

1 **REVENUE BOND AND CAPITAL FACILITIES**

2 **AUTHORIZATIONS**

3 2009 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Wayne L. Niederhauser**

6 House Sponsor: Stephen D. Clark

7

8 **LONG TITLE**

9 **General Description:**

10 This bill authorizes certain state agencies and higher education institutions to issue
11 revenue bonds, build capital facilities using agency, institutional, or donated funds, or
12 lease or dispose of real property.

13 **Highlighted Provisions:**

14 This bill:

- 15 ▶ authorizes the issuance of revenue bonds by the State Building Ownership Authority
- 16 and the State Board of Regents;
- 17 ▶ authorizes other capital facility design and construction to be funded from agency,
- 18 institutional, or donated funds; and
- 19 ▶ authorizes the lease or disposal of certain state real property.

20 **Monies Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 None

24 **Utah Code Sections Affected:**

25 ENACTS:

26 **63B-18-101**, Utah Code Annotated 1953

27 **63B-18-102**, Utah Code Annotated 1953



28 63B-18-201, Utah Code Annotated 1953

29 63B-18-301, Utah Code Annotated 1953



31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section 63B-18-101 is enacted to read:

33 **CHAPTER 18. 2009 BOND AND FINANCING AUTHORIZATIONS**

34 **Part 1. 2009 Revenue Bond Authorizations**

35 **63B-18-101. Revenue bond authorizations -- State Building Ownership Authority.**

36 (1) The Legislature intends that:

37 (a) the State Building Ownership Authority, under the authority of Title 63B, Chapter
38 1, Part 3, State Building Ownership Authority Act, may issue or execute obligations, or enter
39 into or arrange for a lease-purchase agreement in which participation interests may be created,
40 to provide up to \$3,800,000 for the acquisition of property in the Salt Lake City, Utah area on
41 which to construct a Department of Alcoholic Beverage Control warehouse expansion, together
42 with additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund
43 any debt service reserve requirements; and

44 (b) the Department of Alcoholic Beverage Control use increased sales revenues as the
45 primary revenue source for repayment of any obligation created under authority of this section.

46 (2) The Legislature intends that:

47 (a) the State Building Ownership Authority, under the authority of Title 63B, Chapter
48 1, Part 3, State Building Ownership Authority Act, may issue or execute obligations, or enter
49 into or arrange for a lease-purchase agreement in which participation interests may be created,
50 to provide up to \$19,904,000 for the construction of a warehouse expansion for the Department
51 of Alcoholic Beverage Control, together with additional amounts necessary to pay costs of
52 issuance, pay capitalized interest, and fund any debt service reserve requirements;

53 (b) the Department of Alcoholic Beverage Control use increased sales revenues as the
54 primary revenue source for repayment of any obligation created under authority of this section;
55 and

56 (c) the Department of Alcoholic Beverage Control may request operation and
57 maintenance funding from sales revenues.

58 Section 2. Section 63B-18-102 is enacted to read:

59 **63B-18-102. Revenue bond authorizations -- Board of Regents.**

60 (1) The Legislature intends that:

61 (a) the Board of Regents, on behalf of the University of Utah, may issue, sell, and
62 deliver revenue bonds or other evidences of indebtedness of the University of Utah to borrow
63 money on the credit, revenues, and reserves of the university, other than appropriations of the
64 Legislature, to finance the cost of constructing a south campus housing project;

65 (b) the University of Utah use student housing rental fees and parking fees as the
66 primary revenue sources for repayment of any obligation created under authority of this
67 section;

68 (c) the maximum amount of revenue bonds or evidences of indebtedness authorized by
69 this section is \$48,000,000, together with other amounts necessary to pay costs of issuance, pay
70 capitalized interest, and fund any debt service reserve requirements;

71 (d) the university may plan, design, and construct the south campus housing project
72 subject to the requirements of Title 63A, Chapter 5, State Building Board - Division of
73 Facilities Construction and Management; and

74 (e) the university may not request state funds for operation and maintenance costs or
75 capital improvements.

