

STATE OF ARIZONA

## Joint Committee on Capital Review

STATE  
SENATE

DON SHOOTER  
CHAIRMAN 2011  
PAULA A. ABOUD  
ANDY BIGGS  
RICH CRANDALL  
LORI KLEIN  
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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

November 17, 2011

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The Chairman called the meeting to order at 1:12 p.m., Thursday, November 17, 2011, in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Kavanagh, Vice-Chairman
	Senator Aboud	Representative Alston
	Senator Biggs	Representative Court
	Senator Crandall	Representative Olson
	Senator Klein	
	Senator Murphy	

Absent:	Senator Schapira	Representative Campbell
		Representative McLain
		Representative Tovar

#### APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of September 28, 2011, Chairman Don Shooter stated the minutes would stand approved.

#### **NORTHERN ARIZONA UNIVERSITY - Review of Parking Structure Bond and Office Indirect Financing Projects.**

Ms. Marge Zylla, JLBC Staff, presented Northern Arizona University's (NAU) request for review of 2 projects, each with a different funding method. The first is a \$26.5 million revenue bond that will fund a parking structure that will provide spaces for students and staff and visitors. The second is a lease-purchase agreement with a subsidiary of the NAU Foundation and this would allow NAU to rent a newly-constructed office building, and ultimately own the building after 20 years.

The JLBC Staff presented options to the Committee.

*Representative Kavanagh moved that the Committee give a favorable review to NAU's Parking Structure Bond and Office Indirect Financing Projects, along with the following Standard University Financing Provisions.*

(Continued)

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.*
- *NAU shall provide the final debt service schedule for the projects as soon as it is available.*

The motion carried.

**ARIZONA STATE UNIVERSITY - Review of East and West Recreation Facilities and Downtown Phoenix Post Office Projects.**

Ms. Leatta McLaughlin, JLBC Staff, presented Arizona State University's (ASU) 3 revenue bond projects that total \$56.0 million. The first project is a new student services recreation facility at the East campus. The second is a new student services recreation facility at the West campus. The third project is a renovation at the Downtown Phoenix post office. The Postal Service has vacated a portion of this building and ASU plans to renovate about 19,000 square feet to create a student union space for the Downtown Phoenix campus students. 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.

Mr. Joseph A. Grossman, Student Body President, Arizona State University Downtown Campus and Mr. Jacob Goulding, Student Body President, Arizona State University Tempe Campus responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to ASU's 2 Recreation Facilities Projects, along with the following Standard University Financing Provisions

Representative Kavanagh requested a roll call vote.

The motion carried by a roll call vote of 7-2-0-5. (*Attachment 1*)

Representative Kavanagh moved that the Committee give a favorable review to ASU's Downtown Phoenix Post Office Project, 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.

**UNIVERSITY OF ARIZONA - Review of Athletic Facilities Improvements Bond Projects.**

Ms. Leatta McLaughlin, JLBC Staff, presented the University of Arizona's (UA) \$73.5 million bond project to renovate and expand the football stadium's north end-zone, among other upgrades at other campus athletic facilities. The renovation and expansion of the north end-zone project will include a new football operations facility, stadium seating, restrooms, stairs and elevators, among other upgrades.

(Continued)

The JLBC Staff presented options to the Committee.

Ms. McLaughlin responded to member questions.

Mr. Tim Bee, Associate Vice President of State Relations and Lobbyist, University of Arizona responded to questions.

Mr. Bob Smith, Senior Associate Vice President for Business Affairs, University of Arizona responded to member questions.

*Senator Aboud moved that the Committee give a favorable review to UA's Athletic Facilities Improvements Bond Projects, 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.*
- *UA shall provide the final debt service schedule for the projects as soon as it is available.*

The motion carried.

**PINAL COUNTY COMMUNITY COLLEGE DISTRICT - Review of General Obligation Bond Issuance.**

Ms. Marge Zylla, JLBC Staff, presented a review of Pinal County Community College District's (Central Arizona College, or CAC) \$59.0 million General Obligation bond issuance proposal. This is the second of 2 issuances totaling \$99.0 million. The Committee favorably reviewed the bond package in 2008 and voters approved the bonding, paid for by property taxes.

The JLBC Staff presented options to the Committee.

Ms. Zylla responded to member questions.

Mr. Chris Wodka, Vice President of Finance, Central Arizona College, responded to member questions.

*Representative Kavanagh moved that the Committee give a favorable review to Pinal County Community College District's General Obligation Bond Issuance along with the provision the CAC seek Committee review before using bonding monies for projects not previously reviewed by the Committee.* The motion carried.

