

ACT No. 3

2018 Second Extraordinary Session

HOUSE BILL NO. 3

BY REPRESENTATIVE ABRAMSON

1 AN ACT

2 To enact the Omnibus Bond Authorization Act of 2018, relative to the implementation of
3 a five-year capital improvement program; to provide for the repeal of certain prior
4 bond authorizations; to provide for new bond authorizations; to provide for
5 authorization and sale of such bonds by the State Bond Commission; to provide
6 relative to the submission of capital outlay applications; to provide with respect to
7 the resubmission of certain capital outlay budget requests; to provide for an effective
8 date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. 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

1 and credit worthiness of bonds being offered for sale. The continued carrying of the
2 aforesaid unissued bonds on the financial statements of the state under the above described
3 circumstances operates unnecessarily to the financial detriment of the state. Accordingly,
4 the legislature deems it necessary and in the best financial interest of the state to repeal all
5 Acts, except any Act authorizing the issuance of refunding bonds and Act No. 41 of the 2006
6 First Extraordinary Session of the Legislature, providing for the issuance of general
7 obligation bonds in the state which cannot be issued for the projects contemplated, and in
8 their stead to reauthorize general obligation bonds of the state for those projects deemed to
9 be essential, and to authorize new projects.

10 Section 2. It is the intent of the legislature that this Act shall constitute the Omnibus
11 Bond Authorization Act of 2018 and, together with any Act authorizing the issuance of
12 refunding bonds and Act No. 41 of the 2006 First Extraordinary Session of the Legislature,
13 shall provide bond authorization, as required by Article VII, Section 6 of the Constitution
14 of Louisiana, for those projects to be funded totally or partially by the sale of general
15 obligation bonds and included in House Bill No. 2 of the 2018 Regular Session of the
16 Legislature as finally enacted into law (2018 Capital Outlay Act). It is the further intent of
17 the legislature that in this year and each year hereafter an Omnibus Bond Authorization Act
18 shall be enacted providing for the repeal of state general obligation bond authorizations for
19 projects no longer found feasible or desirable, the reauthorization of those bonds not sold
20 during the prior fiscal year for projects deemed to be of such priority as to warrant such
21 reauthorization, and to enact new authorization for projects found to be needed for capital
22 improvements.

23 Section 3. Except as hereinafter provided, all prior Acts of the legislature authorizing
24 the issuance of general obligation bonds of the state of Louisiana shall be and the same are
25 hereby repealed in their entirety, including without limitation House Bill No. 3 of the 2017
26 Second Extraordinary Session of the Legislature as finally enacted into law (2017 Omnibus
27 Bond Authorization Act) and any Acts heretofore repealed with such Act. This repeal shall
28 not be applicable to any Act providing for the issuance of refunding bonds nor to Act No.
29 41 of the 2006 First Extraordinary Session of the Legislature, and such Acts shall remain in
30 full force and effect and shall not be affected by the provisions of this Act. In addition, the

1 repeal shall not in any manner affect the validity of any bonds heretofore issued pursuant to
2 any of the bond authorizations repealed hereby.

3 Section 4. To provide funds for certain capital improvement projects the State Bond
4 Commission is hereby authorized pursuant to Article VII, Section 6 of the Constitution of
5 Louisiana to issue general obligation bonds or other general obligations of the state for
6 capital improvements for the projects, and subject to any terms and conditions set forth on
7 the issuance of bonds or the expenditure of monies for each project as is provided for in the
8 2018 Capital Outlay Act or the provisions of this Act.

9 Section 5.(A) To provide funds for certain capital improvement projects authorized
10 prior to this Act and by this Act, which projects are designed to provide for reimbursement
11 of debt service on general obligation bonds, the State Bond Commission is hereby authorized
12 pursuant to Article VII, Section 6 of the Constitution of Louisiana, to issue general
13 obligation bonds of the state, hereinafter referred to as "project bonds", for capital
14 improvements for the projects and subject to any terms and conditions set forth on the
15 issuance of bonds or the expenditure of monies for each such project as provided in the 2018
16 Capital Outlay Act the terms of which require such reimbursement of debt service.

17 (B) Without affecting, restricting, or limiting the pledge herein made of the full faith
18 and credit of the state of Louisiana to the payment of the general obligation bonds authorized
19 by this Section and without affecting, restricting, or limiting the obligation of the state to pay
20 the same from monies pledged and dedicated to and paid into the Bond Security and
21 Redemption Fund, but in order to decrease the possible financial burden on the general funds
22 of the state resulting from this pledge and obligation, the applicable management board,
23 governing body, or state agency for which any of such project bonds are issued, in the fiscal
24 year in which such project bonds are issued and in each fiscal year thereafter until such
25 project bonds and the interest thereon are paid, shall transfer and make available to the state
26 treasury, for deposit in the Bond Security and Redemption Fund, designated student fees or
27 revenues or other revenues in an amount equal to the debt service on such project bonds in
28 such fiscal year. In addition, the applicable management board, governing body, or state
29 agency, in the fiscal year in which such project bonds are issued and in each of the nine
30 immediately succeeding fiscal years thereafter, shall transfer and make available to the state

1 treasury from designated student fees or revenues or other revenues, for credit to a
2 reimbursement reserve account for such project bonds which shall be established in an
3 account designated in the reimbursement contract hereafter provided for, monies in an
4 amount equal to one-tenth of the average annual debt service on such project bonds, and
5 each such reimbursement reserve account thereafter shall be maintained in said minimum
6 amount by further transfers, if necessary, from designated student fees or revenues or other
7 revenues by the applicable management board, governing body, or state agency to the state
8 treasury. Each such reimbursement reserve account shall be used, if necessary, solely to
9 make the reimbursement payments herein obligated to be made to the state treasury. When
10 the general obligation bonds and the interest thereon issued hereunder have been paid, any
11 amount remaining in the reimbursement reserve account, as prorated to such authorized
12 project, shall be transferred by the state treasurer to the applicable management board,
13 governing body, or state agency.

