

LONG-RANGE CAPITAL PLANNING COMMISSION

Meeting Minutes

Nov. 5, 2015

State Department of Health

Room 307, 1:00 p.m.

1000 NE10th Street

Oklahoma City, Oklahoma

A meeting notice was filed with the secretary of state and agenda posted in accordance with the Open Meeting Act.

MEMBERS PRESENT: Cliff Branan, Branan Property Company
Charles Ford, President, Charles Ford Company
Kirkland Hall, CEO and Vice Chairman, Hall Capital
Jeff Stava, Chief Operating Officer, Tulsa Community Foundation
Jerry Winchester, President/CEO, Seventy Seven Energy
John Woods, President/CEO, Norman Chamber of Commerce

MEMBERS ABSENT: Jeff Davis, Partner, Acorn Growth Companies

GUESTS: Ben Davis, OMES CAM, Director of Planning and Administrator of Capitol-Medical Zoning Commission
Justin Henry, OMES CAM, Planning
Tim Tuck, OMES CAM, Legal Division
Beverly Hicks, OMES CAM, Administration
Craig Cherry, OMES CAM, State Facilities Director
Jim Joseph, OK State Bond Advisor
Jordan Perdue, OK State Bond Advisor's office
Dan Melton, OSBI

I. Call to order and confirmation of quorum. [John Woods]

Chairman Woods called the meeting to order at 1:00 p.m. A roll call was taken and a quorum was established. A meeting notice was filed with the Secretary of State and an agenda posted in accordance with the Open Meeting Act.

II. Approval of Minutes from September 17, 2015, commission meetings. [John Woods]

Mr. Ford moved to approve the September meeting minutes. Mr. Winchester seconded the motion, the motion passed, and the following votes were recorded:

Cliff Branan - aye; Charles Ford - aye; Kirkland Hall - aye; Jeff Stava - aye; Jerry Winchester - aye; John Woods - aye.

III. Consideration and possible action to approve the FY2017-FY2024 Capital Improvements Plan and FY2017 Capital Budget. [Ben Davis and Justin Henry]

Mr. Davis provided the commissioners with the final draft that included the changes based on their input from the September meeting when the initial draft was first presented. If approved, it will go to the Governor's office and Legislature in Dec. The FY2017 project list will be sent to the legislature first week of session for consideration and approval.

Mr. Davis stated that six policy recommendations were included this year; that includes basic real property assets management procedures, adequate and consistent appropriation for Capitol projects, establish uniform business processes on a statewide basis for facilities operation and maintenance (includes standard operating procedures), standardized training for staff, implementing computerized maintenance management system, benchmarking expenditures and tracking Capital Assets Management (CAM) operations and maintenance expenditures, building a high-performance facilities management staff, establish consistent facility assessment procedures to determine capitol renewal needs, to examine opportunities to consolidate and share facility services operations and maintenance functions across agencies at mid-regional level. Mr. Davis recommended establishing statewide performance measures, required by statute, to be in place by July 1, 2016.

Mr. Henry informed that staff received over 4.1 billion in request this year, most request were submitted by higher education institutions. At the committee's request, the projects were included in the plan but not recommended for funding for the Maintenance of State Buildings Revolving Fund.

Mr. Henry explained two options of the plan, with each option containing the entirety of all projects. The first option is to fund all projects through the Maintenance of State Buildings Revolving Fund in a "pay as you go" method that has been preferred by the legislature. The second is to address the seven of the most critical projects through bond issues. This would allow for less delays and savings in the short term.

The plan includes 56.3 million dollars for 51 projects in the FY2017 capital budget. This budget is prioritized to address health and safety or in need of critical maintenance.

Mr. Henry explained the list of projects recommended for bond funding this year met all three of the following criteria:

- The building or system is at or near imminent failure.
- The failure of the building or system would be dangerous either to the public or staff members.
- Such a failure would be costly to the state.

