



STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

HOUSE OF
REPRESENTATIVES

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MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

June 16, 2016

Chairman Olson called the meeting to order at 3:51 p.m., Thursday, June 16, 2016 in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Vice-Chairman	Representative Olson, Chairman
	Senator Cajero Bedford	Representative Alston
	Senator Farley	Representative Leach
	Senator Griffin	Representative Meyer
	Senator Yarbrough	
Absent:	Senator Hobbs	Representative Gray
	Senator Kavanagh	Representative Montenegro

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of April 5, 2016, Chairman Justin Olson stated that the minutes would stand approved.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of FY 2017 Building Renewal Allocation Plan.

Ms. Micaela Larkin, JLBC Staff, stated the Committee is required to review expenditure plans for building renewal monies prior to expenditure. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$5,464,300 from the Department of Corrections Building Renewal Fund to ADC for general building renewal. ADC requests the Committee review its FY 2017 Building Renewal Allocation Plan, which primarily funds structural repairs, replacement of obsolete and unreliable locking systems, and the replacement of evaporative cooling at certain medical units. In addition, the plan funds a variety of equipment replacements and upgrades in units across the state. The JLBC Staff presented options to the Committee.

Senator Yarbrough moved that the Committee give a favorable review to ADC's \$5,464,300 FY 2017 Building Renewal Allocation Plan.

(Continued)

(See Table 1). The favorable review includes the following provisions:

- A. ADC shall report any reallocations between projects to the JLBC Staff. If there is significant change of scope in the reallocation reported by ADC, the JLBC Staff shall recommend ADC request Committee review of the reallocation.
- B. If an emergency arises that is not addressed by the existing expenditure plan:
 - 1. ADC shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADC can proceed without Committee review.
 - 2. The Chairman can allow ADC to move forward with an emergency project of greater than \$50,000 without Committee review.
 - 3. The Chairman will notify ADC if he does not agree that the project is an emergency and that the project will require full Committee review.

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.
- C. If ADC adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.

The motion carried.

Table 1	
FY 2017 Building Renewal Allocation Plan	
<u>Structural Repairs</u>	
Repair Deteriorated Plumbing Chase Walls - Eyman Meadows	\$1,441,000
Complex Structural Repairs - Yuma	<u>457,500</u>
<i>Subtotal</i>	\$1,898,500
<u>Locking & Control Systems</u>	
Locking Systems - Tucson Santa Rita	\$725,000
Control Panel Replacement - Lewis (Bachman, Barchey, Buckley)	<u>650,000</u>
<i>Subtotal</i>	\$1,375,000
<u>Air Conditioning - Select Units</u>	
Air Conditioning - Lewis Stiner Health Unit	\$ 575,800
Air Conditioning - Eyman Meadows Health Unit	<u>530,000</u>
<i>Subtotal</i>	\$1,105,800
<u>Equipment Replacement, Upgrade, and System Improvements</u>	
Propane Tank Upgrade - Florence Globe	\$ 385,000
Flood Control Improvements - Perryville	250,000
Utility Tunnel Structural Repairs - Florence	250,000
Maximum Custody Perimeter Fence Upgrade - Perryville Lumley	<u>200,000</u>
<i>Subtotal</i>	\$ 1,085,000
Building Renewal Subtotal	\$5,464,300
Contingency	<u>\$ 0</u>
TOTAL	\$5,464,300

(Continued)

**ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/ARIZONA DEPARTMENT OF CORRECTIONS -
Review of Lease-Purchase Refinancing for Kingman.**

Ms. Micaela Larkin, JLBC Staff, stated ADOA, in coordination with the ADC, requested review of the financing agreement of the Kingman private prison facility. The agreement is to generate cost savings for housing prisoners of at least \$25 million from FY 2017 to FY 2025. In addition, the savings may not vary by more than \$1 million per year during that time period. The JLBC Staff presented options to the Committee.

