

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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HOUSE OF
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DAVID SCHAPIRA
KYRSTEN SINEMA

MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

Thursday, November 19, 2009

The Chairman called the meeting to order at 2:04 pm., Thursday, November 19, 2009 in Senate Appropriations Room 109. The following were present:

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| Members: | Senator Pearce, Chairman | Representative Kavanagh, Vice-Chairman |
| | Senator Aboud | Representative Crandall |
| | Senator Allen | Representative Lujan |
| | Senator Garcia | Representative McComish |
| | Senator Gray | Representative McLain |
| | Senator Melvin | Representative Schapira |
| | | Representative Sinema |
| Absent: | Senator Aguirre | |

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Chairman Russell Pearce stated the minutes of September 22, 2009 would stand approved.

EXECUTIVE SESSION

Representative Kavanagh moved that the Committee go into Executive Session. The motion carried.

At 2:05 p.m. the Joint Committee on Capital Review (JCCR) went into Executive Session.

Representative Kavanagh moved that the Committee reconvene into open session. The motion carried.

At 3:22 p.m. the Committee reconvened into open session.

ARIZONA DEPARTMENT OF ADMINISTRATION/ARIZONA DEPARTMENT OF CORRECTIONS - Review of Request for Information for a State Prison Concession Agreement per A.R.S. § 38-431.03A2.

Chairman Pearce stated that this item will not be voted on at this time. The Committee has given some additional direction as to what they want and they will vote on this item at the next meeting.

(Continued)

ARIZONA STATE UNIVERSITY - Review of Interdisciplinary Science and Technology Building 4 Bond Project.

Ms. Kim Cordes-Sween, JLBC Staff, stated that Arizona State University (ASU) is requesting Committee review of the Interdisciplinary Science and Technology Building 4 bond project at a cost of \$187.4 million, including \$160.0 million in construction costs, \$1.5 million in issuance costs, and \$25.9 million in capitalized interest/net premium costs. The estimated annual debt service payments of \$14.1 million beginning in FY 2013 will be paid from ASU's Indirect Cost Recovery Fund. The JLBC Staff presented options to the Committee.

Mr. Steve Miller, Deputy Vice President for Public Affairs, ASU, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to ASU's proposed Interdisciplinary Science and Technology Building 4 to be financed with a \$187.4 million system revenue bond issuance, including \$160.0 million for project construction costs. The review includes 5 provisions:

- 1. Debt service payments cannot be paid from General Fund monies or tuition collection.*
- 2. The total construction cost cannot exceed \$160.0 million. If the project exceeds \$160.0 million, ASU is to submit the issue to JCCR again for review prior to beginning project construction.*

Standard University Financing Provisions

- 3. ASU shall report to the Committee before expenditure of any allocations that exceed the greater of \$1,000,000 or 10% of the reported contingency amount total for add-alternates that do not expand the scope of the project. ASU shall also report to the Committee before any reallocation exceeding \$1,000,000 among the individual planned renovations, renewals, or extensions.*
- 4. ASU shall submit for Committee review any allocations that exceed the greater of \$1,000,000 or 10% of the reported contingency amount total for add-alternates that expand the scope of the project. In case of an emergency, ASU may immediately report on the scope and estimated cost of the emergency rather than submit the item for review. JLBC Staff will inform the university if they do not concur with the emergency nature of the change in scope.*
- 5. 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.*

The motion carried.

ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2010 Building Renewal Allocation Plan and Ben Avery Shooting Facility Improvements and Consider Approval of Appropriations Transfers.

Mr. Dan Hunting, JLBC Staff, stated that this item contains several requests from the Arizona Game and Fish Department (AGFD). The department requested Committee review of its \$473,200 FY2010 Building Renewal Allocation Plan and \$489,300 Ben Avery Shooting Facility Improvements Plan. AGFD also requested Committee approval of 2 appropriations transfers: 1. Transfer of the Laws 2004, Chapter 276 \$300,000 Tri-State Shooting Range appropriation to the Laws 2003, Chapter 261 \$300,000 Lake Havasu Shooting Range appropriation; and 2. Transfer of the Laws 2004, Chapter 276 \$800,000 Bellemont Shooting Range appropriation to the Laws 2001, Chapter 237 \$500,000 Flagstaff Shooting Range appropriation. The JLBC Staff presented options to the Committee.

(Continued)

Representative Kavanagh moved that the Committee give a favorable review to AGFD's FY 2010 Building Renewal Allocation Plan and the \$489,300 Ben Avery Shooting Facility Improvements Plan, and approved the Tri-State/Lake Havasu and Bellemont/Flagstaff Shooting Range appropriations transfers. The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION - Review of FY 2010 Building Renewal Allocation Plan.

Mr. Juan Beltran, JLBC Staff, stated that this item is a review of the Arizona Department of Transportation's (ADOT) FY 2010 Building Renewal Allocation Plan. Laws 2009, 1st Regular Session, Chapter 10 appropriated \$1,000,000 from the State Highway Fund and \$50,000 from the State Aviation Fund in FY 2010 to ADOT to be used for major maintenance and building repair. The department has allocated \$1.1 million, which includes \$71,200 from their FY 2009 contingency allocation, among 102 projects. The JLBC Staff recommended a favorable review.

Representative Kavanagh moved that the Committee give a favorable review to ADOT's FY 2010 Building Renewal Allocation Plan with the provision that ADOT report any project reallocations above \$100,000. The motion carried.

Without objection, the meeting adjourned at 3:45 p.m.

Respectfully submitted:

Sandy Schumacher, Secretary

Leatta McLaughlin, Principal Fiscal Analyst

Senator Russell Pearce, 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>.