76 (2) The Legislature intends that:

77 (a) the Board of Regents, on behalf of the University of Utah, may issue, sell, and
78 deliver revenue bonds or other evidences of indebtedness of the University of Utah to borrow
79 money on the credit, revenues, and reserves of the university, other than appropriations of the
80 Legislature, to finance the cost of constructing an infrastructure development at the university
81 "green field" site;

82 (b) the University of Utah use research overhead funds and infrastructure fees on new
83 construction projects supported by this infrastructure development as the primary revenue
84 sources for repayment of any obligation created under authority of this section;

85 (c) the maximum amount of revenue bonds or evidences of indebtedness authorized by
86 this section is \$44,000,000, together with other amounts necessary to pay costs of issuance, pay
87 capitalized interest, and fund any debt service reserve requirements;

88 (d) the university may plan, design, and construct the infrastructure development at the
89 university "green field" site subject to the requirements of Title 63A, Chapter 5, State Building

90 Board - Division of Facilities Construction and Management; and

91 (e) the university may not request state funds for operation and maintenance costs or
92 capital improvements.

93 (3) The Legislature intends that:

94 (a) the Board of Regents, on behalf of the University of Utah, may issue, sell, and
95 deliver revenue bonds or other evidences of indebtedness of the University of Utah to borrow
96 money on the credit, revenues, and reserves of the university, other than appropriations of the
97 Legislature, to finance the cost of constructing an expansion of the University Neuropsychiatric
98 Institute subject to the requirements of Subsection 63B-17-301(1);

99 (b) the University of Utah use institutional funds as the primary revenue source for
100 repayment of any obligation created under authority of this section; and

101 (c) the maximum amount of revenue bonds or evidences of indebtedness authorized by
102 this section is \$45,000,000, together with other amounts necessary to pay costs of issuance, pay
103 capitalized interest, and fund any debt service reserve requirements.

104 (4) The Legislature intends that:

105 (a) the Board of Regents, on behalf of Utah State University, may issue, sell, and
106 deliver revenue bonds or other evidences of indebtedness of Utah State University to borrow
107 money on the credit, revenues, and reserves of the university, other than appropriations of the
108 Legislature, to finance the cost of constructing a Vernal entrepreneurship and energy research
109 center subject to the requirements of Subsection 63B-17-301(4);

110 (b) Utah State University use institutional funds as the primary revenue source for
111 repayment of any obligation created under authority of this section; and

112 (c) the maximum amount of revenue bonds or other evidences of indebtedness
113 authorized by this section is \$3,800,000, together with other amounts necessary to pay costs of
114 issuance, pay capitalized interest, and fund any debt service reserve requirements.

115 Section 3. Section **63B-18-201** is enacted to read:

116 **Part 2. 2009 Capital Facility Design and Construction Authorizations**

117 **63B-18-201. Authorizations to design and construct capital facilities using**

118 **institutional or agency funds.**

119 (1) The Legislature intends that:

120 (a) the University of Utah may, subject to requirements in Title 63A, Chapter 5, State

121 Building Board - Division of Facilities Construction and Management, use institutional funds
122 to plan and design an ambulatory care complex;

123 (b) this authorization and the existence of plans and designs do not guarantee nor
124 improve the chances for legislative approval of the remainder of the building in any subsequent
125 year; and

126 (c) no state funds be used for any portion of this planning and design.

127 (2) The Legislature intends that:

128 (a) the University of Utah may, subject to requirements in Title 63A, Chapter 5, State
129 Building Board - Division of Facilities Construction and Management, use \$64,445,000 in
130 donations to plan, design, and construct a replacement and expansion of the Eccles School of
131 Business Building, with 135,000 new square feet;

132 (b) no state funds be used for any portion of this project unless expressly appropriated
133 for this purpose or approved in a general obligation bond bill; and

134 (c) the university may request state funds for operation and maintenance costs and
135 capital improvements to the extent that the university is able to demonstrate to the Board of
136 Regents that the facility meets approved academic and training purposes under Board of
137 Regents policy R710.

138 (3) The Legislature intends that:

139 (a) the University of Utah may, subject to requirements in Title 63A, Chapter 5, State
140 Building Board - Division of Facilities Construction and Management, use \$8,689,000 in
141 donations to plan, design, and construct a renovation of the Kennecott Building, with 19,400
142 new square feet;

143 (b) no state funds be used for any portion of this project; and

144 (c) the university may request state funds for operation and maintenance costs and
145 capital improvements to the extent that the university is able to demonstrate to the Board of
146 Regents that the facility meets approved academic and training purposes under Board of
147 Regents policy R710.