Mr. Charles Ryan, Director, ADC, responded to member questions.

Mr. Mike Kearns, Division Director, Administrative Services, ADC, responded to member questions.

Ms. Donna Hamm, Middle Ground Prison Reform spoke to the item.

Senator Shooter moved that the Committee give a favorable review of the financing agreement with the following provisions:

- A. *ADOA is to submit a final debt service schedule associated with the financing agreement.*
- B. *ADC is to report the use of \$2.0 million in unallocated FY 2017 savings to JLBC for review prior to expenditure.*

Representative Meyer moved a substitute motion that the Committee give a favorable review of the financing agreement but it must exclude the Kingman adjustment. Division was called on the substitute motion and by show of hands of 4 ayes and 5 nays, the substitute motion failed.

The original motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION - Review of FY 2017 Building Renewal Allocation Plan.

Ms. Rebecca Perrera, JLBC Staff, stated the Committee is required to review expenditure plans for building renewal monies prior to expenditure. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$27,000,000 for building renewal. This amount consists of \$8,000,000 from the General Fund and \$19,000,000 from the Capital Outlay Stabilization Fund (COSF). ADOA is requesting review of the full \$27,000,000 for building renewal projects in FY 2017. The JLBC Staff presented options to the Committee.

Ms. Nola Barnes, Assistant Director, General Services Division, ADOA, responded to member questions.

Senator Shooter moved that the Committee give a favorable review of ADOA's FY 2017 \$27,000,000 Building Renewal Allocation Plan with the following modifications:

- A. *A review of the \$500,000 of the \$4.2 million allocation for the 1740 West Adams renovation. Of this amount, \$350,000 funds demolition and abatement and \$150,000 funds architectural and engineering design for major building systems. The remaining \$3,700,000 for the renovation of 1740 West Adams would be deferred until ADOA receives review from the Committee on their tenant relocation report pursuant to Laws 2016, Chapter 126.*

(Continued)

- B. *No review of the \$120,000 allocation for the repair of the 1938 Works Progress Administration Civic Building until the provisions pursuant to Laws 2016, Chapter 126 are met. Statute does not permit ADOA to spend the \$120,000 until matching funds from the City of Phoenix are received. There is currently no final agreement on the use of the Phoenix monies for the building. When ADOA and the Arizona Exposition and State Fair Board subsequently request review of the 1938 WPA Civic Building Project, they shall include information on how total project funds will be spent and if the repairs will be sufficient to make the building operational.*

In addition, the review included the following provisions:

- A. *ADOA shall report any reallocations between projects to the JLBC Staff. If there is significant change of scope in the reallocation reported by ADOA, the JLBC Staff shall recommend ADOA request Committee review of the reallocation.*

- B. *The distribution of the emergency contingency allocation of \$598,000 be addressed as follows:*

1. *ADOA shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADOA can proceed without Committee review.*
2. *The Chairman can allow ADOA to move forward with an emergency project of greater than \$50,000 without Committee review.*
3. *The Chairman will notify ADOA if he does not agree that the project is an emergency and that the project will require full Committee review.*

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity. Prior reviews also included this provision.

- C. *If ADOA adds a new non-emergency project not listed in this request, the department must submit the proposed project and expenditure plan for Committee review.*

The motion carried. (See Table 2)

Table 2	
FY 2017 Building Renewal Allocation Plan	
<u>Major Building Renovation</u>	
DHS 1740 West Adams Renovation	\$ 500,000
<u>Fire & Life Safety Projects</u>	
ADOA Building System Replace Fire and Life Safety Systems Statewide	\$ 5,000,000
<u>Building Shell/Interior Projects</u>	
ADOA Roof Replacement	\$ 1,000,000
Capitol Mall Repair or Replace Exterior Caulking and Windows	<u>500,000</u>
<i>Subtotal</i>	<i>\$ 1,500,000</i>
<u>Major Building Services Projects</u>	
ADOA Tucson Complex HVAC Replacement	\$ 2,500,000
ADOA Capitol Mall HVAC Replacement	4,000,000
DHS State Hospital HVAC Replacement	4,300,000
ASDB Tucson HVAC Replacement	250,000
ADOA Statewide HVAC Controls, Automation, and Replacement	800,000
Supreme Court Repair/Modernize Elevators	600,000
ADOA Capitol Mall Repair/Modernize Elevators	<u>1,000,000</u>
<i>Subtotal</i>	<i>\$13,450,000</i>
<u>Infrastructure</u>	
ADOA Statewide Replace/Repair Parking Lots	\$ 800,000
ADOA Capitol Mall Repair Storm Water Retention Systems	<u>200,000</u>
<i>Subtotal</i>	<i>\$ 1,000,000</i>
<u>Building Interiors and Finishes</u>	
Replace Floor Coverings Capitol Mall	\$ 250,000
<u>Preventative Maintenance</u>	
ADOA Capitol Mall Preventative Maintenance	\$ 300,000
<u>Other</u>	
Personnel Services/ERE Costs	\$ 275,000
Building Renewal Project Scoping	300,000
Risk Management Insurance Premium	7,000
Emergency Contingency	<u>598,000</u>
<i>Subtotal</i>	<i>\$ 1,180,000</i>
TOTAL	\$23,180,000

ARIZONA EXPOSITION AND STATE FAIR BOARD - Review of FY 2016 Capital Improvement Expenditures.

Mr. Richard Stavneak, JLBC Director, stated the Committee is required to review the scope, purpose and estimated cost for capital improvements. The FY 2016 Capital Outlay Bill (Laws 2015, Chapter 9) appropriated \$1,000,000 from the Arizona Exposition and State Fair Fund to the Arizona Exposition and State Fair Board (AESF) for capital improvements. AESF is requesting Committee review of 6 capital projects with a total cost of \$291,000 in FY 2016. The JLBC Staff presented options to the Committee.

(Continued)

Senator Shooter moved that the Committee give a favorable review of AESF's \$291,000 expenditure plan for 6 capital projects:

1. Fence Repair along 19th Ave	\$ 50,000
2. Asphalt Repair near the Exhibits Building and the Grandstand Arena	\$100,000
3. Connect Coliseum Sump Pumps to Emergency Power Generator	\$ 16,000
4. Parking Entrance and LED Lighting	\$ 75,000
5. Portable Restroom Foundations and Urinal Replacement	\$ 20,000
6. Security Cameras	\$ 30,000

The favorable review includes the following provisions:

- A. AESF shall report to the JLBC Staff if the actual cost of any project included in the expenditure plan exceeds the estimated cost by more than 20%.
- B. If an emergency arises that is not addressed by the existing expenditure plan:
 - 1. AESF shall notify the Chairman and the JLBC Staff that they plan to spend less than \$50,000 on an emergency project. AESF can proceed without Committee review.
 - 2. The Chairman can allow AESF to move forward with an emergency project of greater than \$50,000 without Committee review.
 - 3. The Chairman will notify AESF if he does not agree that the project is an emergency and that the project will require full Committee review.

An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity.

The motion carried.

ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2017 Building Renewal Allocation Plan.

Mr. Richard Stavneak, JLBC Director, stated the Committee is required to review expenditure plans for building renewal monies prior to expenditure. Arizona Game and Fish requests the Committee review its FY 2017 Building Renewal Allocation Plan for \$243,100 (See Table 3). Arizona Game and Fish initially requested review of their FY 2016 Building Renewal Allocation Plan, however, they informed JLBC Staff that they were actually requesting review of their FY 2017 Building Renewal Allocation Plan. As a result of these discussions, Mr. Stavneak said that we learned that the Game and Fish Department had spent their FY 2016 Building Renewal monies without Committee review. The FY 2017 Capital Outlay Bill (Laws 2016, Chapter 126) appropriated a total of \$530,000 from the Game and Fish Fund for building renewal. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review of the Arizona Game and Fish Department's FY 2017 Building Renewal Allocation Plan for \$243,100 from the Game and Fish Fund as shown in Table 3 below.

