

SENATE FLOOR AMENDMENTS

2019 Regular Session

Amendments proposed by Senator Morrell to Re-Reengrossed House Bill No. 2 by Representative Abramson

1 AMENDMENT NO. 1

2 On page 1, line 2, after "To" insert:

3 "enact the Omnibus Bond Authorization Act of 2019, relative to the
4 implementation of a five-year capital improvement program; to provide for
5 the repeal of certain prior bond authorizations; to provide for new bond
6 authorizations; to provide for authorization and sale of such bonds by the
7 State Bond Commission; to"

8 AMENDMENT NO. 2

9 On page 108, between lines 16 and 17, insert:

10 Section 18. The legislature hereby recognizes that the Constitution of Louisiana
11 provides in Article VII, Section 11, that the governor shall present to the legislature a five-
12 year Capital Outlay Program and request implementation of the first year of such program,
13 and that the capital outlay projects approved by the legislature are to be made part of the
14 comprehensive state capital budget which shall, in turn, be adopted by the legislature.
15 Further, all projects in such budget adopted by the legislature requiring bond funds must be
16 authorized as provided in Article VII, Section 6 of the Constitution of Louisiana. The
17 legislature finds that over a period of years the legislature has enacted numerous bond
18 authorizations, but due to inflation and the requirements of specificity of amount for each
19 project, impossibility, or impracticability, many of the projects cannot be undertaken. All
20 of the unissued bonds must be listed in the financial statements of the state prepared from
21 time to time and in connection with the marketing of bonds, and are taken into account by
22 rating agencies, prospective purchasers, and investors in evaluating the investment quality
23 and credit worthiness of bonds being offered for sale. The continued carrying of the
24 aforesaid unissued bonds on the financial statements of the state under the above described
25 circumstances operates unnecessarily to the financial detriment of the state. Accordingly,
26 the legislature deems it necessary and in the best financial interest of the state to repeal all
27 Acts, except any Act authorizing the issuance of refunding bonds and Act No. 41 of the 2006
28 First Extraordinary Session, providing for the issuance of general obligation bonds in the
29 state which cannot be issued for the projects contemplated, and in their stead to reauthorize
30 general obligation bonds of the state for those projects deemed to be essential, and to
31 authorize new projects.

32 Section 19. It is the intent of the legislature that Sections 18 through 28 of this Act
33 shall constitute the Omnibus Bond Authorization Act of 2019 and, together with any Act
34 authorizing the issuance of refunding bonds and Act No. 41 of the 2006 First Extraordinary
35 Session, shall provide bond authorization, as required by Article VII, Section 6 of the
36 Constitution of Louisiana, for those projects to be funded totally or partially by the sale of
37 general obligation bonds and included in this House Bill No. 2 of the 2019 Regular Session
38 as finally enacted into law (2019 Capital Outlay Act). It is the further intent of the
39 legislature that in this year and each year hereafter an Omnibus Bond Authorization Act shall
40 be enacted providing for the repeal of state general obligation bond authorizations for
41 projects no longer found feasible or desirable, the reauthorization of those bonds not sold
42 during the prior fiscal year for projects deemed to be of such priority as to warrant such
43 reauthorization, and to enact new authorization for projects found to be needed for capital
44 improvements.

45 Section 20. Except as hereinafter provided, all prior Acts of the legislature
46 authorizing the issuance of general obligation bonds of the state of Louisiana shall be and
47 the same are hereby repealed in their entirety, including without limitation House Bill No.
48 3 of the 2018 Second Extraordinary Session of the Louisiana Legislature as finally enacted
49 into law (2018 Omnibus Bond Authorization Act) and any Acts heretofore repealed with

1 such Act. This repeal shall not be applicable to any Act providing for the issuance of
 2 refunding bonds nor to Act No. 41 of the 2006 First Extraordinary Session, and such Acts
 3 shall remain in full force and effect and shall not be affected by the provisions of this Act.
 4 In addition, the repeal shall not in any manner affect the validity of any bonds heretofore
 5 issued pursuant to any of the bond authorizations repealed hereby.

6 Section 21. To provide funds for certain capital improvement projects the State Bond
 7 Commission is hereby authorized pursuant to Article VII, Section 6 of the Constitution of
 8 Louisiana to issue general obligation bonds or other general obligations of the state for
 9 capital improvements for the projects, and subject to any terms and conditions set forth on
 10 the issuance of bonds or the expenditure of monies for each project as is provided for in
 11 Sections 1 through 17 of this 2019 Capital Outlay Act.

