

RÉSUMÉ DIGEST

ACT 751 (HB 940)

2024 Regular Session

Turner

New law establishes a program to address the deferred maintenance and capital improvement needs at public postsecondary educational institutions in La. New 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.

New law defines a "corporation" as a nonprofit corporation which may be utilized to accomplish the purposes of new law. The term "corporation" also includes a limited liability company whose sole member is a nonprofit corporation.

New 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 new 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.

New law defines a "public facility" or "public facilities" as buildings, equipment, utilities, site components, roads, streets, and other permanent property or immovable property of the system under the supervision and control of the board.

New 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.

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

New 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.

New law exempts projects financed or constructed on behalf of a system from existing law requirements of being included in the annual comprehensive capital budget and obtaining legislative approval.

New law requires projects financed or constructed on behalf of a system to be administered by the division of administration, office of facility planning and control (FP&C). Further authorizes a board to enter into agreements with one or more corporations to manage projects which shall comply with the existing law provisions of the public bid law (R.S. 38:221 et seq.).

New law provides that the selection of a corporation by the board is subject to review by and the approval of the director of FP&C (hereinafter "director").

New law requires the commissioner of administration (hereinafter "commissioner") 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.

New law requires each CEA to include an annual appropriation dependency clause and provisions for the selection of designers, contractors, project managers, and other professional services prior to contracts being issued.

New law requires projects to first be approved by the commissioner who shall submit a list of approved projects to the Joint Legislative Committee on the Budget for approval. The approvals required pursuant to new law shall be secured for each project prior to the expenditure of any funds for planning, design, or construction activities.

New law requires the selection of designers, architects, or engineers for any project to be qualification-based selections in accordance with existing law.

New 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. Authorizes the director to retain up to 1% of the total cost of each project for costs incurred in the administration of each project.

New law exempts projects with total installed costs of less than \$1M undertaken by a board from the provisions of new law if the project is approved by the board, the commissioner, and the director. However, a board may undertake a project with a total installed cost of less than \$1 million if the board determines it is cost efficient and in the best interests of the board to do so. New law requires the director to monitor projects undertaken by a board.

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

New law authorizes the board to grant leases of property under its supervision to a corporation for the purpose of financing projects. Further limits the term of any lease agreement to 30 years.

New law prohibits bonds, notes, or other evidences of debt from being issued before July 1, 2026, or before the legislature has provided an appropriation for such purpose. Further 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 new law after July 1, 2036.

New law limits the maximum amount of bonds that may be issued to finance projects pursuant to new law to \$2 billion, which includes costs for issuance of bonds, credit enhancements, and related costs. The monies shall be allocated to systems as follows:

- (1) The Southern University System, \$153 million.
- (2) The University of La. System, \$523 million.
- (3) The La. State University System, \$1.071 billion.
- (4) The La. Community and Technical College System, \$253 million.

New law requires the proceeds of any bonds issued to finance projects to be deposited into the College and University Deferred Maintenance and Capital Improvement Fund, hereinafter "fund".

New law creates the fund as a special fund in the state treasury and provides for the deposit, transfer, or appropriation of monies into the fund and for interest earned on the investment of monies deposited into the fund.

New law provides that subject to appropriation, monies in the fund shall be used solely and exclusively by the boards to pay expenses associated with addressing deferred maintenance of public facilities under the control of the board in accordance with the limitations and restrictions provided for in new law.

Effective upon signature of governor (June 19, 2024).

(Adds R.S. 17:3369.1-3369.4)