

1 **REVENUE BOND AND CAPITAL FACILITIES**
2 **AUTHORIZATIONS AND GENERAL OBLIGATION**
3 **BOND AUTHORIZATION AMENDMENTS**

4 2006 GENERAL SESSION

5 STATE OF UTAH

6 **Chief Sponsor: John W. Hickman**

7 House Sponsor: D. Gregg Buxton

8
9 **LONG TITLE**

10 **General Description:**

11 This bill authorizes certain state agencies and higher education institutions to issue
12 revenue bonds or to build capital facilities using agency or institutional funds and
13 amends certain prior authorizations.

14 **Highlighted Provisions:**

15 This bill:

- 16 ▶ authorizes the issuance of revenue bonds by the State Building Ownership Authority
17 and the State Board of Regents;
18 ▶ authorizes other capital facility construction from agency or institutional funds;
19 ▶ modifies existing general obligation bond authorizations; and
20 ▶ modifies certain prior authorizations for revenue bonds and capital facility
21 construction.

22 **Monies Appropriated in this Bill:**

23 None

24 **Other Special Clauses:**

25 This bill provides an immediate effective date.

26 **Utah Code Sections Affected:**

27 AMENDS:



28 **63B-8-502**, as enacted by Chapter 309, Laws of Utah 1999

29 **63B-11-202**, as last amended by Chapter 25, Laws of Utah 2005

30 **63B-14-202**, as enacted by Chapter 180, Laws of Utah 2005

31 ENACTS:

32 **63B-15-301**, Utah Code Annotated 1953

33 **63B-15-302**, Utah Code Annotated 1953

34 **63B-15-401**, Utah Code Annotated 1953



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

37 Section 1. Section **63B-8-502** is amended to read:

38 **63B-8-502. Other capital facility authorizations and intent language.**

39 (1) It is the intent of the Legislature that:

40 (a) Salt Lake Community College use institutional funds to plan, design, and construct
41 an addition to the Student Activity Center at the Redwood Campus under the direction of the
42 director of the Division of Facilities Construction and Management unless supervisory
43 authority has been delegated; and

44 (b) no state funds be used for any portion of this project.

45 (2) It is the intent of the Legislature that:

46 (a) Salt Lake Community College use institutional funds to plan, design, and construct
47 the Student Activity Center at the Jordan Campus under the direction of the director of the
48 Division of Facilities Construction and Management unless supervisory authority has been
49 delegated; and

50 (b) no state funds be used for any portion of this project.

51 (3) It is the intent of the Legislature that:

52 (a) Southern Utah University use institutional funds to plan, design, and construct the
53 Shakespearean Festival Scene Shop under the direction of the director of the Division of
54 Facilities Construction and Management unless supervisory authority has been delegated; and

55 (b) no state funds be used for any portion of this project.

56 (4) It is the intent of the Legislature that:

57 (a) the University of Utah plan, design, and construct a new East Campus Central Plant
58 under the direction of the director of the Division of Facilities Construction and Management

59 unless supervisory authority has been delegated;

60 (b) the project may be financed through a third party to the extent that energy savings
61 resulting from the project are used to pay the annual debt service; and

62 (c) the University of Utah obtains the approval of the Board of Regents before entering
63 into a financing arrangement.

64 (5) It is the intent of the Legislature that:

65 (a) the University of Utah use institutional funds to plan, design, and construct a
66 pedestrian bridge over Wasatch Drive under the direction of the director of the Division of
67 Facilities Construction and Management unless supervisory authority has been delegated; and

68 (b) no state funds be used for any portion of this project.

69 (6) It is the intent of the Legislature that:

70 (a) Utah State University use institutional funds to plan, design, and construct an
71 addition to the Nora Eccles Harrison Museum of Art under the direction of the director of the
72 Division of Facilities Construction and Management unless supervisory authority has been
73 delegated;

74 (b) no state funds be used for the design and construction of this project; and

75 (c) the university may request state funds for operations and maintenance to the extent
76 it is able to demonstrate to the Board of Regents that the project meets approved academic and
77 training purposes under Board of Regents policy R710.

78 (7) It is the intent of the Legislature that:

79 (a) Utah State University use institutional funds to plan, design, and construct a
80 renovation and expansion of the Lyric Theater under the direction of the director of the
81 Division of Facilities Construction and Management unless supervisory authority has been
82 delegated;

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

84 (c) the university may request state funds for operations and maintenance to the extent
85 it is able to demonstrate to the Board of Regents that the project meets approved academic and
86 training purposes under Board of Regents policy R710.

