

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

DON SHOOTER
CHAIRMAN 2011
PAULA A. ABOUD
ANDY BIGGS
RICH CRANDALL
LORI KLEIN
RICK MURPHY
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HOUSE OF
REPRESENTATIVES

JOHN KAVANAGH
CHAIRMAN 2012
LELA ALSTON
CHAD CAMPBELL
STEVE COURT
NANCY MCLAIN
JUSTIN OLSON
ANNA TOVAR

MINUTES OF THE MEETING

JOINT COMMITTEE ON CAPITAL REVIEW

February 7, 2012

The Chairman called the meeting to order at 8:06 a.m., Tuesday, February 7, 2012, in House Hearing Room 4. The following were present:

Members:	Representative Kavanagh, Chairman	Senator Shooter, Vice-Chairman
	Representative Alston	Senator Biggs
	Representative Campbell	Senator Crandall
	Representative Court	Senator Klein
	Representative McLain	Senator Schapira
	Representative Olson	
	Representative Tovar	

Absent:	Senator Aboud
	Senator Murphy

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of November 17, 2011, Chairman John Kavanagh stated the minutes would stand approved.

ARIZONA STATE UNIVERSITY

A. Review of Recreation Facilities Bond Projects.

Ms. Leatta McLaughlin, JLBC Staff, presented Arizona State University's (ASU) request for review of recreation facilities bond projects at both the Tempe and Downtown Phoenix campuses. ASU is requesting a \$56.9 million revenue bond to expand the recreation facility space at the Tempe campus, and to also fund a new recreation facility at the Downtown Phoenix campus. Of the \$56.9 million bond, \$32.5 million is for the Tempe campus and the remaining \$24.4 million would fund a new 4-story, 74,000 square foot facility at the Downtown Phoenix campus.

The JLBC Staff presented options to the Committee.

Ms. McLaughlin responded to member questions

Mr. Morgan Olson, Chief Financial Officer, Arizona State University, responded to member questions.

(Continued)

Senator Crandall moved that the Committee give a favorable review to ASU's Recreation Facilities Bond Projects, along 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 it is available.

The motion carried by a roll call vote of 9-0-0-4 (*Attachment 1*).

B. Review of Athletic Facilities Renovations Bond Projects.

Ms. Marge Zylla, JLBC Staff, presented ASU's requests for review of a \$4.7 million revenue bond that would fund renovations, deferred maintenance and infrastructure updates to 9 athletic facilities on the Tempe campus.

The JLBC Staff presented options to the Committee.

Mr. Morgan Olson, Chief Financial Officer, Arizona State University responded to member questions.

Senator Shooter moved that the Committee give a favorable review to ASU's Athletic Facilities Renovations Bond Projects, along 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 it is available.

Representative Kavanagh requested a roll call vote.

The motion carried by a roll call vote of 10-0-0-4 (*Attachment 1*).

C. Review of Student Housing Bond Refund.

Ms. Marge Zylla, JLBC Staff, presented ASU's request for review of a \$17.1 million revenue bond to refinance an existing student housing bond. In 2001, a third party financing entity was created by ASU to issue a \$21.1 million bond to renovate housing at ASU-East

The JLBC Staff presented options to the Committee.

Senator Shooter moved that the Committee give a favorable review to ASU's Student Housing Bond Refund, along with the provision that the projects are ultimately approved by the Arizona Board of Regents and 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 it is available.*

The motion carried by a roll call vote of 10-0-0-4 (*Attachment 2*).

ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Recommending FY 2012 Rent Exemptions.

Mr. Brett Searle, JLBC Staff, presented ADOA's requests for an increased rent payment for the Department of Insurance, which will be offset by a partial rent exemption for the Department of Real Estate. Both are for \$4,100. In addition, JLBC Staff presented ADOA's request for a \$44,400 partial rent exemption for the Arizona Historical Society.

The JLBC Staff presented options to the Committee.

Mr. Searle responded to member questions.

Senator Shooter moved that the Committee recommend ADOA's FY 2012 Rent Exemptions. The motion carried by a roll call vote of 12-0-0-2 (*Attachment 2*).

Without objection, the meeting adjourned at 8:29 a.m.

Respectfully submitted:

Mya Trivison, Secretary

Leatta McLaughlin, Assistant Director

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>.

