

**SENATE FLOOR AMENDMENTS**

2017 Regular Session

Amendments proposed by Senator Morrell to Engrossed House Bill No. 234 by Representative Zeringue

1 AMENDMENT NO. 1

2 On page 1, line 2, after "To" delete the remainder of the line and delete lines 3 through 7 in  
3 their entirety and insert the following:

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

12 AMENDMENT NO. 2

13 On page 1, at the beginning of line 9, after "Section 1." delete the remainder of the line and  
14 delete lines 11 through 19 in their entirety and on page 2, delete line 1 through 25 in their  
15 entirety and insert the following:

16 "The legislature hereby recognizes that the Constitution of Louisiana provides in Article VII,  
17 Section 11, that the governor shall present to the legislature a five- year Capital Outlay  
18 Program and request implementation of the first year of such program, and that the capital  
19 outlay projects approved by the legislature are to be made part of the comprehensive state  
20 capital budget which shall, in turn, be adopted by the legislature. Further, all projects in such  
21 budget adopted by the legislature requiring bond funds must be authorized as provided in  
22 Article VII, Section 6 of the Constitution of Louisiana. The legislature finds that over a  
23 period of years the legislature has enacted numerous bond authorizations, but due to inflation  
24 and the requirements of specificity of amount for each project, impossibility, or  
25 impracticability, many of the projects cannot be undertaken. All of the unissued bonds must  
26 be listed in the financial statements of the state prepared from time to time and in connection  
27 with the marketing of bonds, and are taken into account by rating agencies, prospective  
28 purchasers, and investors in evaluating the investment quality and credit worthiness of bonds  
29 being offered for sale. The continued carrying of the aforesaid unissued bonds on the  
30 financial statements of the state under the above described circumstances operates  
31 unnecessarily to the financial detriment of the state. Accordingly, the legislature deems it  
32 necessary and in the best financial interest of the state to repeal all Acts, except any Act  
33 authorizing the issuance of refunding bonds and Act 41 of the 2006 First Extraordinary  
34 Session, providing for the issuance of general obligation bonds in the state which cannot be  
35 issued for the projects contemplated, and in their stead to reauthorize general obligation  
36 bonds of the state for those projects deemed to be essential, and to authorize new projects.

37 Section 2. It is the intent of the legislature that this Act shall constitute the Omnibus  
38 Bond Authorization Act of 2017 and, together with any Act authorizing the issuance of  
39 refunding bonds and Act 41 of the 2006 First Extraordinary Session, shall provide bond  
40 authorization, as required by Article VII, Section 6 of the Constitution of Louisiana, for  
41 those projects to be funded totally or partially by the sale of general obligation bonds and  
42 included in House Bill No. 2 of the 2017 Regular Session as finally enacted into law (2017  
43 Capital Outlay Act). It is the further intent of the legislature that in this year and each year  
44 hereafter an Omnibus Bond Authorization Act shall be enacted providing for the repeal of  
45 state general obligation bond authorizations for projects no longer found feasible or  
46 desirable, the reauthorization of those bonds not sold during the prior fiscal year for projects  
47 deemed to be of such priority as to warrant such reauthorization, and to enact new  
48 authorization for projects found to be needed for capital improvements.

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

11 Section 4. To provide funds for certain capital improvement projects the State Bond  
12 Commission is hereby authorized pursuant to Article VII, Section 6 of the Constitution of  
13 Louisiana to issue general obligation bonds or other general obligations of the state for  
14 capital improvements for the projects, and subject to any terms and conditions set forth on  
15 the issuance of bonds or the expenditure of monies for each project as is provided for in the  
16 2017 Capital Outlay Act.

