

ACT No. 5

2017 Second Extraordinary Session

HOUSE BILL NO. 3

BY REPRESENTATIVE ABRAMSON

1 AN ACT

2 To enact the Omnibus Bond Authorization Act of 2017, relative to the implementation of
3 a five-year capital improvement program; to provide for the repeal of certain prior
4 bond authorizations; to provide for new bond authorizations; to provide for
5 authorization and sale of such bonds by the State Bond Commission; to provide
6 relative to the submission of capital outlay applications; to provide with respect to
7 the resubmission of certain capital outlay budget requests; to require approval of the
8 commissioner of administration under certain circumstances; to provide for an
9 effective date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. The legislature hereby recognizes that the Constitution of Louisiana
12 provides in Article VII, Section 11, that the governor shall present to the legislature a five-
13 year Capital Outlay Program and request implementation of the first year of such program,
14 and that the capital outlay projects approved by the legislature are to be made part of the
15 comprehensive state capital budget which shall, in turn, be adopted by the legislature.
16 Further, all projects in such budget adopted by the legislature requiring bond funds must be
17 authorized as provided in Article VII, Section 6 of the Constitution of Louisiana. The
18 legislature finds that over a period of years the legislature has enacted numerous bond
19 authorizations, but due to inflation and the requirements of specificity of amount for each
20 project, impossibility, or impracticability, many of the projects cannot be undertaken. All
21 of the unissued bonds must be listed in the financial statements of the state prepared from
22 time to time and in connection with the marketing of bonds, and are taken into account by
23 rating agencies, prospective purchasers, and investors in evaluating the investment quality
24 and credit worthiness of bonds being offered for sale. The continued carrying of the
25 aforesaid unissued bonds on the financial statements of the state under the above described

1 circumstances operates unnecessarily to the financial detriment of the state. Accordingly, the
2 legislature deems it necessary and in the best financial interest of the state to repeal all Acts,
3 except any Act authorizing the issuance of refunding bonds and Act 41 of the 2006 First
4 Extraordinary Session, providing for the issuance of general obligation bonds in the state
5 which cannot be issued for the projects contemplated, and in their stead to reauthorize
6 general obligation bonds of the state for those projects deemed to be essential, and to
7 authorize new projects.

8 Section 2. It is the intent of the legislature that this Act shall constitute the Omnibus
9 Bond Authorization Act of 2017 and, together with any Act authorizing the issuance of
10 refunding bonds and Act 41 of the 2006 First Extraordinary Session, shall provide bond
11 authorization, as required by Article VII, Section 6 of the Constitution of Louisiana, for
12 those projects to be funded totally or partially by the sale of general obligation bonds and
13 included in House Bill No. 2 of the 2017 Second Extraordinary Session as finally enacted
14 into law (2017 Capital Outlay Act). It is the further intent of the legislature that in this year
15 and each year hereafter an Omnibus Bond Authorization Act shall be enacted providing for
16 the repeal of state general obligation bond authorizations for projects no longer found
17 feasible or desirable, the reauthorization of those bonds not sold during the prior fiscal year
18 for projects deemed to be of such priority as to warrant such reauthorization, and to enact
19 new authorization for projects found to be needed for capital improvements.

20 Section 3. Except as hereinafter provided, all prior Acts of the legislature authorizing
21 the issuance of general obligation bonds of the state of Louisiana shall be and the same are
22 hereby repealed in their entirety, including without limitation House Bill No. 3 of the 2016
23 Second Extraordinary Session of the Louisiana Legislature as finally enacted into law (2016
24 Omnibus Bond Authorization Act) and any Acts heretofore repealed with such Act. This
25 repeal shall not be applicable to any Act providing for the issuance of refunding bonds nor
26 to Act 41 of the 2006 First Extraordinary Session, and such Acts shall remain in full force
27 and effect and shall not be affected by the provisions of this Act. In addition, the repeal shall
28 not in any manner affect the validity of any bonds heretofore issued pursuant to any of the
29 bond authorizations repealed hereby.

30 Section 4. To provide funds for certain capital improvement projects the State Bond
31 Commission is hereby authorized pursuant to Article VII, Section 6 of the Constitution of

1 Louisiana to issue general obligation bonds or other general obligations of the state for
2 capital improvements for the projects, and subject to any terms and conditions set forth on
3 the issuance of bonds or the expenditure of monies for each project as is provided for in the
4 2017 Capital Outlay Act.

