
DIGEST

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HB 940 Engrossed

2024 Regular Session

Turner

Abstract: Authorizes the issuance of up to \$1.681 billion in bonds to fund deferred maintenance projects included in the College and University Deferred Maintenance Capital Improvement Program

Proposed law establishes the College and University Deferred Maintenance Capital Improvement Program to address the deferred maintenance and capital improvement needs at public postsecondary educational institutions in La. Proposed law grants the Bd. of Supervisors of La. State University and Agricultural and Mechanical College, the Bd. of Supervisors for the University of La. System, the Bd. of Supervisors of Southern University and Agricultural and Mechanical College, and the Bd. of Supervisors of Community and Technical Colleges (hereinafter collectively "boards") the authority to facilitate the financing of deferred maintenance and capital improvements projects.

Proposed law defines a "project" as improvements addressing deferred maintenance of public facilities including the complete renovation of buildings with significant deferred maintenance needs; utility infrastructure; drainage, street, sidewalk, and site infrastructure; the demolition of public facilities, and any other improvements to address deferred maintenance needs, to be financed as authorized and provided in proposed law. The term "project" shall not include new buildings or building additions, other than minor additions required for code compliance or improved access to a public facility.

Proposed law defines a "public facility" or "public facilities" as buildings, equipment, and other permanent property or immovable property of the system under the supervision and control of the board.

Proposed law defines "system" as the La. State University System, the University of La. System, the Southern University System, or the La. Community and Technical Colleges System.

Proposed law authorizes the board of a system, at its discretion, to fund projects or to fund these projects through financing programs provided by the La. Local Government Environmental Facilities and Community Development Authority pursuant to present law (R.S. 33:4548.1 et seq.) or a public trust duly organized pursuant to present law that has the state as its beneficiary, with the approval of the State Bond Commission.

Proposed law provides for the requirements and limitations for issuance of the bonds including the maturity dates, term of the bonds, interest rates, denominations, and price.

Proposed law exempts projects financed or constructed on behalf of a system from the present law requirement of being included in the annual comprehensive capital budget or to obtain legislative approval.

Proposed law requires projects financed or constructed on behalf of a system to be managed and administered by a corporation, regardless of the source of revenues used to fund the projects. Further provides for requirements that the corporation must adhere to including disclosure of property interests of any party contracting with the corporation in connection with a project, its responsibilities and those of any party contracting with the corporation in the development of a project, disclosure of contracts the board enters into, responsibilities of any party contracting with the corporation with respect to the financing of a project, and adoption and maintenance of a policy on conflicts of interest.

Proposed law requires the president of a system to be provided reasonable notice of and all materials relating to and be allowed to attend and participate in all meetings of the corporation's board of directors and of any committee of the corporation charged with the procurement, management, or oversight of a project.

Proposed law requires each board member of the corporation and each member of his immediate family who derives anything of economic value directly, through any transaction involving the corporation or who derives anything of economic value of which he may be reasonably expected to know through a person which has bid on or entered into or is in any way financially interested in any contract or transaction under the supervision or jurisdiction of the corporation to disclose certain information in compliance with the Code of Governmental Ethics as provided for in present law.

Proposed law requires the corporation to hold a public hearing in accordance with present law (Open Meetings Law) prior to beginning construction or management of any project in excess of \$1 million of total installed costs and to issue a request for qualifications or request for proposals to select contractors for any project in excess of \$1 million.

Proposed law requires the corporation to publish minutes of all meetings on the board's internet homepage in accordance with the Public Records Law as provided for in present law.

Proposed law requires the corporation to establish procedures for and to use a public announcement system for solicitation of letters of interest from qualified contractors and to provide a request for qualifications package or request for proposals package to any contractor who submits a letter of interest. All required information shall be identified in the package and in standard response forms. Further provides for items interested contractors must include in their responses to the request for qualifications package or request for proposals package.

Proposed law requires the corporation to evaluate and grade all responses received from solicitation of offers or to alternatively allow an advisory committee to evaluate and grade all responses. Proposed law provides for factors the corporation must consider as part of its selection process.

Proposed law requires the corporation to establish a process for selection of qualified contractors and

obtaining approval in writing for the letting of the contract from the board and to continuously review and monitor the status of and contractor performance for each project that the corporation undertakes.

Proposed law provides with respect to annual reports the corporation is required to make available on the internet and make available for public inspection. Further requires annual reports to be submitted to the commissioner of administration and the Joint Legislative Committee on Capital Outlay by April 30 in the calendar year following the calendar year that is the subject of the annual report. The corporation is required to maintain annual reports, books, and records directly pertaining to the expenditure of project funds, for a minimum of three years following final completion of the project and shall be subject to audit by internal or external auditors selected by the board.

Proposed law authorizes the board to grant leases of property under its supervision to a nonprofit corporation or to an entity authorized to issue bonds for the purpose of financing projects. Further limits the term of any lease agreement to not more than 30 years.

Proposed law prohibits monies from being appropriated for any project until July 1, 2026, and prohibits bonds, notes, or other evidences of indebtedness from being issued for any project or by any system for a project to be financed pursuant to proposed law after July 1, 2036.

Proposed law provides that the maximum amount of bonds that may be issued to finance projects pursuant to proposed law is \$1.681B, together with other requirements including but not limited to costs of issuance, if any, credit enhancement and related costs. The monies shall be allocated as follows:

- (1) The Southern University System, \$153 million.
- (2) The University of La. System, \$523 million.
- (3) The La. State University System, \$752 million.
- (4) The La. Community and Technical College System, \$253 million.

Proposed law requires the commissioner of administration to approve the cooperative endeavor agreements (CEA) entered into by the parties for any project prior to commencement of any work, including planning and design. Further requires each CEA to include an annual appropriation dependency clause.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 17:3369.1-3369.3)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Education to the original bill:

1. Increase the amount of project costs that triggers a requirement for a public hearing prior to beginning construction or management of the project from \$250,000 to \$1 million.
2. Increase the amount of project costs that triggers a requirement for the corporation to issue a request for qualifications or request for proposals to select contractors for any project from \$250,000 to \$1 million.