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

25 (B) Without affecting, restricting, or limiting the pledge herein made of the full faith  
26 and credit of the state of Louisiana to the payment of the general obligation bonds authorized  
27 by this Section and without affecting, restricting, or limiting the obligation of the state to pay  
28 the same from monies pledged and dedicated to and paid into the Bond Security and  
29 Redemption Fund, but in order to decrease the possible financial burden on the general funds  
30 of the state resulting from this pledge and obligation, the applicable management board,  
31 governing body, or state agency for which any of such project bonds are issued, in the fiscal  
32 year in which such project bonds are issued and in each fiscal year thereafter until such  
33 project bonds and the interest thereon are paid, shall transfer and make available to the state  
34 treasury, for deposit in the Bond Security and Redemption Fund, designated student fees or  
35 revenues or other revenues in an amount equal to the debt service on such project bonds in  
36 such fiscal year. In addition, the applicable management board, governing body, or state  
37 agency, in the fiscal year in which such project bonds are issued and in each of the nine  
38 immediately succeeding fiscal years thereafter, shall transfer and make available to the state  
39 treasury from designated student fees or revenues or other revenues, for credit to a  
40 reimbursement reserve account for such project bonds which shall be established in an  
41 account designated in the reimbursement contract hereafter provided for, monies in an  
42 amount equal to one-tenth of the average annual debt service on such project bonds, and  
43 each such reimbursement reserve account thereafter shall be maintained in said minimum  
44 amount by further transfers, if necessary, from designated student fees or revenues or other  
45 revenues by the applicable management board, governing body, or state agency to the state  
46 treasury. Each such reimbursement reserve account shall be used, if necessary, solely to  
47 make the reimbursement payments herein obligated to be made to the state treasury. When  
48 the general obligation bonds and the interest thereon issued hereunder have been paid, any  
49 amount remaining in the reimbursement reserve account, as prorated to such authorized  
50 project, shall be transferred by the state treasurer to the applicable management board,  
51 governing body, or state agency.

52 (C) No project bonds authorized by this Section shall be issued for any authorized  
53 project unless and until a reimbursement contract has been entered into and executed  
54 between the applicable management board, governing body, or state agency and the State  
55 Bond Commission pertaining to the reimbursement payment and reimbursement reserve  
56 account payments for such project. The contract shall require payment into the state treasury  
57 of designated student fees or revenues or other revenues in an amount sufficient to reimburse

1 the cost to the state of the principal, interest, and premium, if any, obligated to be paid by  
2 the state on such project bonds. The State Bond Commission shall not be required to execute  
3 any such reimbursement contract unless the estimates and projections of the designated  
4 student fees or revenues or other revenues available for payment into the state treasury  
5 thereunder for the authorized projects are sufficient to reimburse the costs of the principal,  
6 interest, and premium, if any, on the project bonds. A reimbursement contract hereunder  
7 shall be authorized by resolution of the applicable management board, governing body, or  
8 state agency, or board or by act of the chief executive officer if no governing board exists.

9 This authorization shall provide for the dates, amounts, and other details for the  
10 payments required to be made to the state treasury and for the reserve account. The  
11 authorization may contain such covenants with the State Bond Commission regarding the  
12 fixing of rates for fees and charges or revenues and such other covenants and agreements  
13 with the State Bond Commission as will assure the required payments to the state treasury.  
14 The contract shall be subject to approval by the Office of the Attorney General and the State  
15 Bond Commission and, when so accepted and approved, shall conclusively constitute and  
16 be the reimbursement contract for an authorized project, as required hereunder.

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

43 (E) In addition to the other payments herein required, reimbursement contracts shall  
44 provide for the setting aside of sufficient student fees or revenues or other revenues in a  
45 reserve fund, so that within a period of not less than ten years from date of issuance of  
46 project bonds there shall be accumulated in a reserve fund monies equal to a sum not less  
47 than the average annual debt service requirements on such project bonds. Monies in the  
48 reserve fund shall be used for the purpose of remedying or preventing a default in making  
49 the required payments under a reimbursement contract. The reserve fund required hereunder  
50 may consist of a reserve fund heretofore or hereafter established to secure payments for  
51 reimbursement bonds of the applicable management board, governing body, or state agency,  
52 provided that (1) payments from said reserve fund to secure the payments required to be  
53 made under a reimbursement contract shall be on a parity with the payments to be made  
54 securing outstanding bonds and additional parity bonds and (2) no additional parity  
55 reimbursement bonds shall be issued except pursuant to the establishment and maintenance  
56 of an adequate reserve fund as approved by the State Bond Commission.