87 (8) It is the intent of the Legislature that:

88 (a) the University of Utah use institutional funds to plan, design, and construct an
89 expansion of the Pioneer Memorial Theater under the direction of the director of the Division

90 of Facilities Construction and Management unless supervisory authority has been delegated;

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

92 (c) the university may request state funds for operations and maintenance to the extent
93 it is able to demonstrate to the Board of Regents that the project meets approved academic and
94 training purposes under Board of Regents policy R710.

95 (9) It is the intent of the Legislature that:

96 (a) the University of Utah use institutional funds to plan, design, and construct [~~an~~
97 ~~expansion of~~] a new building with associated parking for the College of Pharmacy under the
98 direction of the director of the Division of Facilities Construction and Management unless
99 supervisory authority has been delegated;

100 (b) no state funds be used for [~~the construction~~] any portion of this project; and

101 [~~(c) consideration be given to appropriating state funds for the increased operation and~~
102 ~~maintenance costs associated with academic programs and associated support.~~]

103 (c) the university may request state funds for operations and maintenance to the extent
104 that the university is able to demonstrate to the Board of Regents that the project meets
105 approved academic and training purposes under Board of Regents policy R710.

106 (10) It is the intent of the Legislature that:

107 (a) Weber State University use institutional funds to plan, design, and construct a
108 Visual Arts Building under the direction of the director of the Division of Facilities
109 Construction and Management unless supervisory authority has been delegated;

110 (b) no state funds be used for the construction of this project; and

111 (c) consideration be given to appropriating state funds for the increased operation and
112 maintenance costs associated with academic programs and associated support.

113 (11) It is the intent of the Legislature that the Department of Corrections use federal
114 funds to plan, design, and construct a 300 bed minimum security facility in Draper under the
115 direction of the director of the Division of Facilities Construction and Management unless
116 supervisory authority has been delegated.

117 (12) It is the intent of the Legislature that:

118 (a) the Department of Transportation pursue the sale of property located adjacent to the
119 Region One Headquarters in Ogden; and

120 (b) the Department of Transportation only expend those funds, up to the amount

121 collected, to expand the current Region One Headquarters Building.

122 (13) It is the intent of the Legislature that the State Hospital be allowed to use available
123 funding, up to \$100,000, to purchase the property adjacent to the Provo campus.

124 (14) It is the intent of the Legislature that:

125 (a) Dixie College use institutional funds to plan, design, and construct a satellite
126 campus building under the direction of the director of the Division of Facilities Construction
127 and Management unless supervisory authority has been delegated;

128 (b) no state funds be used for the construction of this project; and

129 (c) consideration be given to appropriating state funds for the increased operation and
130 maintenance costs associated with academic programs and associated support.

131 Section 2. Section **63B-11-202** is amended to read:

132 **63B-11-202. Maximum amount -- Projects authorized.**

133 (1) (a) The total amount of bonds issued under this part may not exceed \$21,250,000.

134 (b) When Utah State University certifies to the commission that the university has
135 obtained reliable commitments, convertible to cash, of [~~\$10,000,000~~] \$5,000,000 or more in
136 nonstate funds to [~~renovate the existing~~] construct an addition to the new engineering building
137 and demolish the existing engineering classroom building, the commission may issue and sell
138 general obligation bonds in a total amount not to exceed \$6,100,000.

139 (c) When the University of Utah certifies to the commission that the university has
140 obtained reliable commitments, convertible to cash, of \$13,000,000 or more in nonstate funds
141 to construct a new engineering building, the commission may issue and sell general obligation
142 bonds in a total amount not to exceed \$15,150,000.

143 (2) (a) Proceeds from the issuance of bonds shall be provided to the division to provide
144 funds to pay all or part of the cost of acquiring and constructing the projects listed in this
145 Subsection (2).

146 (b) These costs may include the cost of acquiring land, interests in land, easements and
147 rights-of-way, improving sites, and acquiring, constructing, equipping, and furnishing facilities
148 and all structures, roads, parking facilities, utilities, and improvements necessary, incidental, or
149 convenient to the facilities, interest estimated to accrue on these bonds during the period to be
150 covered by construction of the projects plus a period of six months after the end of the
151 construction period, and all related engineering, architectural, and legal fees.