12 Section 22.(A) To provide funds for certain capital improvement projects authorized
 13 prior to this Act and by this Act, which projects are designed to provide for reimbursement
 14 of debt service on general obligation bonds, the State Bond Commission is hereby authorized
 15 pursuant to Article VII, Section 6 of the Constitution of Louisiana, to issue general
 16 obligation bonds of the state, hereinafter referred to as "project bonds", for capital
 17 improvements for the projects and subject to any terms and conditions set forth on the
 18 issuance of bonds or the expenditure of monies for each such project as provided in this 2019
 19 Capital Outlay Act the terms of which require such reimbursement of debt service.

20 (B) Without affecting, restricting, or limiting the pledge herein made of the full faith
 21 and credit of the state of Louisiana to the payment of the general obligation bonds authorized
 22 by this Section and without affecting, restricting, or limiting the obligation of the state to pay
 23 the same from monies pledged and dedicated to and paid into the Bond Security and
 24 Redemption Fund, but in order to decrease the possible financial burden on the general funds
 25 of the state resulting from this pledge and obligation, the applicable management board,
 26 governing body, or state agency for which any of such project bonds are issued, in the fiscal
 27 year in which such project bonds are issued and in each fiscal year thereafter until such
 28 project bonds and the interest thereon are paid, shall transfer and make available to the state
 29 treasury, for deposit in the Bond Security and Redemption Fund, designated student fees or
 30 revenues or other revenues in an amount equal to the debt service on such project bonds in
 31 such fiscal year. In addition, the applicable management board, governing body, or state
 32 agency, in the fiscal year in which such project bonds are issued and in each of the nine
 33 immediately succeeding fiscal years thereafter, shall transfer and make available to the state
 34 treasury from designated student fees or revenues or other revenues, for credit to a
 35 reimbursement reserve account for such project bonds which shall be established in an
 36 account designated in the reimbursement contract hereafter provided for, monies in an
 37 amount equal to one-tenth of the average annual debt service on such project bonds, and
 38 each such reimbursement reserve account thereafter shall be maintained in said minimum
 39 amount by further transfers, if necessary, from designated student fees or revenues or other
 40 revenues by the applicable management board, governing body, or state agency to the state
 41 treasury. Each such reimbursement reserve account shall be used, if necessary, solely to
 42 make the reimbursement payments herein obligated to be made to the state treasury. When
 43 the general obligation bonds and the interest thereon issued hereunder have been paid, any
 44 amount remaining in the reimbursement reserve account, as prorated to such authorized
 45 project, shall be transferred by the state treasurer to the applicable management board,
 46 governing body, or state agency.

47 (C) No project bonds authorized by this Section shall be issued for any authorized
 48 project unless and until a reimbursement contract has been entered into and executed
 49 between the applicable management board, governing body, or state agency and the State
 50 Bond Commission pertaining to the reimbursement payment and reimbursement reserve
 51 account payments for such project. The contract shall require payment into the state treasury
 52 of designated student fees or revenues or other revenues in an amount sufficient to reimburse
 53 the cost to the state of the principal, interest, and premium, if any, obligated to be paid by
 54 the state on such project bonds. The State Bond Commission shall not be required to
 55 execute any such reimbursement contract unless the estimates and projections of the
 56 designated student fees or revenues or other revenues available for payment into the state
 57 treasury thereunder for the authorized projects are sufficient to reimburse the costs of the
 58 principal, interest, and premium, if any, on the project bonds. A reimbursement contract
 59 hereunder shall be authorized by resolution of the applicable management board, governing
 60 body, or state agency, or board or by act of the chief executive officer if no governing board
 61 exists.

1 This authorization shall provide for the dates, amounts, and other details for the
 2 payments required to be made to the state treasury and for the reserve account. The
 3 authorization may contain such covenants with the State Bond Commission regarding the
 4 fixing of rates for fees and charges or revenues and such other covenants and agreements
 5 with the State Bond Commission as will assure the required payments to the state treasury.
 6 The contract shall be subject to approval by the Office of the Attorney General and the State
 7 Bond Commission and, when so accepted and approved, shall conclusively constitute and
 8 be the reimbursement contract for an authorized project, as required hereunder.

9 (D) The obligation to make the reimbursement payments as required by a
 10 reimbursement contract may be represented by the issuance by the applicable management
 11 board, governing body, or state agency of its nonnegotiable revenue obligation in the form
 12 of a bond or other evidence of indebtedness, hereinafter referred to as "reimbursement
 13 bond". The reimbursement bond shall be issued in a single bond form, without coupons, in
 14 the principal amount equal to the aggregate principal amount of project bonds, shall be
 15 registered in principal and interest in the name of and be payable to the State Bond
 16 Commission, shall bear interest at a rate or rates equal to the interest rate or rates payable
 17 on the project bonds, and shall be payable as to principal and interest at such times, in such
 18 manner, from designated student fees or revenues, or other revenues, and be subject to such
 19 terms and conditions as shall be provided in the authorizing resolution or document executed
 20 by a chief executive officer, where applicable. This authorization shall be subject to
 21 approval by the State Bond Commission and the Office of the Attorney General, and when
 22 so accepted and approved, the authorization shall constitute and be the reimbursement
 23 contract for such authorized project, as required hereunder. The reimbursement bonds
 24 authorized under the provisions of this Section may be issued on a parity with outstanding
 25 reimbursement bonds of the applicable management board, governing body, or state agency,
 26 or issued on a subordinate lien basis to outstanding bonds, or a combination thereof, and may
 27 include and contain such covenants with the State Bond Commission for the security and
 28 payment of the reimbursement bonds and such other customary provisions and conditions
 29 for their issuance by the applicable management board, governing body, or state agency as
 30 are authorized and provided for by general law and by this Section. Until project bonds for
 31 an authorized project have been paid, the applicable management board, governing body,
 32 or state agency shall impose fees and charges in an amount sufficient to comply with the
 33 covenants securing outstanding bonds and to make the payments required by the
 34 reimbursement contract.

