

STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

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HOUSE OF  
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KYRSTEN SINEMA

### MINUTES OF THE MEETING JOINT COMMITTEE ON CAPITAL REVIEW

Tuesday, August 10, 2010

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The Chairman called the meeting to order at 1:35 p.m., Tuesday, August 10, 2010 in Senate Appropriations Room 109. The following were present:

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

#### APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Chairman John Kavanagh stated the minutes of June 16, 2010 would stand approved.

#### ARIZONA DEPARTMENT OF ADMINISTRATION

##### A. Review of FY 2011 Building Renewal Allocation Plan.

Ms. Leatta McLaughlin, JLBC Staff, stated that this item is a review of the Arizona Department of Administration's (ADOA) FY 2011 Building Renewal Allocation Plan totaling \$5.0 million. The JLBC Staff presented options to the Committee.

Mr. John Hauptman, Capital Planner, Arizona Department of Administration, responded to member questions.

Mr. Michael Branham, Director, Department of Juvenile Corrections, responded to member questions.

*Senator Pearce moved that the Committee give a favorable review of ADOA's FY 2011 Building Renewal Allocation Plan with the provision that ADOA report any change in the spending plan to the JLBC Staff, including reallocations between projects and allocations from the contingency plan. The motion carried.*

(Continued)

**B. Review of FY 2009 Capitol Mall Fire Alarm Replacement Project.**

Mr. Juan Beltran, JLBC Staff, stated that the FY 2009 Capital Outlay Bill appropriated \$491,000 from the Capital Outlay Stabilization Fund to ADOA for the replacement of fire systems in office buildings at the Capitol Mall. ADOA is requesting to expend \$491,000 to replace fire alarm systems at 1400 W. Washington and 1616 W. Adams. The JLBC Staff recommended a favorable review.

*Senator Pearce moved that the Committee give a favorable review to expend \$491,000 for fire alarm systems in the 2 Capitol Mall office buildings. The motion carried.*

**C. Review of Lewis Prison Water Project.**

Mr. Martin Lorenzo, JLBC Staff, stated that this item is a request from ADOA to expend \$2,151,000 in remaining lease-purchase proceeds for production of a new production water well at the Arizona State Prison Complex (ASPC) Lewis. The JLBC Staff recommended a favorable review.

*Senator Pearce moved that the Committee give a favorable review to expend \$2,151,000 in lease-purchase proceeds to construct a new water well at the Lewis Prison. The motion carried.*

**D. Consider Recommending FY 2011 Quarterly Rent Payments.**

Mr. Steve Grunig, JLBC Staff, stated that this item will allow 11 state agencies to facilitate cash flow by making 4 rent payments over the course of FY 2011, instead of 1 large rent payment due at the beginning of FY 2011. The JLBC Staff recommended that the Committee recommend the proposal.

*Senator Pearce moved that the Committee the proposed FY 2011 quarterly payment plans for the Board of Barbers, Naturopathic Physicians Medical Board, Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers, State Board of Optometry, State Board of Psychologist Examiners, State Boards' Office, Acupuncture Board of Examiners, State Board of Dispensing Opticians, State Board of Funeral Directors and Embalmers, Board of Homeopathic and Integrated Medicine Examiners, and State Board of Podiatry Examiners. The motion carried.*

**ARIZONA STATE UNIVERSITY**

**A. Review of Building Acquisition Bond Project.**

Ms. Leatta McLaughlin, JLBC Staff, stated that Arizona State University (ASU) is requesting the Committee review an \$11.5 million bond issuance in order to purchase an office building adjacent to the Tempe campus. The JLBC Staff presented options to the Committee.

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

Mr. Steve Nielsen, Assistant Vice President, Real Estate, ASU, responded to member questions.

Mr. Kurt Freund, Managing Director, RBL Capital Markets, responded to member questions.

*Senator Pearce moved that the Committee give a favorable review of ASU's request for an \$11.5 million bond issuance. The review includes 3 provisions:*

1. ASU will not issue the bond unless the appraisals are at or below the requested \$11.5 million issuance.

Standard University Financing Provisions

2. *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.*
3. *ASU shall provide the final debt service schedule as soon as it is available.*

The motion carried.

**B. Review of Building Renewal Bond Projects.**

Ms. Leatta McLaughlin, JLBC Staff, stated that this item is a review of ASU's building renewal bond projects. ASU is requesting review of a \$28.2 million bond issuance for 20 building renewal projects, which includes general building renewal projects, classroom renovations, and lab and research space renovations. The JLBC Staff presented options to the Committee.

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

Senator Pearce moved that the Committee give a favorable review of ASU's \$28.2 million bond issuance for 20 building renewal projects with the Standard University Financing Provisions shown above. The motion carried.

**ARIZONA GAME AND FISH DEPARTMENT - Review of Remaining Flagstaff Area Shooting Range Project.**

Ms. Leatta McLaughlin, JLBC Staff, stated that the Arizona Game and Fish Department was appropriated a total of \$1.8 million to build a shooting range in the Flagstaff area. At the March, 2010 JCCR meeting, the Committee gave a favorable review for the agency to purchase land for the shooting range at a cost of \$1.2 million. The Arizona Game and Fish Department is now requesting to expend the remaining \$607,000 to construct the shooting range which will include roadway access, parking, concrete pads, and restrooms. The JLBC Staff recommended a favorable review.

Senator Pearce moved that the Committee give a favorable review to the Arizona Game and Fish Department to expend the remaining \$607,000 to construct the shooting range. The motion carried.

Without objection, the meeting adjourned at 2:10 p.m.

Respectfully submitted:

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Sandy Schumacher, Secretary

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Leatta McLaughlin, Principal Fiscal Analyst

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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>.