152 (c) For the division, proceeds shall be provided for the following:

153 PROJECT	AMOUNT	ESTIMATED OPERATING
154 DESCRIPTION	FUNDED	AND MAINTENANCE COSTS
155 1. Utah State	\$5,943,500	\$425,000
156 University		
157 Engineering Building		
158 Renovation		
159 2. University of	\$15,000,000	\$489,000
160 Utah New		
161 Engineering Building		
162 COSTS OF ISSUANCE	\$306,500	
163 TOTAL CAPITAL AND ECONOMIC DEVELOPMENT		\$21,250,000

164 (d) For purposes of this section, operations and maintenance costs:

165 (i) are estimates only;

166 (ii) may include any operations and maintenance costs already funded in existing
167 agency budgets; and

168 (iii) are not commitments by this Legislature or future Legislatures to fund those
169 operations and maintenance costs.

170 (3) (a) The amounts funded as listed in Subsection (2) are estimates only and do not
171 constitute a limitation on the amount that may be expended for any project.

172 (b) The board may revise these estimates and redistribute the amount estimated for a
173 project among the projects authorized.

174 (c) The commission, by resolution and in consultation with the board, may delete one
175 or more projects from this list if the inclusion of that project or those projects in the list could
176 be construed to violate state law or federal law or regulation.

177 (4) (a) The division may enter into agreements related to these projects before the
178 receipt of proceeds of bonds issued under this chapter.

179 (b) The division shall make those expenditures from unexpended and unencumbered
180 building funds already appropriated to the Capital Projects Fund.

181 (c) The division shall reimburse the Capital Projects Fund upon receipt of the proceeds
182 of bonds issued under this chapter.

183 (d) The commission may, by resolution, make any statement of intent relating to that
184 reimbursement that is necessary or desirable to comply with federal tax law.

185 (5) (a) For those projects for which only partial funding is provided in Subsection (2),
186 it is the intent of the Legislature that the balance necessary to complete the projects be
187 addressed by future Legislatures, either through appropriations or through the issuance or sale
188 of bonds.

189 (b) For those phased projects, the division may enter into contracts for amounts not to
190 exceed the anticipated full project funding but may not allow work to be performed on those
191 contracts in excess of the funding already authorized by the Legislature.

192 (c) Those contracts shall contain a provision for termination of the contract for the
193 convenience of the state as required by Section 63-56-601.

194 (d) It is also the intent of the Legislature that this authorization to the division does not
195 bind future Legislatures to fund projects initiated from this authorization.

196 Section 3. Section **63B-14-202** is amended to read:

197 **63B-14-202. Revenue bond authorizations -- Board of Regents.**

198 (1) It is the intent of the Legislature that:

199 (a) the Board of Regents, on behalf of the University of Utah, may issue, sell, and
200 deliver revenue bonds or other evidences of indebtedness of the University of Utah to borrow
201 money on the credit, revenues, and reserves of the University of Utah, other than appropriations
202 of the Legislature, to finance the cost of acquiring, constructing, furnishing, and equipping a
203 west wing, two levels to the Eccles Critical Care Pavilion, and parking expansion at the
204 University Hospital;

205 (b) hospital revenues be used as the primary revenue source for repayment of any
206 obligation created under authority of this Subsection (1);

207 (c) the bonds or other evidences of indebtedness authorized by this Subsection (1) may
208 provide up to [~~\$42,000,000~~] \$90,000,000, together with other amounts necessary to pay costs
209 of issuance, pay capitalized interest, and fund any debt service reserve requirements;

210 (d) funds from the University Hospital Foundation, hospital operations, and other
211 institutional funds be used to fund the balance of the project costs;

212 (e) the University of Utah may plan, design, and construct a west wing and parking
213 expansion at the University Hospital under the direction of the director of the Division of

214 Facilities Construction and Management unless supervisory authority has been delegated; and

215 (f) the university may not request state funds for operations and maintenance.

216 (2) It is the intent of the Legislature that:

217 (a) the Board of Regents, on behalf of Weber State University, may issue, sell, and
218 deliver revenue bonds or other evidences of indebtedness of Weber State University to borrow
219 money on the credit, revenues, and reserves of Weber State University, other than
220 appropriations of the Legislature, to finance the cost of renovating the Shepherd Union
221 Building;

222 (b) student fees be used as the primary revenue source for repayment of any obligation
223 created under authority of this Subsection (2);

224 (c) the bonds or other evidences of indebtedness authorized by this Subsection (2) may
225 provide up to \$20,000,000, together with other amounts necessary to pay costs of issuance, pay
226 capitalized interest, and fund any debt service reserve requirements;

227 (d) Weber State University may plan, design, and renovate the Shepherd Union
228 Building under the direction of the director of the Division of Facilities Construction and
229 Management unless supervisory authority has been delegated; and

230 (e) the university may not request state funds for operations and maintenance.