JOINT COMMITTEE ON CAPITAL REVIEW

Meeting Date: 2-7-12

ITEM # 1A Rec. Facilities Bond Projects

	<u>PRESENT</u>	<u>ABSENT</u>	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD	<u> </u>	<u> X </u>					<u> X </u>
REP. ALSTON	<u> X </u>	<u> </u>		<u> X </u>			
SEN. BIGGS	<u> X </u>	<u> </u>	<u> X </u>	<u> X </u>			
REP. CAMPBELL	<u> X </u>	<u> </u>		<u> X </u>			
REP. COURT	<u> X </u>	<u> </u>		<u> X </u>			
SEN. CRANDALL	<u> X </u>	<u> </u>		<u> X </u>			
SEN. KLEIN	<u> X </u>	<u> </u>					
REP. MCLAIN	<u> X </u>	<u> </u>		<u> X </u>			
SEN. MURPHY	<u> </u>	<u> X </u>					<u> X </u>
REP. OLSON	<u> X </u>	<u> </u>					<u> X </u>
SEN. SCHAPIRA	<u> X </u>	<u> </u>		<u> X </u>			
REP. TOVAR	<u> X </u>	<u> </u>					<u> X </u>
SEN. SHOOTER	<u> X </u>	<u> </u>		<u> X </u>			
REP. KAVANAGH	<u> X </u>	<u> </u>		<u> X </u>			
TOTALS	<u> 12 </u>	<u> 2 </u>	<u> 0 </u>	<u> 9 </u>	<u> 0 </u>	<u> 0 </u>	<u> 4 </u>

ITEM # 1B Athletic Facilities Renovations

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD					<u> X </u>
REP. ALSTON		<u> X </u>			
SEN. BIGGS		<u> X </u>			
REP. CAMPBELL		<u> X </u>			
REP. COURT		<u> X </u>			
SEN. CRANDALL		<u> X </u>			
SEN. KLEIN		<u> X </u>			
REP. MCLAIN		<u> X </u>			
SEN. MURPHY					<u> X </u>
REP. OLSON					<u> X </u>
SEN. SCHAPIRA		<u> X </u>			
REP. TOVAR					<u> X </u>
SEN. SHOOTER		<u> X </u>			
REP. KAVANAGH		<u> X </u>			
TOTALS	<u> 0 </u>	<u> 10 </u>	<u> 0 </u>	<u> 0 </u>	<u> 4 </u>

JOINT COMMITTEE ON CAPITAL REVIEW

Meeting Date: 2-7-12

ITEM # 1C Student Housing Bond Refund

	<u>PRESENT</u>	<u>ABSENT</u>	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD	<u> </u>	<u>X</u>					<u>X</u>
REP. ALSTON	<u>X</u>	<u> </u>		<u>X</u>			
SEN. BIGGS	<u>X</u>	<u> </u>		<u>X</u>			
REP. CAMPBELL	<u>X</u>	<u> </u>		<u>X</u>			
REP. COURT	<u>X</u>	<u> </u>		<u>X</u>			
SEN. CRANDALL	<u>X</u>	<u> </u>		<u>X</u>			
SEN. KLEIN	<u>X</u>	<u> </u>		<u>X</u>			
REP. MCLAIN	<u>X</u>	<u> </u>		<u>X</u>			
SEN. MURPHY	<u> </u>	<u>X</u>					<u>X</u>
REP. OLSON	<u>X</u>	<u> </u>					<u>X</u>
SEN. SCHAPIRA	<u>X</u>	<u> </u>		<u>X</u>			
REP. TOVAR	<u>X</u>	<u> </u>					<u>X</u>
SEN. SHOOTER	<u>X</u>	<u> </u>		<u>X</u>			
REP. KAVANAGH	<u>X</u>	<u> </u>		<u>X</u>			
TOTALS	<u>12</u>	<u>2</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>4</u>

ITEM # 2 Rent Exemptions

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD					<u>X</u>
REP. ALSTON		<u>X</u>			
SEN. BIGGS		<u>X</u>			
REP. CAMPBELL		<u>X</u>			
REP. COURT		<u>X</u>			
SEN. CRANDALL		<u>X</u>			
SEN. KLEIN		<u>X</u>			
REP. MCLAIN		<u>X</u>			
SEN. MURPHY					<u>X</u>
REP. OLSON		<u>X</u>			
SEN. SCHAPIRA		<u>X</u>			
REP. TOVAR		<u>X</u>			
SEN. SHOOTER		<u>X</u>			
REP. KAVANAGH		<u>X</u>			
TOTALS	<u>0</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>2</u>