5 Section 5.(A) To provide funds for certain capital improvement projects authorized
6 prior to this Act and by this Act, which projects are designed to provide for reimbursement
7 of debt service on general obligation bonds, the State Bond Commission is hereby authorized
8 pursuant to Article VII, Section 6 of the Constitution of Louisiana, to issue general
9 obligation bonds of the state, hereinafter referred to as "project bonds", for capital
10 improvements for the projects and subject to any terms and conditions set forth on the
11 issuance of bonds or the expenditure of monies for each such project as provided in the 2017
12 Capital Outlay Act the terms of which require such reimbursement of debt service.

13 (B) Without affecting, restricting, or limiting the pledge herein made of the full faith
14 and credit of the state of Louisiana to the payment of the general obligation bonds authorized
15 by this Section and without affecting, restricting, or limiting the obligation of the state to pay
16 the same from monies pledged and dedicated to and paid into the Bond Security and
17 Redemption Fund, but in order to decrease the possible financial burden on the general funds
18 of the state resulting from this pledge and obligation, the applicable management board,
19 governing body, or state agency for which any of such project bonds are issued, in the fiscal
20 year in which such project bonds are issued and in each fiscal year thereafter until such
21 project bonds and the interest thereon are paid, shall transfer and make available to the state
22 treasury, for deposit in the Bond Security and Redemption Fund, designated student fees or
23 revenues or other revenues in an amount equal to the debt service on such project bonds in
24 such fiscal year. In addition, the applicable management board, governing body, or state
25 agency, in the fiscal year in which such project bonds are issued and in each of the nine
26 immediately succeeding fiscal years thereafter, shall transfer and make available to the state
27 treasury from designated student fees or revenues or other revenues, for credit to a
28 reimbursement reserve account for such project bonds which shall be established in an
29 account designated in the reimbursement contract hereafter provided for, monies in an
30 amount equal to one-tenth of the average annual debt service on such project bonds, and
31 each such reimbursement reserve account thereafter shall be maintained in said minimum

1 amount by further transfers, if necessary, from designated student fees or revenues or other
2 revenues by the applicable management board, governing body, or state agency to the state
3 treasury. Each such reimbursement reserve account shall be used, if necessary, solely to
4 make the reimbursement payments herein obligated to be made to the state treasury. When
5 the general obligation bonds and the interest thereon issued hereunder have been paid, any
6 amount remaining in the reimbursement reserve account, as prorated to such authorized
7 project, shall be transferred by the state treasurer to the applicable management board,
8 governing body, or state agency.

9 (C) No project bonds authorized by this Section shall be issued for any authorized
10 project unless and until a reimbursement contract has been entered into and executed
11 between the applicable management board, governing body, or state agency and the State
12 Bond Commission pertaining to the reimbursement payment and reimbursement reserve
13 account payments for such project. The contract shall require payment into the state treasury
14 of designated student fees or revenues or other revenues in an amount sufficient to reimburse
15 the cost to the state of the principal, interest, and premium, if any, obligated to be paid by
16 the state on such project bonds. The State Bond Commission shall not be required to execute
17 any such reimbursement contract unless the estimates and projections of the designated
18 student fees or revenues or other revenues available for payment into the state treasury
19 thereunder for the authorized projects are sufficient to reimburse the costs of the principal,
20 interest, and premium, if any, on the project bonds. A reimbursement contract hereunder
21 shall be authorized by resolution of the applicable management board, governing body, or
22 state agency, or board or by act of the chief executive officer if no governing board exists.

23 This authorization shall provide for the dates, amounts, and other details for the
24 payments required to be made to the state treasury and for the reserve account. The
25 authorization may contain such covenants with the State Bond Commission regarding the
26 fixing of rates for fees and charges or revenues and such other covenants and agreements
27 with the State Bond Commission as will assure the required payments to the state treasury.
28 The contract shall be subject to approval by the Office of the Attorney General and the State
29 Bond Commission and, when so accepted and approved, shall conclusively constitute and
30 be the reimbursement contract for an authorized project, as required hereunder.