(Continued)

The review included the provision that prior to expenditure and in accordance with A.R.S. § 41-1252 A(4), the Arizona Game and Fish Department shall request Committee review of any remaining funds from the FY 2017 building renewal appropriation. The review requirement applies no matter the expenditure level for each project.

Building Renewal Projects	
Pinetop Regional Office Project	\$ 148,500
State Headquarters Major Maintenance Fund Deposit	52,200
Preventative Maintenance	<u>42,400</u>
Total	\$ 243,100

The motion carried.

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS (DEMA) - Review of Proposed Expenditures from the Military Installation Fund.

Mr. Eric Billings, JLBC Staff, stated the Committee is required to review the expenditure of all monies appropriated for land acquisition, capital projects and building renewal. DEMA is requesting the review of their plan to expend \$2,817,350 from the Military Installation Fund for 5 land purchases and 1 easement acquisition near existing military facilities. The JLBC Staff presented options to the Committee.

Mr. Travis Schulte, DEMA Legislative Polity Administrator and Coordinator for the Military Affairs Commission, responded to member questions.

Senator Shooter moved that the Committee give a favorable review to \$1,442,350 of DEMA's plan to expend \$2,817,350 from the Military Installation Fund for 4 land purchases. The favorably reviewed property purchases were as follows:

- *\$425,250 to purchase a 20.25-acre land parcel which is 0.75 miles west of Luke Air Force Base Auxiliary Field near Surprise.*
- *\$848,000 in total to purchase two separate 80-acre parcels (160 acres total) located 2.5 miles northwest of the Gila Bend Auxiliary Field.*
- *\$169,100 to purchase 52.64-acres 1.5 miles northeast of Gila Bend Auxiliary Field.*

The favorable review includes the following provisions:

- To the extent necessary, DEMA will adjust reviewed purchasing prices lower to comply with the Arizona Administrative Code provision that all purchases from the Military Installation Fund be equal to or less than their appraised value.*
- DEMA shall not increase any reviewed purchasing price by more than 10% without first seeking JCCR review.*

The Committee deferred review of the following land and easement purchases near Davis-Monthan Air Force Base and Fort Huachuca in order to obtain more information:

(Continued)

- \$475,000 to purchase a 9-acre parcel which is within the fence-line of Davis-Monthan AFB.
- \$900,000 to acquire easement rights to a 300-acre parcel which is located approximately 1 mile north of Fort Huachuca.

Senator Farley moved a substitute motion that the Committee give a favorable review to DEMA's expenditure plan from the Military Installation Fund. Division was called on the substitute motion and by a show of hands of 4 ayes and 5 nays, the substitute motion failed.

The original motion carried.

ARIZONA STATE PARKS BOARD (ASP) - Review of Buckskin Sanitary District Lease and Easement Agreement.

Ms. Krista MacGahan, JLBC Staff, stated ASP requested review of the proposed lease and easement agreement with Buckskin Sanitary District (District). The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to the ASP lease and easement agreement with the District. ASP will provide a no cost 40-year land lease and easement to the District for construction of the new sanitation facilities that will be used for all District customers, including 2 state parks (Buckskin Mountain State Park and River Island State Park). The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION (ADOT) - Review of De-Icer Buildings Project.

Mr. Ben Beutler, JLBC Staff, stated the Committee is required to review the scope, purpose and estimated cost before the release of monies for construction of a new capital project costing over \$250,000. ADOT is requesting Committee review of \$2,280,000 from the State Highway Fund for the construction of 4 de-icer buildings. The FY 2016 Capital Outlay Bill appropriated this amount for 5 buildings. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to the expenditure of \$2,037,300 by ADOT for the construction of 4 de-icer buildings to house de-icer chemicals and bulk sand used during winter months. The buildings are to be located at Ash Fork, Many Farms, Teec Nos Pos, and Willcox. The favorable review includes the provision that ADOT shall report any project reallocations above \$100,000 to the Committee. The motion carried.