Projects Recommended for Bond-Funding:

- | | |
|---|--|
| • Public Health Laboratory | • Fences and locks for Corrections |
| • Administration Building for Mental Health | • CLEET Driver Training Track Repair and Erosion Control |
| • COJC Juvenile Detention Center | • Chief Medical Examiner's Office |
| • SWOJC Crisis Management and Residence | Renovation and Expansion of Tulsa Facility |

The State Bond Advisor's Office provided information that staff used in the plan to estimate a bond repayment schedule. If the above proposals were to be included in a bond, the debt service figures assume a 10 year bond for each project beginning FY2017. Even with the addition of these 7 projects the state's total debt service would continue to decline, according to the figures provided. Bond funding could take advantage of historically low bond rates currently available to the state and would likely provide a lower cost alternative over the long term, than if the projects were delayed. Mr. Henry pointed out construction cost recently has been out-pacing inflation by quite a bit. With bond ratings being low and high inflation in construction cost, bond issues would be preferable to delays.

The Commissioners shared their concerns with staff on projected cost figures with consideration of the economy and the likelihood of bond passage. Mr. Davis told the Commission that if there is no bond issue the first option of "pay as you go" funding through the Maintenance of State Building Revolving Fund would be used.

Mr. Hall made a motion to approve the FY2017-FY2014 Capital Improvements Plan and FY2017 Capital budget. Mr. Ford seconded the motion, the motion passed, and the following votes were recorded:

Cliff Branan - aye; Charles Ford - aye; Kirkland Hall - aye; Jeff Stava - aye; Jerry Winchester - aye; John Woods - aye.

IV. Update on progress of FY2015 and FY2016 capital project implementation. [Ben Davis]

Mr. Davis informed the Commission as of October 27, 2015, \$38.1 million dollars is the current balance in the Maintenance of State Building Revolving Fund. There have been \$1.2 Million Dollars in deposits from the sales of Real Estate. An additional \$836 thousand is expected within the month. Other properties are expected to be sold before the end of the year.

The budget for FY2015 was approved for \$29.5 million dollars, of that, \$19.7 million was encumbered and \$1.1 million deposited back into the fund due to project changes. There is currently 8.7 million left to encumber from the 100 projects that were approved. The majority of the unencumbered money is projects from Tourism that are still in process and will be encumbered within the next few months. Out of the FY2015 projects, 9 are completed, 11 that are 80% or more complete, and 21 that were changed/deleted.

The budget for FY2016 was approved for \$34.9 million dollars. There is enough funding to do the initial 18 projects, totaling \$16,388,094. thousand dollars. To date, \$380 thousand have been encumbered. A total of 16.1 million is left to be encumbered. Out of those projects one has been completed and six projects are in design. There were two mental health projects deleted at September's meeting. Those funds will be combined to be able to fully fund their other project.

Report only. No action taken.

V. Consideration and possible action to approve 2016 regular meeting dates. [John Woods]

Mr. Winchester made a motion to approve the 2016 dates. Mr. Stava seconded the motion, the motion passed, and the following votes were recorded:

Cliff Branan - aye; Charles Ford - aye; Kirkland Hall - aye; Jeff Stava - aye; Jerry Winchester - aye; John Woods - aye.

VI. Updates and Discussion. (Discussion limited to agenda items and 5 minutes in duration) [John Woods]

Commissioner Stava expressed the need to develop a strategy to discuss the criteria and involve state leadership for further direction. A meeting will take place in December to involve key members of the Governor's staff.

After release of executive order 2015-46, asking agencies to cut 10% of their non-mission critical budget this year, Mr. Davis sent out an e-mail to all awarded project agencies asking them to review their finances, if they were going to use some of their funds to do their projects, to make sure their agency is still able to move forward, so that the funds awarded them could roll over to another project.

Our next meeting will be hosted by the Department of Veterans Affairs in Norman, Oklahoma.

No action taken

VII. Tour of the State Public Health Laboratory. [Julie Cox-Kain]

Ms. Julie Cox-Kain, Deputy Secretary of Health and Human Services, Senior Deputy Commissioner of the Health Department guided the tour. The meeting adjourned before the tour due to lack of quorum.

VIII. Adjournment. [John Woods]

There being no further business, Mr. Winchester made a motion to adjourn. Mr. Stava seconded the motion. Motion carried. The meeting adjourned at 1:47 p.m.