1 (D) The obligation to make the reimbursement payments as required by a
2 reimbursement contract may be represented by the issuance by the applicable management
3 board, governing body, or state agency of its nonnegotiable revenue obligation in the form
4 of a bond or other evidence of indebtedness, hereinafter referred to as "reimbursement
5 bond". The reimbursement bond shall be issued in a single bond form, without coupons, in
6 the principal amount equal to the aggregate principal amount of project bonds, shall be
7 registered in principal and interest in the name of and be payable to the State Bond
8 Commission, shall bear interest at a rate or rates equal to the interest rate or rates payable
9 on the project bonds, and shall be payable as to principal and interest at such times, in such
10 manner, from designated student fees or revenues, or other revenues, and be subject to such
11 terms and conditions as shall be provided in the authorizing resolution or document executed
12 by a chief executive officer, where applicable. This authorization shall be subject to approval
13 by the State Bond Commission and the Office of the Attorney General, and when so
14 accepted and approved, the authorization shall constitute and be the reimbursement contract
15 for such authorized project, as required hereunder. The reimbursement bonds authorized
16 under the provisions of this Section may be issued on a parity with outstanding
17 reimbursement bonds of the applicable management board, governing body, or state agency,
18 or issued on a subordinate lien basis to outstanding bonds, or a combination thereof, and may
19 include and contain such covenants with the State Bond Commission for the security and
20 payment of the reimbursement bonds and such other customary provisions and conditions
21 for their issuance by the applicable management board, governing body, or state agency as
22 are authorized and provided for by general law and by this Section. Until project bonds for
23 an authorized project have been paid, the applicable management board, governing body,
24 or state agency shall impose fees and charges in an amount sufficient to comply with the
25 covenants securing outstanding bonds and to make the payments required by the
26 reimbursement contract.

27 (E) In addition to the other payments herein required, reimbursement contracts shall
28 provide for the setting aside of sufficient student fees or revenues or other revenues in a
29 reserve fund, so that within a period of not less than ten years from date of issuance of
30 project bonds there shall be accumulated in a reserve fund monies equal to a sum not less
31 than the average annual debt service requirements on such project bonds. Monies in the

1 reserve fund shall be used for the purpose of remedying or preventing a default in making
2 the required payments under a reimbursement contract. The reserve fund required hereunder
3 may consist of a reserve fund heretofore or hereafter established to secure payments for
4 reimbursement bonds of the applicable management board, governing body, or state agency,
5 provided that (1) payments from said reserve fund to secure the payments required to be
6 made under a reimbursement contract shall be on a parity with the payments to be made
7 securing outstanding bonds and additional parity bonds and (2) no additional parity
8 reimbursement bonds shall be issued except pursuant to the establishment and maintenance
9 of an adequate reserve fund as approved by the State Bond Commission.

10 (F) When the balance of reimbursement bond proceeds, for a project, are allocated
11 to another project, the State Bond Commission is authorized to make the appropriate
12 amendment to the reimbursement contract with the agency making the reimbursement
13 payments.

14 Section 6. The bonds authorized to be sold by the State Bond Commission pursuant
15 to this Act shall be issued and sold in conformity with the provisions of Article VII, Section
16 6 of the Louisiana Constitution, R.S. 39:1361 through R.S. 39:1367, and R.S. 39:1401
17 through R.S. 39:1430.1, and any amendments thereto adopted prior to, at the same time as,
18 or subsequent to, the effective date of this Act. However, the provisions of R.S. 39:1365(9)
19 shall not apply to any bonds issued hereunder in the form of variable rate and/or tender
20 option bonds and that said bonds need not be issued in serial form and may mature in such
21 year or years as may be specified by the State Bond Commission. Should any provision of
22 this Act be inconsistent with any provision of the Louisiana Revised Statutes of 1950, the
23 provision of this Act shall govern. In connection with the issuance of the bonds authorized
24 hereby, the State Bond Commission may, without regard to any other laws of the state
25 relating to the procurement of services, insurance, or facilities, enter into contracts upon such
26 terms as it deems advantageous to the state for (1) the obtaining of credit enhancement or
27 liquidity devices designed to improve the marketability of the bonds and (2) if the bonds are
28 structured as variable rate and/or tender option bonds to provide the services and facilities
29 required for or deemed appropriate by the State Bond Commission for such type of bonds,
30 including those of tender agents, placement agents, indexing agents, remarketing agents,
31 and/or standby bond purchase facilities. The cost of obtaining credit enhancement or

1 liquidity devices and fees for other services set forth in this Section shall, if authorized by
2 the State Bond Commission, be paid from the Bond Security and Redemption Fund as a
3 requirement with respect to the issuance of the bonds authorized hereby. The bonds shall be
4 general obligations of the state of Louisiana, to the payment of which, as to principal,
5 premium, if any, and interest, as and when the same become due, the full faith and credit of
6 the state is hereby irrevocably pledged. These bonds shall be secured by monies in the Bond
7 Security and Redemption Fund and shall be payable on a parity with bonds and other
8 obligations heretofore and hereafter issued which are secured by that fund. The maximum
9 interest rate or rates on such bonds, and their maturities, shall be determined by the State
10 Bond Commission. The state treasurer shall invest all bond proceeds until disbursed.

