and approval of its planned issuance of \$60,000,000 of system revenue bonds to fund the renovation of the Bateman Physical Sciences Center. The JLBC Staff provided options and potential provisions:

Standard University Financing Provisions

- A. *A favorable review and approval by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.*
- B. *ASU shall provide the final debt service schedules and interest rates for the projects as soon as they are available.*
- C. *On or before October 15 of each year until completion of the project, ASU shall report to the JLBC Staff on the status and expenditures of the Bateman Physical Sciences Center project. The report shall include expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.*

NORTHERN ARIZONA UNIVERSITY (NAU) - Review of Science Annex Renovation.

A.R.S. § 15-1671 requires Committee review of any non-debt financed university capital projects paid for with funds from the university's Capital Infrastructure Fund (CIF). NAU requested review of its plan to pay \$8,009,000 in cash to complete renovation of its Science Annex Building utilizing the university's FY 2021 CIF appropriation totaling \$4,692,900. The JLBC Staff provided options and potential provisions:

(Continued)

Standard University Financing Provisions

- A. A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for operations and maintenance costs when the project is complete.
- B. On or before October 15 of each year until completion of the project, NAU shall report to the JLBC Staff on the status and expenditures of the Science Annex Renovation project. The report shall include expenditures to date, any changes to the planned construction timeline, the expected completion date, and any change to the scope of the project.

ARIZONA WESTERN COLLEGE (AWC) - Review of Revenue Bond Projects.

A.R.S. § 15-1483 requires Committee review of any community college projects financed with revenue bonds that do not require voter approval. AWC requested Committee review of the issuance of \$35,865,000 of revenue bonds to finance facilities maintenance of 3 buildings and capital improvements. Debt service on the project will be funded from tuition revenue, distributions from the 16% excise tax on recreational marijuana sales (Proposition 207), program fees, and residence hall room and board fees. The JLBC Staff provided options and potential provisions:

- A. AWC shall provide the final debt service schedule and interest rate for the projects as soon as they are available.
- B. On or before July 31 of each year until completion of the projects financed from the bond issuance, AWC shall report to the JLBC Staff on the status and expenditures of each project. The report shall include the project expenditures to date, the expected completion date, and any change in project scope.

Representative Cobb moved that the Committee give a favorable review, or approval, as appropriate, of the 5 consent agenda items listed above with JLBC Staff provisions. The motion carried.

Without objection, the meeting adjourned at 10:01 a.m.

Respectfully submitted:



Kristy Paddack, Secretary

Jack Brown

Jack Brown, Deputy Director



Senator David Gowan, Chairman