

Regular Session, 2014

HOUSE BILL NO. 1170

BY REPRESENTATIVE WESLEY BISHOP

BONDS: Provides relative to the issuance of bonds to finance capital improvements for the Southern University System

1 AN ACT

2 To enact R.S. 17:1856 and R.S. 39:1367(E)(2)(b)(vi), relative to the issuance of bonds for
3 the financing of capital improvements on properties within the Southern University
4 and Agricultural and Mechanical College System; to provide for the specific projects
5 to be financed; to require private match funds for such projects; to prohibit such
6 bonds from being included within the definition of net state tax supported debt; to
7 provide for effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 17:1856 is hereby enacted to read as follows:

10 §1856. Authority of board to execute agreements related to the finance of capital
11 improvements

12 A.(1) Projects contained in this Section may, at the direction of the board,
13 be funded through the issuance of bonds, notes, or other evidences of indebtedness
14 or through financing programs provided by the Louisiana Local Government
15 Environmental Facilities and Community Development Authority, pursuant to R.S.
16 33:4548.1 et seq., or a public trust duly organized pursuant to R.S. 9:2341 et seq.,
17 having for its beneficiary the state, with the approval of the State Bond Commission.

18 (2) Bonds, notes, or other evidences of indebtedness may be issued as serial
19 bonds or as term bonds and shall bear such date or dates, mature at such time or
20 times, not exceeding thirty years from their respective dates, bear interest at such rate

1 or rates, including variable, adjustable, or zero interest rates, be payable at such time
2 or times, be in such denominations, be sold at such price or prices, at public or
3 private negotiated sale, after advertisement as is provided for in R.S. 39:1426 et seq.,
4 be in such form, carry such registration and exchangeability privileges, be payable
5 at such place or places, be subject to such terms of redemption, as may be provided
6 in the indenture, trust agreement, or resolution relating to such bonds. Bonds, notes,
7 or other evidences of indebtedness may be sold in such manner and from time to
8 time as may be determined by the issuer and the board to be most beneficial, subject
9 to approval of the State Bond Commission.

10 (3) Projects contained in this Section shall not be required to be included in
11 the annual comprehensive capital budget nor obtain legislative approval as provided
12 in R.S. 39:112(G).

13 (4) Construction projects contained in this Section shall be managed and
14 administered by a nonprofit corporation established for such purposes, regardless of
15 the source of revenues used to fund such construction projects.

16 (5) The board shall exercise its authority granted pursuant to R.S. 17:3361,
17 et seq., as may be necessary to provide for the completion of the projects enumerated
18 in this Section. The board may grant leases of property under its supervision to a
19 nonprofit corporation or to an entity authorized to issue bonds as set forth in
20 Paragraph (1) of this Subsection for the purpose of financing such projects, and the
21 sum total amount to be financed therefor shall equal no more than the total value of
22 all projects listed herein, plus an amount equal to fifteen percent of such total,
23 together with other requirements including but not limited to costs of issuance,
24 capitalized interest, if any, credit enhancement and related costs. Notwithstanding
25 any provision of R.S. 17:3361 et seq., to the contrary, the term of any lease
26 agreement made for purposes of this Section shall not exceed thirty years. No
27 monies shall be appropriated for the purposes set forth in this Section for the projects
28 set forth in Subsection B of this Section until July 1, 2016.

B.(1) The projects set forth in this Subsection shall comprise the entirety of public facilities and projects to be financed under the authorities of this Section and R.S. 17:3361 et seq., with respect to these projects. Each project set forth below shall require a no less than twelve percent private match. No project shall be financed until all private funds are available for that project. The dollar value listed for each project, plus an amount equal to fifteen percent, together with other requirements including but not limited to costs of issuance, capitalized interest, if any, credit enhancement and related costs, is the maximum amount that may be financed for each of the following projects:

(a) SOUTHERN UNIVERSITY - BATON ROUGE

<u>Workforce Training and Technology Center</u>	<u>\$7,000,000</u>
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(b) SOUTHERN UNIVERSITY - NEW ORLEANS

<u>Lake Campus Student Life Center Building</u>	<u>\$9,000,000</u>
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(c) SOUTHERN UNIVERSITY - SHREVEPORT

<u>Workforce Training and Technology Center</u>	<u>\$7,000,000</u>
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(2) The amounts set forth in this Subsection are estimates and the funding for any project may be increased to meet any contingencies by an amount not to exceed fifteen percent of the amounts set forth in this Subsection.

Section 2. R.S. 39:1367(E)(2)(b)(vi) is hereby enacted to read as follows:

§1367. State debt; limitations

* * *

E. As used in this Section, the following terms shall have the following meanings ascribed to them unless the context clearly indicates otherwise:

* * *

(2)

* * *

(b) "Net state tax supported debt" shall not mean:

* * *

- 1 (vi) Any bond, note, or other evidence of indebtedness issued for the purpose
 2 of financing the projects set forth in R.S. 17:1856(B) or any bonds issued to refund
 3 such bonds, notes, or evidence of indebtedness.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Wesley Bishop

HB No. 1170

Abstract: Authorizes the Board of Supervisors of Southern University and Agricultural and Mechanical College to finance certain capital improvements through issuance of bonds.

Proposed law authorizes the Board of Supervisors of Southern University and Agricultural and Mechanical College to finance certain capital improvements through issuance of bonds, notes, or other evidences of indebtedness or through financing programs provided by present law with the approval of the State Bond Commission (SBC).

Proposed law provides relative to specific requirements for the issuance of bonds, interest rates that apply, and other limitations in which the bonds must comply. Prohibits the issuance of bonds which mature more than 30 years from their respective dates. Proposed law authorizes the bonds to be sold in such manner and from time to time as may be determined by the issuer and the board to be most beneficial, subject to approval of the SBC.

Proposed law exempts the projects enumerated in proposed law from being included in the annual comprehensive capital budget and from the present law requirement that the project obtain legislative approval.

Proposed law requires that the projects enumerated in proposed law be managed and administered by a nonprofit corporation established for such purposes, regardless of the source of revenues used to fund the construction of the projects.

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 such projects. Further provides that the total amount to be financed shall equal no more than the total value of all projects listed in proposed law, plus an amount equal to 15% of the total, together with other items such as the costs of issuance, capitalized interest, credit enhancement, and related costs.

Proposed law prohibits the term of any lease agreement made for purposes of proposed law from exceeding 30 years. Further prohibits monies from being appropriated for the construction of projects pursuant to proposed law until July 1, 2016.

Proposed law requires a private match of no less than 12% and prohibits the financing of these projects until all private funds are available. Proposed law provides that the maximum amount of financing for the projects shall be the dollar value listed in proposed law for each project, plus an amount equal to 15%, together with other items such as the costs of issuance, capitalized interest, credit enhancement, and related costs for each of the following projects:

SOUTHERN UNIVERSITY - BATON ROUGE

Workforce Training and Technology Center

\$7,000,000

SOUTHERN UNIVERSITY - NEW ORLEANS

Lake Campus Student Life Center Building	\$9,000,000
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SOUTHERN UNIVERSITY - SHREVEPORT

Workforce Training and Technology Center	\$7,000,000
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Proposed law authorizes the amount provided to be increased to meet any contingencies by an amount not to exceed 15%.

(Adds R.S. 17:1856 and R.S. 39:1367(E)(2)(b)(vi))