11 Section 7. Unless specifically repealed, this Act shall expire, and be considered null
12 and void and of no further effect on June 30, 2018, except as to any bonds authorized herein
13 (1) which have been sold, (2) to which lines of credit have been issued, or (3) for which
14 contracts for construction have been signed.

15 Section 8. Notwithstanding the provisions of R.S. 39:101(A) and 112(C), projects
16 included within Section (1)(A) of House Bill No. 2 of the 2017 Second Extraordinary
17 Session of the Legislature are hereby deemed to have timely submitted capital outlay budget
18 request applications for Fiscal Year 2017-2018 and to have complied with the late approval
19 requirements of R.S. 39:112(C), and as such shall be eligible for cash and noncash lines of
20 credit for Fiscal Year 2017-2018. Beginning in Fiscal Year 2018-2019, all projects shall
21 comply with the provisions of R.S. 39:101(A) and 112(C).

22 Section 9. Notwithstanding the provisions of R.S. 39:101(A) and 112(C), projects
23 included within Section (1)(B) of House Bill No. 2 of the 2017 Second Extraordinary
24 Session of the Legislature are hereby deemed to have until June 30, 2017, to submit capital
25 outlay budget request applications pursuant to R.S. 39:101(A) and to obtain late approval
26 pursuant to the provisions of R.S. 39:112(C). Beginning in Fiscal Year 2018-2019, all
27 projects shall comply with the provisions of R.S. 39:101(A) and 112(C).

28 Section 10. No project which receives an appropriation in the Capital Outlay Act for
29 Fiscal Year 2017-2018 shall be exempt from any provision of the public bid laws or laws

1 pertaining to the review of plans and specifications by the state entity administering the
2 project without requesting and receiving prior authorization from the commissioner of
3 administration. Furthermore, no entity that receives an appropriation in the Capital Outlay
4 Act for Fiscal Year 2017-2018 shall enter into contracts prior to the issuance of a line of
5 credit, prior to receipt of funding, or prior to entering into a cooperative endeavor agreement,
6 nor may the entity be reimbursed for any such expenditures without requesting and receiving
7 prior authorization from the commissioner of administration. Notwithstanding anything in
8 this Act, or any other Capital Outlay Act, the Preservation and Restoration of Historic
9 Structures for Hope Haven/Madonna Manor Campus, Planning and Construction project is
10 hereby transferred from the Archdiocese of New Orleans to Jefferson Parish.
11 Notwithstanding anything in this Act, or any other Capital Outlay Act, the Terrebonne
12 Sports Complex, Phase 1, Infrastructure Improvements, Acquisition, Planning and
13 Construction project is hereby transferred from Terrebonne Parish Recreation Districts Two
14 and Three to Terrebonne Parish. The commissioner of administration is hereby authorized
15 to determine whether to exempt the Professional Specialties, USDA Veterinary Biologic
16 Facility, Planning and Construction project from the public bid laws or the laws pertaining
17 to the review of plans and specifications by the Office of Facility Planning and Control
18 without prior authorization of the commissioner of administration, and the laws prohibiting
19 such entity to be reimbursed for any such expenditures without prior authorization of the
20 commissioner of administration. The commissioner of administration is further authorized
21 to determine whether to exempt the Global Foundation for Better Education, Health and
22 Environment, Inc., Urgent Care Facility, Planning and Construction project from the public
23 bid laws, the laws pertaining to the review of plans and specifications by the Office of
24 Facility Planning and Control without prior authorization, the laws prohibiting contracts
25 from being entered into prior to the issuance of a line of credit, prior to the receipt of
26 funding, or prior to the execution of a cooperative endeavor agreement, and the laws
27 prohibiting such entity to be reimbursed for any such expenditures without prior
28 authorization of the commissioner of administration.

29 Section 11. This Act shall become effective upon signature by the governor or, if not
30 signed by the governor, upon expiration of the time for bills to become law without signature
31 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
2 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____