



STATE OF ARIZONA

# Joint Committee on Capital Review

STATE  
SENATE

DON SHOOTER  
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GAIL GRIFFIN  
JOHN McCOMISH  
AL MELVIN  
LYNNE PAN CRAZI  
ANNA TOVAR

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  
CHAIRMAN 2014  
LELA ALSTON  
CHAD CAMPBELL  
TOM FORESE  
DAVID GOWAN, SR.  
RICK GRAY  
ANDREW C. SHERWOOD

## MINUTES OF THE MEETING

### JOINT COMMITTEE ON CAPITAL REVIEW

December 17, 2014

The Chairman called the meeting to order at 3:12 p.m., Wednesday, December 17, 2014 in House Hearing Room 1. The following were present:

|          |                                |                                   |
|----------|--------------------------------|-----------------------------------|
| Members: | Senator Shooter, Vice-Chairman | Representative Kavanagh, Chairman |
|          | Senator Cajero Bedford         | Representative Alston             |
|          | Senator Griffin                | Representative Gray               |
|          | Senator McComish               | Representative Sherwood           |
|          | Senator Melvin                 |                                   |
|          | Senator Pancrazi               |                                   |
|          | Senator Tovar                  |                                   |

|         |                         |
|---------|-------------------------|
| Absent: | Representative Campbell |
|         | Representative Forese   |
|         | Representative Gowan    |

### APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of September 30, 2014, Chairman John Kavanagh stated that the minutes would stand approved.

### ARIZONA STATE LOTTERY COMMISSION - Review of FY 2015 Building Renewal Allocation Plan.

Mr. Jon Stall, JLBC Staff, stated the State Lottery Commission is requesting review of its FY 2015 Building Renewal Allocation Plan. The JLBC Staff presented options to the Committee.

Eric Borg, Director of Operations, State Lottery Commission, responded to member questions.

*Senator Shooter moved that the Committee give a favorable review to the FY 2015 Building Renewal Allocation Plan with the following provisions:*

*A. The Lottery Commission report on actual expenditures for the plan by June 30, 2015.*

(Continued)

B. *The agency request Committee review prior to expending monies for projects outside their current request.*

The motion carried.

**A. ARIZONA STATE UNIVERSITY (ASU) - Review of Sun Devil Stadium Renovations.**

Mr. Art Smith, JLBC Staff, stated ASU is requesting review of \$200.0 million in system revenue bond issuances over the next 2 years to fund the 3 phases of Sun Devil Stadium renovations. The Arizona Board of Regents (ABOR) has given conceptual approval of the project along with approving the issuance of a \$60.0 million bond for Phase 1 of the project. The JLBC Staff presented options to the Committee.

Morgan Olson, Vice President and Chief Financial Officer, ASU, responded to member questions.

*Senator Shooter moved that the Committee give a favorable review to the \$60.0 million bond issuance (plus \$5.7 million of gift revenue) for Phase 1 of the project with the following standard university financing provisions:*

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.

**B. ARIZONA STATE UNIVERSITY (ASU) - Review of IT Infrastructure Projects.**

Mr. Art Smith, JLBC Staff, stated ASU is requesting review of \$20.0 million in system revenue bond issuances to fund the installation of high speed broadband in over 500 classrooms and study halls at all 3 of ASU's campuses. The JLBC Staff presented options to the Committee.

*Senator Shooter moved that the Committee give a favorable review to the \$20.0 million in system revenue bond issuances to fund the installation of high speed broadband with the following standard university financing provisions:*

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 DEPARTMENT OF CORRECTIONS (ADC) - Review of Revised FY 2014 Building Renewal Allocation and Revised FY 2015 Building Renewal Allocation Plans.**

Ms. Micaela Larkin, JLBC Staff, stated that ADC is requesting review of a reallocation of contingency monies from the previously reviewed FY 2014 and FY 2015 building renewal allocation plans. ADC is now proposing to allocate a total of \$227,000 contingency monies to improvements to the wastewater treatment plant at Arizona State Prison Complex (ASPC)-Eyman, a telecommunications project at ASPC - Lewis, and inpatient care beds at ASPC-Tucson Rincon. The JLBC Staff presented options to the Committee.

(Continued)

*Senator Shooter moved that the Committee give a favorable review to ADC's reallocation of \$227,000 contingency monies (shown below) with the provision that ADC shall report any change in the spending plan to the JLBC Staff, including reallocations between projects and non-emergency use of contingency monies. 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. The motion carried.*

Table 1 shows the reallocation of ADC's FY 2014 Building Renewal Plan.

| <b>Table 1</b>                                |  |   |
|---|--|---|
| <b>FY 2014 Building Renewal Reallocation</b>  |  |   |
|   | <b>Previously Reviewed<br/>August 20, 2013</b> | <b>Revised Allocation<br/>December 17, 2014</b> |
| <u>Wastewater Disinfection System Upgrade</u> |  |   |
| Eyman   | -  | \$ 95,000                                       |
| <u>Fiber Optic Cable Upgrade</u>              |  |   |
| Lewis   | -  | 75,000  |
| <u>Contingency</u>                            | <u>\$221,700</u>                               | <u>51,700</u>                                   |
| <b>TOTAL</b>                                  | <b>\$221,700</b>                               | <b>\$221,700</b>                                |

Table 2 shows the reallocation of ADC's FY 2015 Building Renewal Plan.

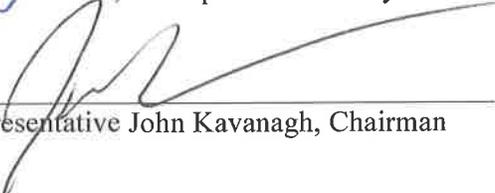
| <b>Table 2</b>   |  |   |
|--|--|---|
| <b>FY 2015 Building Renewal Reallocation</b>           |  |   |
|  | <b>Previously Reviewed<br/>June 19, 2014</b> | <b>Revised Allocation<br/>December 17, 2014</b> |
| <u>Inpatient Care Beds - Additional Infrastructure</u> |  |   |
| Lewis  | -  | \$ 57,000                                       |
| <u>Contingency</u>                                     | <u>\$175,800</u>                             | <u>118,800</u>                                  |
| <b>TOTAL</b>   | <b>\$175,800</b>                             | <b>\$175,800</b>                                |

Without objection, the meeting adjourned at 3:31 p.m.

Respectfully submitted:

  
\_\_\_\_\_  
Kristy Paddock, Secretary

  
\_\_\_\_\_  
Jack Brown, Principal Fiscal Analyst

  
\_\_\_\_\_  
Representative John Kavanagh, Chairman

NOTE: A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>.