148 (4) The Legislature intends that:

149 (a) the University of Utah may, subject to requirements in Title 63A, Chapter 5, State
150 Building Board - Division of Facilities Construction and Management, use \$30,737,000 in
151 donations to plan, design, and construct a Sorenson Arts and Education Complex, with 85,400

152 new square feet;

153 (b) no state funds be used for any portion of this project; and

154 (c) the university may request state funds for operation and maintenance costs and
155 capital improvements to the extent that the university is able to demonstrate to the Board of
156 Regents that the facility meets approved academic and training purposes under Board of
157 Regents policy R710.

158 (5) The Legislature intends that:

159 (a) the University of Utah may, subject to requirements in Title 63A, Chapter 5, State
160 Building Board - Division of Facilities Construction and Management, use \$4,477,500 in
161 donations to plan, design, and construct a Meldrum Civil Engineering Building, with 11,800
162 new square feet;

163 (b) no state funds be used for any portion of this project; and

164 (c) the university may request state funds for operation and maintenance costs and
165 capital improvements to the extent that the university is able to demonstrate to the Board of
166 Regents that the facility meets approved academic and training purposes under Board of
167 Regents policy R710.

168 (6) The Legislature intends that:

169 (a) the University of Utah may, subject to requirements in Title 63A, Chapter 5, State
170 Building Board - Division of Facilities Construction and Management, negotiate with a private
171 developer to develop the Universe Project on land west of the university football stadium;

172 (b) before entering into a contract with the developer, the university shall:

173 (i) present the final contract terms to the Legislature's Executive Appropriations
174 Committee;

175 (ii) obtain the approval of the State Building Board; and

176 (iii) the State Building Board may approve the agreement only if the university
177 demonstrates that the contract terms will be a benefit to the state;

178 (c) no state funds be used for any portion of this project; and

179 (d) the university may request state funds for operation and maintenance costs and
180 capital improvements to the extent that the university is able to demonstrate to the Board of
181 Regents that the facility meets approved academic and training purposes under Board of
182 Regents policy R710.

183 (7) The Legislature intends that:

184 (a) Utah Valley University may, subject to requirements in Title 63A, Chapter 5, State
185 Building Board - Division of Facilities Construction and Management, use \$2,650,000 in
186 grants and institutional funds to plan, design, and construct a Business Resource Center, with
187 12,000 new square feet;

188 (b) no state funds be used for any portion of this project; and

189 (c) the university may request state funds for operation and maintenance costs and
190 capital improvements to the extent that the university is able to demonstrate to the Board of
191 Regents that the facility meets approved academic and training purposes under Board of
192 Regents policy R710.

193 (8) The Legislature intends that:

194 (a) Utah Valley University may, subject to requirements in Title 63A, Chapter 5, State
195 Building Board - Division of Facilities Construction and Management, use \$1,200,000 in
196 donations and institutional funds to plan, design, and construct a track and field facility;

197 (b) no state funds be used for any portion of this project; and

198 (c) the university may request state funds for operation and maintenance costs and
199 capital improvements to the extent that the university is able to demonstrate to the Board of
200 Regents that the facility meets approved academic and training purposes under Board of
201 Regents policy R710.

202 (9) The Legislature intends that:

203 (a) Utah Valley University may, subject to requirements in Title 63A, Chapter 5, State
204 Building Board - Division of Facilities Construction and Management, use \$600,000 in
205 institutional funds to plan, design, and construct intramural playing fields;

206 (b) no state funds be used for any portion of this project; and

207 (c) the university may request state funds for operation and maintenance costs and
208 capital improvements to the extent that the university is able to demonstrate to the Board of
209 Regents that the facility meets approved academic and training purposes under Board of
210 Regents policy R710.

211 (10) The Legislature intends that:

212 (a) Southern Utah University may, subject to requirements in Title 63A, Chapter 5,
213 State Building Board - Division of Facilities Construction and Management, use \$2,000,000 in

214 donations to plan, design, and construct a baseball and soccer complex upgrade;

215 (b) no state funds be used for any portion of this project; and

216 (c) the university may not request state funds for operation and maintenance costs or
217 capital improvements.