ARIZONA DEPARTMENT OF TRANSPORTATION - Review of Vehicle Wash Systems Project.

Mr. Ben Beutler, JLBC Staff, stated the Committee is required to review the scope, purpose and estimated cost before the release of monies for construction of a new capital project costing over \$250,000. The FY 2015 Capital Outlay Bill (Laws 2014, Chapter 15) appropriated \$3,000,000 from the State Highway Fund to ADOT for 6 new vehicle wash systems. ADOT is requesting review of the department's \$2,265,300 expenditure plan for the new vehicle wash system buildings. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to the expenditure of \$2,265,300 by ADOT for the construction of 6 new vehicle wash systems. The vehicle wash systems are to be located at Chambers, Gila Bend, North Phoenix, Safford, Wilcox and Page. The favorable review includes the provision that ADOT shall report any project reallocations above \$100,000 to the Committee. The motion carried.

ARIZONA STATE UNIVERSITY (ASU) - Review of Sun Devil Stadium Renovation Phase 3.

Mr. Matt Beienburg, JLBC Staff, stated the Committee is required to review any university projects financed with system revenue bonds. ASU requests Committee review of \$75,700,000 in system revenue bond issuances to fund the third and final phase of the renovation of Sun Devil Stadium. The JLBC Staff presented options to the Committee.

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

Mr. Bruce Jensen, Executive Director, Capital Programs Management, ASU, responded to member questions.

Mr. Morgan Olsen, Executive Vice President, Treasurer and CFO, ASU, responded to member questions.

Senator Shooter moved that the Committee give a favorable review of \$75,700,000 in system revenue bond issuances to fund the third and final phase of the renovation of Sun Devil Stadium. The total renovation project cost is \$268,700,000, including gift revenue. The favorable review includes the following standard university financing provisions shown below:

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 debt service, or any operations and maintenance costs when the project is complete.*
- B. *ASU shall provide the final debt service schedules for the projects as soon as they are available.*

The motion carried.

ARIZONA STATE UNIVERSITY - Review of Biodesign C Building Financing Project.

Mr. Matt Beienburg, JLBC Staff, stated the Committee is required to review any university projects financed with system revenue bonds. ASU requests Committee review of \$120,000,000 in system revenue bond issuance to fund construction of the Biodesign C building. The JLBC Staff presented options to the Committee.

Mr. Morgan Olsen, Executive Vice President, Treasurer and CFO, ASU, responded to member questions.

Senator Shooter moved that the Committee give a favorable review of \$120,000,000 in system revenue bond issuances to fund construction of the Biodesign C building. The bond debt service payments will be funded by indirect cost recovery and tuition revenues. The favorable review includes the following standard university financing provisions shown below:

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 debt service, or any operations and maintenance costs when the project is complete.*
- B. *ASU shall provide the final debt service schedules for the projects as soon as they are available.*

The motion carried.

ARIZONA STATE UNIVERSITY - Review of Building Renewal and Renovation Projects.

Mr. Matt Beienburg, JLBC Staff, stated the Committee is required to review any university projects financed with system revenue bonds. ASU requests Committee review of \$40,000,000 in system revenue bond issuances to fund 3 building renewal and other renovation projects. The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review of \$40,000,000 in system revenue bond issuances to fund 3 building renewal and other renovation projects. The bond debt service payments will be funded by tuition revenues. The favorable review includes the following provision, along with the standard university financing provisions as shown below:

- A. *By November 30, 2016, the Arizona Board of Regents (ABOR), shall report to the Committee for a review of their policy of determining the appropriate level of each University's financial liquidity and cash reserves. The report shall include metrics used to measure each University's days cash on hand, current levels of days cash on hand, and benchmarks used to develop the cash reserve policies. In addition, ABOR shall report on the potential future use of cash reserves to finance capital projects in place of using debt financing.*

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 debt service, or any operations and maintenance costs when the project is complete.*
- B. *ASU shall provide the final debt service schedules for the projects as soon as they are available.*

The motion carried.