14 (C) No project bonds authorized by this Section shall be issued for any authorized
15 project unless and until a reimbursement contract has been entered into and executed
16 between the applicable management board, governing body, or state agency and the State
17 Bond Commission pertaining to the reimbursement payment and reimbursement reserve
18 account payments for such project. The contract shall require payment into the state treasury
19 of designated student fees or revenues or other revenues in an amount sufficient to reimburse
20 the cost to the state of the principal, interest, and premium, if any, obligated to be paid by
21 the state on such project bonds. The State Bond Commission shall not be required to
22 execute any such reimbursement contract unless the estimates and projections of the
23 designated student fees or revenues or other revenues available for payment into the state
24 treasury thereunder for the authorized projects are sufficient to reimburse the costs of the
25 principal, interest, and premium, if any, on the project bonds. A reimbursement contract
26 hereunder shall be authorized by resolution of the applicable management board, governing
27 body, or state agency, or board or by act of the chief executive officer if no governing board
28 exists.

29 This authorization shall provide for the dates, amounts, and other details for the
30 payments required to be made to the state treasury and for the reserve account. The

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

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

1 covenants securing outstanding bonds and to make the payments required by the
2 reimbursement contract.

3 (E) In addition to the other payments herein required, reimbursement contracts shall
4 provide for the setting aside of sufficient student fees or revenues or other revenues in a
5 reserve fund, so that within a period of not less than ten years from date of issuance of
6 project bonds there shall be accumulated in a reserve fund monies equal to a sum not less
7 than the average annual debt service requirements on such project bonds. Monies in the
8 reserve fund shall be used for the purpose of remedying or preventing a default in making
9 the required payments under a reimbursement contract. The reserve fund required
10 hereunder may consist of a reserve fund heretofore or hereafter established to secure
11 payments for reimbursement bonds of the applicable management board, governing body,
12 or state agency, provided that (1) payments from said reserve fund to secure the payments
13 required to be made under a reimbursement contract shall be on a parity with the payments
14 to be made securing outstanding bonds and additional parity bonds and (2) no additional
15 parity reimbursement bonds shall be issued except pursuant to the establishment and
16 maintenance of an adequate reserve fund as approved by the State Bond Commission.

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

21 Section 6. The bonds authorized to be sold by the State Bond Commission pursuant
22 to this Act shall be issued and sold in conformity with the provisions of Article VII, Section
23 6 of the Louisiana Constitution, R.S. 39:1361 through R.S. 39:1367, and R.S. 39:1401
24 through R.S. 39:1430.1, and any amendments thereto adopted prior to, at the same time as,
25 or subsequent to, the effective date of this Act. However, the provisions of R.S. 39:1365(9)
26 shall not apply to any bonds issued hereunder in the form of variable rate and/or tender
27 option bonds and that said bonds need not be issued in serial form and may mature in such
28 year or years as may be specified by the State Bond Commission. Should any provision of
29 this Act be inconsistent with any provision of the Louisiana Revised Statutes of 1950, the
30 provision of this Act shall govern. In connection with the issuance of the bonds authorized

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

19 Section 7. Unless specifically repealed, this Act shall expire, and be considered null
20 and void and of no further effect on June 30, 2019, except as to any bonds authorized herein
21 (1) which have been sold, (2) to which lines of credit have been issued, or (3) for which
22 contracts for construction have been signed.

23 Section 8. Notwithstanding the provisions of R.S. 39:101(A) and 112(C), projects
24 included within Section (1)(A) of the Act which originated as House Bill No. 2 of the 2018
25 Regular Session of the Legislature are hereby deemed to have timely submitted capital
26 outlay budget request applications for Fiscal Year 2018-2019 and to have complied with the
27 late approval requirements of R.S. 39:112(C), and as such shall be eligible for cash and
28 noncash lines of credit for Fiscal Year 2018-2019. Beginning in Fiscal Year 2019-2020 all
29 projects shall comply with the provisions of R.S. 39:101(A) and 112(C).

1 Section 9. Notwithstanding the provisions of R.S. 39:101(A) and 112(C), projects
 2 included within Section (1)(B) of the Act which originated as House Bill No. 2 of the 2018
 3 Regular Session of the Legislature are hereby deemed to have until June 30, 2018, to submit
 4 a capital outlay budget request application pursuant to R.S. 39:101(A) and if the application
 5 is submitted by that date, the project is deemed to have complied with the late approval
 6 requirements of R.S. 39:112(C). Beginning in Fiscal Year 2019-2020, all projects shall
 7 comply with the provisions of R.S. 39:101(A) and 112(C).

8 Section 10. Beginning in Fiscal Year 2019-2020, the office of facility planning and
 9 control shall include in any report submitted to the Joint Legislative Committee on Capital
 10 Outlay pursuant to the provisions of R.S. 39:105 information regarding the amount of local
 11 match required to be provided by a nonstate entity requesting capital outlay funding for each
 12 project application and whether the local match requirement has been waived by the office
 13 of facility planning and control. If a local match requirement has been waived by the office
 14 of facility planning and control, the report shall also include the rationale and basis for the
 15 waiver.

16 Section 11. This Act shall become effective upon signature by the governor or, if not
 17 signed by the governor, upon expiration of the time for bills to become law without signature
 18 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 19 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 20 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____