218 (11) The Legislature intends that:

219 (a) the Department of Natural Resources may, subject to requirements in Title 63A,
220 Chapter 5, State Building Board - Division of Facilities Construction and Management, use
221 \$3,000,000 in federal grants to plan, design, and construct an interagency fire dispatch center,
222 with 10,000 new square feet;

223 (b) no state funds be used for any portion of this project; and

224 (c) the department may not request state funds for operation and maintenance costs or
225 capital improvements.

226 (12) The Legislature intends that:

227 (a) the Department of Natural Resources may, subject to requirements in Title 63A,
228 Chapter 5, State Building Board - Division of Facilities Construction and Management, use
229 \$7,500,000 in federal grants to plan, design, and construct a curation facility in Vernal, with
230 21,000 new square feet;

231 (b) no state funds be used for any portion of this project; and

232 (c) the department may not request state funds for operation and maintenance costs or
233 capital improvements.

234 (13) The Legislature intends that:

235 (a) the Department of Natural Resources may, subject to requirements in Title 63A,
236 Chapter 5, State Building Board - Division of Facilities Construction and Management, use
237 \$650,000 in federal grants to plan, design, and construct an expansion to the seed warehouse at
238 the Great Basin Research Center, with 9,000 new square feet;

239 (b) no state funds be used for any portion of this project unless expressly appropriated
240 for this purpose; and

241 (c) the department may not request state funds for operation and maintenance costs or
242 capital improvements.

243 (14) The Legislature intends that:

244 (a) the Department of Veterans' Affairs may, subject to requirements in Title 63A,

245 Chapter 5, State Building Board - Division of Facilities Construction and Management, use
246 \$3,500,000 in federal grants to plan, design, and construct improvements at the Veterans'
247 Cemetery, with 15,000 new square feet;

248 (b) no state funds be used for any portion of this project unless expressly appropriated
249 for this purpose; and

250 (c) the department may not request state funds for operation and maintenance costs or
251 capital improvements.

252 Section 4. Section **63B-18-301** is enacted to read:

253 **Part 3. 2009 Property Authorizations**

254 **63B-18-301. Authorizations to lease or dispose of property.**

255 (1) The Legislature intends that:

256 (a) the Division of Facilities Construction and Management, acting in coordination
257 with the Utah State Fair Corporation, may negotiate with the Utah Transit Authority for a
258 long-term lease of land, or a license for long-term use of land, to the Utah Transit Authority at
259 the State Fairpark; and

260 (b) before entering into a contract with the Utah Transit Authority, the division shall:

261 (i) obtain the approval of the State Building Board; and

262 (ii) the State Building Board may approve the agreement only if the division
263 demonstrates that the contract terms agree with Section 63A-5-306 and will be a benefit to the
264 state.

265 (2) The Legislature intends that:

266 (a) the Department of Workforce Services may, in coordination with the Division of
267 Facilities Construction and Management, sell a Temporary Placement Office in Salt Lake City,
268 Utah, and three vacated buildings in Logan, Utah; and

269 (b) sales shall be at fair market value.

Legislative Review Note
as of **2-26-09 4:57 PM**

Office of Legislative Research and General Counsel

S.B. 5 - Revenue Bond and Capital Facilities Authorizations

Fiscal Note

2009 General Session

State of Utah

State Impact

Debt service on revenue bonds authorized in this bill will be paid from departmental / institutional operating revenues. Revenue bonds issued for the Department of Alcoholic Beverage Control may impact the General Fund through changes in liquor profits.

If institutions of higher education are successful in raising funds sufficient to construct authorized facilities, the bill allows certain institutions to request state funds for operations and maintenance (O&M) of the facilities. The annual O&M is estimated as follows:

U of U Eccles School of Business Building: \$644,500
U of U Kennecott Building: \$168,400
U of U Sorenson Arts and Education Complex: \$573,600
U of U Meldrum Civil Engineering Building: \$73,800
U of U Universe Project: \$280,000
UVU Business Resource Center: \$88,600
UVU Track and Field Facility: \$30,000
UVU Intramural Fields: \$80,000

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.