**ARIZONA DEPARTMENT OF TRANSPORTATION - Review of Sprinkler and Fire Alarm Systems Project.**

Mr. Benjamin F. Beutler, JLBC Staff, presented the Arizona Department of Transportation's (ADOT) proposal to expend \$252,000 to install fire sprinklers and alarm systems at equipment repair shops in Mesa and Show Low. Of this amount, \$174,500 comes from FY 2006 funds that require Committee review before expenditure. The JLBC Staff recommended a favorable review.

(Continued)

*Representative Kavanagh moved that the Committee give a favorable review to ADOT's Sprinkler and Fire Alarm Systems Project. The motion carried.*

**ARIZONA STATE PARKS BOARD - Review of FY 2012 State Lake Improvement Fund Capital Expenditures.**

Mr. Art Smith, JLBC Staff, presented the Arizona State Parks Board FY 2012 State Lake Improvement Fund (SLIF) capital expenditure plan. The Parks Board has allocated \$500,000 in SLIF monies for emergency building renewal projects. The JLBC Staff presented options to the Committee.

Mr. Jay Zeeman, Assistant Director and Lobbyist, Arizona State Parks Board, responded to member questions.

Ms. Renee Bahl, Director, Arizona State Parks Board, responded to member questions.

*Representative Kavanagh moved that the Committee give a favorable review to the Arizona State Parks Board's FY 2012 State Lake Improvement Fund Capital Expenditures, along with the following provisions:*

- 1. The Parks Board notifies the Chairman and JLBC Staff that they plan to spend less than \$50,000 on an emergency project. The Parks Board can proceed without Committee review.*
- 2. If the emergency project is \$50,000 or greater, the Parks Board will request JCCR to review the project.*
- 3. The Chairman can allow the Parks Board to move forward with an emergency project of greater than \$50,000 without Committee review.*
- 4. The Chairman will notify the Parks Board if he does not agree that the project is an emergency and will request that the Parks Board not proceed with the project.*

*An "emergency" project is defined as unforeseen, critical in nature, and of immediate time sensitivity. These provisions are similar to those used for prior contingency allocations in other agencies.*

The motion carried.

**ARIZONA STATE LOTTERY COMMISSION - Review of FY 2012 Building Renewal Allocation Plan.**

Mr. Jon Stall, JLBC Staff, presented the Arizona State Lottery Commission's FY 2012 Building Renewal Allocation Plan. The FY 2012 Capital Outlay Bill appropriated \$79,200 to the State Lottery Commission from the State Lottery Fund for building renewal projects. The Commission plans to use these monies to fund 2 projects to be completed at the Phoenix office. The first included \$55,500 to replace their Uninterruptable Power Supply System. The second includes \$21,400 to replace air condition units at the office. The JLBC Staff recommended the Committee give a favorable review.

*Representative Kavanagh moved that the Committee give a favorable review to the Arizona State Lottery Commission's FY 2012 Building Renewal Allocation Plan. The motion carried.*

**ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Recommending FY 2012 Rent Exemption.**

Mr. Brett Searle, JLBC Staff, presented the Arizona Department of Administration's (ADOA) proposed \$20,100 FY 2012 increased rent payment for the Attorney General (AG) and the corresponding \$20,100 partial rent exemption for the Department of Water Resources (DWR), as 1,776 square feet of space in Tucson was reallocated from DWR to the AG. The JLBC Staff recommended ADOA's recommendation.

*Representative Kavanagh moved that the Committee recommend ADOA's FY 2012 Rent Exemption.* The motion carried.

Without objection, the meeting adjourned at 2:32 p.m.

Respectfully submitted:

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Mya Trivison, Secretary

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Leatta McLaughlin, Assistant Director

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Senator Don Shooter, 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: 11/17/2011

ITEM # 2 (ASU Fitness)

ITEM # \_\_\_\_\_

	PRESENT	ABSENT	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>					✓
REP. KAVANAGH	<u>X</u>	_____			✓		
SEN. SHOOTER	<u>X</u>	_____		✓			
TOTALS	<u>9</u>	<u>5</u>	<u>0</u>	<u>7</u>	<u>2</u>	<u>0</u>	<u>5</u>

	PASS	AYE	NAY	PRESENT	ABSENT
SEN. ABOUD					
REP. ALSTON					
SEN. BIGGS					
REP. CAMPBELL					
REP. COURT					
SEN. CRANDALL					
SEN. KLEIN					
REP. MCLAIN					
SEN. MURPHY					
REP. OLSON					
SEN. SCHAPIRA					
REP. TOVAR					
REP. KAVANAGH					
SEN. SHOOTER					
TOTALS	_____	_____	_____	_____	_____