231 Section 4. Section **63B-15-301** is enacted to read:

232 **Part 3. 2006 Revenue Bond Authorizations**

233 **63B-15-301. Revenue bond authorizations -- State Building Ownership Authority.**

234 (1) It is the intent of the Legislature that the State Building Ownership Authority, under
235 the authority of Title 63B, Chapter 1, Part 3, State Building Ownership Authority Act, may
236 issue or execute obligations, or enter into or arrange for a lease-purchase agreement in which
237 participation interests may be created, to provide up to \$7,371,000 for the acquisition and
238 construction of three stores for the Department of Alcoholic Beverage Control, together with
239 additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund any
240 debt service reserve requirements.

241 (2) It is the intent of the Legislature that the stores to be addressed through this
242 authorization are:

243 (a) a new store in the Holladay/Cottonwood area of Salt Lake County;

244 (b) expansion and remodel of the Kimball Junction store in Summit County; and

- 245 (c) expansion and remodel of the Redwood Road store in Salt Lake County.
- 246 (3) It is the intent of the Legislature that:
- 247 (a) increased sales revenues be used as the primary revenue source for repayment of
- 248 any obligation created under authority of this section; and
- 249 (b) the Department of Alcoholic Beverage Control may request operation and
- 250 maintenance funding from sales revenues.

Section 5. Section **63B-15-302** is enacted to read:

63B-15-302. Revenue bond authorizations -- Board of Regents.

It is the intent of the Legislature that:

- 254 (1) the Board of Regents, on behalf of Dixie State College, may issue, sell, and deliver
- 255 revenue bonds or other evidences of indebtedness of Dixie State College to borrow money on
- 256 the credit, revenues, and reserves of Dixie State College, other than appropriations of the
- 257 Legislature, to finance the cost of acquiring the Abby Apartment complex;
- 258 (2) housing rental fees be used as the primary revenue source for repayment of any
- 259 obligation created under authority of this section;
- 260 (3) the bonds or other evidences of indebtedness authorized by this section may
- 261 provide up to \$1,275,000, together with other amounts necessary to pay costs of issuance, pay
- 262 capitalized interest, and fund any debt service reserve requirements; and
- 263 (4) the college may not request state funds for operations and maintenance.

Section 6. Section **63B-15-401** is enacted to read:

Part 4. Capital Facility Constructions Authorizations

63B-15-401. Authorizations to construct capital facilities using institutional or agency funds.

- 268 (1) It is the intent of the Legislature that:
- 269 (a) the University of Utah may use donations and other institutional funds to plan,
- 270 design, and construct an addition to and remodel of the David Eccles School of Business
- 271 facilities under the direction of the director of the Division of Facilities Construction and
- 272 Management unless supervisory authority has been delegated;
- 273 (b) no state funds be used for any portion of this project; and
- 274 (c) the university may request state funds for operations and maintenance to the extent
- 275 that the university is able to demonstrate to the Board of Regents that the facility meets

276 approved academic and training purposes under Board of Regents policy R710.

277 (2) It is the intent of the Legislature that:

278 (a) Snow College may use donations and other institutional funds to plan, design, and
279 construct a Traditional Building Skills Institute facility under the direction of the director of the
280 Division of Facilities Construction and Management unless supervisory authority has been
281 delegated;

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

283 (c) the college may request state funds for operations and maintenance to the extent
284 that the college is able to demonstrate to the Board of Regents that the facility meets approved
285 academic and training purposes under Board of Regents policy R710.

286 (3) It is the intent of the Legislature that:

287 (a) the Utah National Guard may use federal funds to plan, design, and construct
288 Building #4 for the Joint Logistics Training Center under the direction of the director of the
289 Division of Facilities Construction and Management unless supervisory authority has been
290 delegated;

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

292 (c) the National Guard may not request state funds for operations and maintenance.

293 **Section 7. Effective date.**

294 If approved by two-thirds of all the members elected to each house, this bill takes effect
295 upon approval by the governor, or the day following the constitutional time limit of Utah
296 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
297 the date of veto override.

Legislative Review Note

as of 2-22-06 8:26 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel