



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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ANDY BIGGS
RICH CRANDALL
LORI KLEIN
RICK MURPHY
DAVID SCHAPIRA

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

HOUSE OF
REPRESENTATIVES

JOHN KAVANAGH
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CHAD CAMPBELL
STEVE COURT
NANCY MCLAIN
JUSTIN OLSON
ANNA TOVAR

MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

December 18, 2012

The Chairman called the meeting to order at 11:25 a.m., Tuesday, December 18, 2012, in Senate Appropriations Room 109. The following were present:

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

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of October 4, 2012, Chairman John Kavanagh stated the minutes would stand approved.

ARIZONA STATE UNIVERSITY - Review of Building Infrastructure and Renovations Bond Projects.

Ms. Marge Zylla, JLBC Staff, stated that this item is a review of the Arizona State University's (ASU) request of \$35 million in Lottery bond issuances to fund 3 projects at all ASU campuses that include infrastructure improvements, classroom renovations and research laboratory renovations.

The JLBC Staff presented options to the Committee

Senator Shooter moved that the Committee give a favorable review to the request for the 3 projects 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 they are available.*

(Continued)

The motion carried.

UNIVERSITY OF ARIZONA - Review of Environment and Natural Resources Building Project.

Ms. Marge Zylla, JLBC Staff, presented University of Arizona's \$73.5 million in bond issuances to fund construction of an Environment and Natural Resources classroom and research building.

The JLBC Staff presented options to the Committee.

Mr. Milton Castillo, Chief Financial Officer for the University of Arizona, responded to member questions.

Senator Shooter moved that the Committee give a favorable review for UA's request for the projects 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.*
- *UA shall provide the final debt service schedule for the projects as soon as they are available.*

The motion carried.

UNIVERSITY OF ARIZONA - Review of Cancer Center Project

Ms. Marge Zylla, JLBC Staff, presented the University of Arizona's request of a \$73.2 million bond issuance to fund a portion of a \$100 million cancer center on the Phoenix Biomedical Campus.

The JLBC Staff presented options to the Committee.

Mr. Milton Castillo, Chief Financial Officer for the University of Arizona, responded to member questions.

Senator Shooter moved that the Committee give a favorable review for UA's request with the following 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 schedules for the projects as soon as they are available.*

The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION - Review of FY 2013 Building Renewal Allocation Plan.

Mr. Ben Beutler, JLBC Staff, stated that this item is a review of the Arizona Department of Transportation's FY 2013 Building Renewal Allocation Plan totaling \$1,050,000. ADOT has allocated \$1,000,000 from the State Highway Fund to fund 46 projects and \$50,000 from the State Aviation Fund for 3 projects.

The JLBC Staff presented options to the Committee.

Mr. Tom Heideman, Facilities Projects Manager, Arizona Department of Transportation, responded to member questions.

(Continued)

Senator Shooter moved that the Committee review all ADOT projects exceeding \$5 million. He later modified his motion to include the review of in-depth reports from ADOT on prioritization of projects, funding mechanism, and federal spending safeguards already in place.

Senator Shooter withdrew his motion.

Senator Shooter moved that the Committee give a favorable review of the Arizona Department of Transportation's FY 2013 \$1,050,000 Building Renewal Allocation Plan. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Recommending FY 2013 Rent Exemptions.

Mr. Andrew Hartsig, JLBC Staff, presented the ADOA's request that the Committee recommend 3 FY 2013 rent exemptions from the payment of state-owned rental fees totaling \$24,600. The vacated space will be occupied by other agencies for no net loss of rent. The JLBC Staff recommended that the Committee recommend exemptions of \$9,500 for the Arizona Commission for the Deaf and the Hard of Hearing, \$9,000 for the Arizona Department of Real Estate, and \$6,100 for the Arizona Geological Survey. As a result of these exemptions, there are corresponding rent increases of \$15,600 for the Department of Economic Security (DES) and \$9,000 for the Arizona Department of Insurance.

Senator Shooter moved that the Committee recommend the rent exemptions for FY 2013 of \$9,500 for Arizona Commission for the Deaf and the Hard of Hearing and \$9,000 for the Arizona Department of Real Estate and \$6,100 for the Arizona Geological Survey. The motion carried.

Without objection, the meeting adjourned at 11:58 a.m.

Respectfully submitted:



Tera Scherer, Secretary



Art Smith, Senior Fiscal Analyst



Representative John Kavanagh, 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>.