
DIGEST

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HB 940 Reengrossed

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 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 authorizes the board of a system to enter into agreements with one or more corporations to administer and manage projects and to use alternative competitive procurement and delivery methods with public advertisement for the award of any contracts in excess of \$1 million of total installed costs under certain circumstances.

Proposed law requires the commissioner of administration, hereinafter "commissioner", to select the corporation or corporations from a list of qualified corporations submitted by the board.

Proposed law requires the commissioner and the director of the office of facility planning and control, hereinafter "FP&C" and "director", to approve all cooperative endeavor agreements, hereinafter "CEA", entered into between the board, a corporation, and the state prior to the commencement of any planning, design, or construction activities. Further requires each CEA to set forth the requirements and responsibilities of each party and to be in accordance with the guidelines and standards of CEAs administered by FP&C.

Proposed law requires each CEA to include an annual appropriation dependency clause.

Proposed law requires monies to pay for the costs of projects to be disbursed by the director within 45 days of submission of project expenses to the director by the board.

Proposed law authorizes a project with a total of installed costs of less than \$1 million to be undertaken by a board if the project is approved by the board, the commissioner, and the director. However, the director is required to monitor projects undertaken by a board.

Proposed law requires the board and the corporation to submit written reports every six months which contains information on the status of each project administered by them.

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 \$1.681 billion, 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.

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.

The Committee Amendments Proposed by House Committee on Ways and Means to the engrossed bill:

1. Delete 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, public meetings and the posting of meeting minutes, adoption and maintenance of a policy on conflicts of interest, and the process for selection of qualified contractors.
2. Delete all requirements related to meetings of a corporation's board, conflicts of interest, and disclosure of certain information regarding financial interests in contracts under the supervision of the corporation's board.
3. Delete provisions related to contracts in excess of \$1 million, in favor of requiring the commissioner to select qualified corporations from a list of corporations submitted by the board of a system.
4. Authorize the board of a system to enter into agreements with one or more corporations to administer and manage projects.

5. Authorize the use alternative competitive procurement and delivery methods with public advertisement for the award of any contracts for the construction of any project in excess of \$1 million of total installed costs.
6. Require the commissioner and the director to approve all CEAs entered into between the board, a corporation, and the state prior to the commencement of any planning, design, or construction activities.
7. Require the CEA to set forth the requirements and responsibilities of each party and to conform to the standards of CEAs administered by FP&C.
8. Require monies to pay for the costs of projects to be disbursed by the director within 45 days of submission of project expenses to the director by the board.
9. Authorize the board of a system to undertake a project with a total installed cost of less than \$1 million if the project is approved by the board, the commissioner, and the director.
10. Require the director to monitor projects undertaken by a board.
11. Require the board and the corporation to submit written reports every six months which contains information on the status of each project administered by them.
12. Make technical changes.