UNIVERSITY OF ARIZONA (UA) - Review of Health Sciences Innovation Building.

Mr. Patrick Moran, JLBC Staff, stated the Committee is required to review any university projects financed with system revenue bonds. UA requests Committee review of \$165,000,000 in system revenue bond issuances to fund construction of the 212,000 square foot Health Sciences Innovation Building. The JLBC Staff presented options to the Committee.

Mr. Gregg Goldman, Senior Vice President for Business Affairs and Chief Financial Officer, UA, responded to member questions.

Mr. Kody Kelleher, Director, Government Affairs, ABOR, responded to member questions.

Senator Yarbrough moved that the Committee give a favorable review to UA's \$165,000,000 in system revenue bond issuances to fund construction of the 212,000 square foot Health Sciences Innovation Building. The debt service payments will be funded by University of Arizona Health Science funds and other local funds. The favorable review includes the following standard university financing provisions shown below:

(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 debt service, or any operations and maintenance costs when the project is complete.*

- B. *UA shall provide the final debt service schedules for the projects as soon as they are available.*

The motion carried.

UNIVERSITY OF ARIZONA - Review of Health Sciences Alvernon Way Project.

Ms. Micaela Larkin, JLBC Staff, stated the Committee is required to review any university projects financed with system revenue bonds. UA requests Committee review of \$9,300,000 in system revenue bond issuances to purchase and renovate real property at 655 N Alvernon Way in Tucson to be used for UA programs previously located in the Banner University Medical Center. The JLBC Staff presented options to the Committee.

Senator Yarbrough moved that the Committee give a favorable review to UA's \$9,300,000 in system revenue bond issuances to purchase and renovate real property at 655 North Alvernon Way in Tucson to be used for UA programs previously located in the Banner University Medical Center. The debt service payments will be funded by University of Arizona Health Science funds and other local funds. The favorable review includes the following standard university financing provisions shown below:

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 debt service, or any operations and maintenance costs when the project is complete.*

- B. *UA shall provide the final debt service schedules for the projects as soon as they are available.*

The motion carried.

UNIVERSITY OF ARIZONA - Review of Phoenix Medical Campus Lease.

Ms. Micaela Larkin, JLBC Staff, stated the Committee is required to review any university projects financed with system revenue bonds. UA requests Committee review of \$23,330,000 in system revenue bond issuances to purchase previously leased Phoenix Medical Campus buildings. The JLBC Staff presented options to the Committee.

Senator Yarbrough moved that the Committee give a favorable review of \$23,330,000 in system revenue bond issuances to purchase previously leased Phoenix Medical Campus buildings. The bond debt service payments will be funded by the savings generated through terminating the previous capital lease. The favorable review includes the following provision, along with the standard university financing provisions as shown below:

- A. *By November 30, 2016, the Arizona Board of Regents (ABOR), shall report to the Committee for a review of their policy of determining the appropriate level of each University's financial liquidity and*

(Continued)

cash reserves. The report shall include metrics used to measure each University's days cash on hand, current levels of days cash on hand, and benchmarks used to develop the cash reserve policies. In addition, ABOR shall report on the potential future use of cash reserves to finance capital projects in place of using debt financing.

A. 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 project as soon as they are available.*

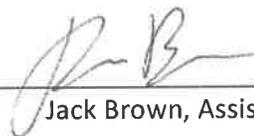
The motion carried.

Without objection, the meeting adjourned at 5:55 p.m.

Respectfully submitted:



Kristy Paddack, Secretary



Jack Brown, Assistant Director



Representative Justin Olson, Chairman