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

5 Section 6. The bonds authorized to be sold by the State Bond Commission pursuant  
6 to this Act shall be issued and sold in conformity with the provisions of Article VII, Section  
7 6 of the Louisiana Constitution, R.S. 39:1361 through R.S. 39:1367, and R.S. 39:1401  
8 through R.S. 39:1430.1, and any amendments thereto adopted prior to, at the same time as,  
9 or subsequent to, the effective date of this Act. However, the provisions of R.S. 39:1365(9)  
10 shall not apply to any bonds issued hereunder in the form of variable rate and/or tender  
11 option bonds and that said bonds need not be issued in serial form and may mature in such  
12 year or years as may be specified by the State Bond Commission. Should any provision of  
13 this Act be inconsistent with any provision of the Louisiana Revised Statutes of 1950, the  
14 provision of this Act shall govern. In connection with the issuance of the bonds authorized  
15 hereby, the State Bond Commission may, without regard to any other laws of the state  
16 relating to the procurement of services, insurance, or facilities, enter into contracts upon such  
17 terms as it deems advantageous to the state for (1) the obtaining of credit enhancement or  
18 liquidity devices designed to improve the marketability of the bonds and (2) if the bonds are  
19 structured as variable rate and/or tender option bonds to provide the services and facilities  
20 required for or deemed appropriate by the State Bond Commission for such type of bonds,  
21 including those of tender agents, placement agents, indexing agents, remarketing agents,  
22 and/or standby bond purchase facilities. The cost of obtaining credit enhancement or  
23 liquidity devices and fees for other services set forth in this Section shall, if authorized by  
24 the State Bond Commission, be paid from the Bond Security and Redemption Fund as a  
25 requirement with respect to the issuance of the bonds authorized hereby. The bonds shall be  
26 general obligations of the state of Louisiana, to the payment of which, as to principal,  
27 premium, if any, and interest, as and when the same become due, the full faith and credit of  
28 the state is hereby irrevocably pledged. These bonds shall be secured by monies in the Bond  
29 Security and Redemption Fund and shall be payable on a parity with bonds and other  
30 obligations heretofore and hereafter issued which are secured by that fund. The maximum  
31 interest rate or rates on such bonds, and their maturities, shall be determined by the State  
32 Bond Commission. The state treasurer shall invest all bond proceeds until disbursed.

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

37 Section 8. Notwithstanding the provisions of R.S. 39:101(A) and 112(C), projects  
38 included within Section (1)(A) of House Bill No. 2 of the 2017 Regular Session of the  
39 Legislature are hereby deemed to have timely resubmitted capital outlay budget request  
40 applications for Fiscal Year 2017-2018 and to have complied with the late approval  
41 requirements of R.S. 39:112(C), and as such shall be eligible for cash and noncash lines of  
42 credit for Fiscal Year 2017-2018. Beginning in Fiscal Year 2018-2019, all projects shall  
43 comply with the provisions of R.S. 39:101(A) and 112(C).

44 Section 9. Notwithstanding the provisions of R.S. 39:101(A) and 112(C), projects  
45 included within Section (1)(B) of House Bill No. 2 of the 2017 Regular Session of the  
46 Legislature are hereby deemed to have until June 19, 2017, to submit capital outlay budget  
47 request applications pursuant to R.S. 39:101(A) and to obtain late approval pursuant to the  
48 provisions of R.S. 39:112(C). Beginning in Fiscal Year 2018-2019, all projects shall  
49 comply with the provisions of R.S. 39:101(A) and 112(C).

50 Section 10. No project which receives an appropriation in the Capital Outlay Act for  
51 Fiscal Year 2017-2018 shall be exempt from any provision of the public bid laws or laws  
52 pertaining to the review of plans and specifications by the state entity administering the  
53 project without prior authorization from the commissioner of administration. Furthermore,  
54 no project that receives an appropriation in the Capital Outlay Act shall enter into contracts  
55 prior to the issuance of a line of credit, prior to receipt of funding, or prior to entering into

1 a cooperative endeavor agreement, nor may the entity be reimbursed for any such  
2 expenditures without prior authorization from the State Bond Commission."

3 AMENDMENT NO. 3

4 On page 2, at the beginning of line 26, delete "Section 3." and insert "Section 11."