

JCCR MEETING

At its January 23, 2007 meeting, the Joint Committee on Capital Review (JCCR) considered the following issues:

Arizona State University Downtown Campus Student Housing – The Committee gave an unfavorable review to the downtown campus student housing project given that the campus was not established by the Legislature.

The project would build student housing for approximately 1,200 students by August 2009. A private developer would enter into a 30-year land lease with the City of Phoenix to construct the completed project. The developer would finance the project and collect student housing fees, thereby eliminating the need for state financing. When the financing is paid off in 23 to 30 years, the facilities and land would become ASU property. In exchange, ASU would: 1) guarantee limited funding to reach a 99% occupancy level in the first 4 years of operation (would not exceed \$1.2 million), 2) not solicit student housing from other developers, provided performance levels are met, and 3) provide land for future housing projects.

Other than the rent guarantees in the first 4 years, the state would have no financial obligation.

Arizona State University FY 2007 Building Renewal – The Committee gave a favorable review to the FY 2007 building renewal plan. For FY 2007, the university was allocated \$6.5 million of a \$20 million appropriation to the Arizona Board of Regents for building renewal. The plan allocates the \$6.5 million among 10 projects.

Arizona State University Academic Renovations & Deferred Maintenance and Revised Instructional/Research Laboratory Renovations – The Committee gave a favorable review to the issuance of \$10 million in system revenue bonds for phase IIB of academic renovations and deferred maintenance. Of the \$10 million, \$6 million is allocated for 3 projects and \$4 million remains unallocated. The issuance will be repaid over 15 years with tuition and rent revenues. The annual debt payment is estimated to be \$963,400.

Maricopa Community College District General Obligation Bond Issuance – The Committee gave a favorable review to the issuance of \$240 million in general obligation bonds, with the provision that the college report to the Committee the actual cost of the bond issuance when the district returns for review of

its next issuance. At the June 22, 2004 meeting the Committee gave a favorable review to the entire \$951.4 million bond proposal, with the provision that the Maricopa Community College District (MCCD) return for Committee review prior to each issuance. The voters of Maricopa County subsequently approved the district's bond program in November 2004. After an initial \$190.3 million issuance in 2005, the district plans to issue an additional \$240 million in 2007.

Of the \$240 million, \$152.7 million would be allocated for capital projects, \$17.7 million for district wide maintenance and regulatory compliance, \$26.7 million for district wide occupation programs, and \$42.9 million would be used to purchase and upgrade technology and equipment. The bond will be repaid over 14 years by increasing the secondary property tax rate, as approved by the voters in 2004. For the entire \$951.4 million voter-approved package, the district estimates that the average annual tax increase would be \$14 for every \$100,000 of property value.

Department of Economic Security Prescott Property Conveyance – The Committee gave a favorable review to the conveyance of the 4,500 square foot property to the City of Prescott for the appraised value of \$530,000. The favorable review included a provision that the department report to the Committee regarding the planned use of the proceeds from the sale of the building prior to its expenditure. The department will relocate to a leased building that will provide consolidated services to the area. After purchasing the building, the City of Prescott will transfer the property to Prescott College.