35 (E) In addition to the other payments herein required, reimbursement contracts shall
 36 provide for the setting aside of sufficient student fees or revenues or other revenues in a
 37 reserve fund, so that within a period of not less than ten years from date of issuance of
 38 project bonds there shall be accumulated in a reserve fund monies equal to a sum not less
 39 than the average annual debt service requirements on such project bonds. Monies in the
 40 reserve fund shall be used for the purpose of remedying or preventing a default in making
 41 the required payments under a reimbursement contract. The reserve fund required
 42 hereunder may consist of a reserve fund heretofore or hereafter established to secure
 43 payments for reimbursement bonds of the applicable management board, governing body,
 44 or state agency, provided that (1) payments from said reserve fund to secure the payments
 45 required to be made under a reimbursement contract shall be on a parity with the payments
 46 to be made securing outstanding bonds and additional parity bonds and (2) no additional
 47 parity reimbursement bonds shall be issued except pursuant to the establishment and
 48 maintenance of an adequate reserve fund as approved by the State Bond Commission.

49 (F) When the balance of reimbursement bond proceeds, for a project, are allocated
 50 to another project, the State Bond Commission is authorized to make the appropriate
 51 amendment to the reimbursement contract with the agency making the reimbursement
 52 payments.

53 Section 23. The bonds authorized to be sold by the State Bond Commission pursuant
 54 to this Act shall be issued and sold in conformity with the provisions of Article VII, Section
 55 6 of the Louisiana Constitution, R.S. 39:1361 through R.S. 39:1367, and R.S. 39:1401
 56 through R.S. 39:1430.1, and any amendments thereto adopted prior to, at the same time as,
 57 or subsequent to, the effective date of this Act. However, the provisions of R.S. 39:1365(9)
 58 shall not apply to any bonds issued hereunder in the form of variable rate and/or tender
 59 option bonds and that said bonds need not be issued in serial form and may mature in such
 60 year or years as may be specified by the State Bond Commission. Should any provision of
 61 this Act be inconsistent with any provision of the Louisiana Revised Statutes of 1950, the

1 provision of this Act shall govern. In connection with the issuance of the bonds authorized
2 hereby, the State Bond Commission may, without regard to any other laws of the state
3 relating to the procurement of services, insurance, or facilities, enter into contracts upon such
4 terms as it deems advantageous to the state for (1) the obtaining of credit enhancement or
5 liquidity devices designed to improve the marketability of the bonds and (2) if the bonds are
6 structured as variable rate and/or tender option bonds to provide the services and facilities
7 required for or deemed appropriate by the State Bond Commission for such type of bonds,
8 including those of tender agents, placement agents, indexing agents, remarketing agents,
9 and/or standby bond purchase facilities. The cost of obtaining credit enhancement or
10 liquidity devices and fees for other services set forth in this Section shall, if authorized by
11 the State Bond Commission, be paid from the Bond Security and Redemption Fund as a
12 requirement with respect to the issuance of the bonds authorized hereby. The bonds shall be
13 general obligations of the state of Louisiana, to the payment of which, as to principal,
14 premium, if any, and interest, as and when the same become due, the full faith and credit of
15 the state is hereby irrevocably pledged. These bonds shall be secured by monies in the Bond
16 Security and Redemption Fund and shall be payable on a parity with bonds and other
17 obligations heretofore and hereafter issued which are secured by that fund. The maximum
18 interest rate or rates on such bonds, and their maturities, shall be determined by the State
19 Bond Commission. The state treasurer shall invest all bond proceeds until disbursed.

20 Section 24. Unless specifically repealed, this Act shall expire, and be considered null
21 and void and of no further effect on June 30, 2020, except as to any bonds authorized herein
22 (1) which have been sold, (2) to which lines of credit have been issued, or (3) for which
23 contracts for construction have been signed."

24 AMENDMENT NO. 3

25 On page 108, line 17, change "Section 18." to "Section 25."