

LONG-RANGE CAPITAL PLANNING COMMISSION

Sept. 14, 2017, 1:00 p.m.

Oklahoma State Capitol Building
Oklahoma City, OK, Room 419-C

A meeting notice was filed with the Secretary of State and an agenda posted in accordance with the Open Meeting Act.

MEMBERS PRESENT: Jeff Davis, Partner, Acorn Growth Companies
Larry DeWitt, Executive Vice President, Farmers Exchange Bank
John Estus, Account Director, Saxum
Kirkland Hall, CEO and Vice Chairman, Hall Capital
Travis Mason, Director, Commercial Oklahoma
Jerry Winchester, President/CEO, 63 RANCH LLC.

MEMBERS ABSENT: Jeff Stava, Chief Operating Officer, Tulsa Community Foundation

GUESTS: Ben Davis, OMES CAM, Director of Planning
Beverly Hicks, OMES CAM Planning
Melissa Milburn, OMES CAM, Director of Real Estate and Leasing Services (REALS)
Carie Carman, OMES CAM, Deputy Director of REALS
Tim Tuck, OMES Deputy Counsel
Shelly Zumwalt, OMES Public Affairs Director
Jim Joseph, State Bond Advisor
Jordan Perdue, Bond Advisor's Office
Anglea Pierce, Director of OCIA
Cynthia Reynolds, eCapitol

I. Call to order and confirmation of quorum. [Jerry Winchester]

Chairman Winchester called the meeting to order at 1:03 p.m. A roll call was taken and a quorum established. A meeting notice was filed with the Secretary of State and agenda posted in accordance with the Open Meeting Act.

II. Approval of minutes from the April 13, 2017, Commission meeting. [Jerry Winchester]

Mr. DeWitt moved to approve the meeting minutes of April. Mr. Estus seconded the motion, the motion passed and the following votes recorded:

Mr. Davis; Mr. DeWitt, aye; Mr. Estus, aye; Mr. Mason, aye; Mr. Winchester, aye.

III. Discussion and possible action to approve the transfer of state-owned property.
[Melissa Milburn]

Ms. Milburn request the approval of the Commission to transfer the three properties that are underutilized.

a. Kerr Mansion and Conference Center, located near the Kerr Mansion Road, Le Flore County, Poteau, Oklahoma.

The Office of Management and Enterprise Services (OMES) owns the property and is worth around \$1.2 million. The property is in poor condition and in need of extensive work. The property will be sold at sealed bid auction for no less than 90 percent of the current appraised value.

Ms. Milburn said the Choctaw Tribe recently contacted her with interest in purchasing the property. Her preference would be to sell the property to the Choctaw Nation if an agreement can be made. The Office of Management and Enterprise Services by statute can sell them the property at guaranteed Fair Market Value, with closing cost. If an agreement cannot be made the property will be sold at sealed bid auction for no less than 90 percent of the current appraised value of the property.

The proceeds from the sale will go into the Maintenance of State Building Revolving Fund.

Mr. DeWitt made a motion to approve the transfer. Mr. Hall seconded the motion, the motion passed and the following votes recorded:

Mr. Davis; Mr. DeWitt, aye; Mr. Estus, aye; Mr. Hall, aye; Mr. Mason, aye; Mr. Winchester, aye.

Mr. Hall arrived at 1:05 p.m.

b. Kerr Caretaker's Cottage, located near the Kerr Mansion and Conference Center, located at 23009 Kerr Mansion, Oklahoma City, Oklahoma County.

The Office of Management and Enterprise Services (OMES) owns the property located directly across the street from the Kerr Mansion and Conference Center and is worth around \$140 Thousand dollars.

The property will be sold at sealed bid auction for no less than 90 percent of the current appraised value of the property.

The proceeds from the sale will go into the Maintenance of State Building Revolving Fund.

Mr. Jeff Davis made a motion to approve the transfer. Mr. DeWitt seconded the motion, the motion passed and the following votes recorded:

Mr. Estus, aye; Mr. Davis; Mr. DeWitt, aye; Mr. Hall, aye; Mr. Mason, aye; Mr. Winchester, aye.

c. Street Armory, located at 200 NE 23rd Street, Oklahoma County, Oklahoma City, Oklahoma.

The Office of Management and Enterprise Services (OMES) owns the property worth around \$408,375. The property is currently used for storage. A Request for Proposals (RFP) will be issued for sale or long-term lease of the property.

The proceeds from the sale will go into the Maintenance of State Building Revolving Fund.

Ms. Milburn asked that the minutes reflect that during the meeting she misspoke to a Commissioner's question on why the Commission would be asked to approve an RFP when a media release was sent out earlier informing that the process had already been started. To clarify, the LRCPC approves the transfer of property and not Request for Proposals. The media release sent prior to the meeting was in compliance. The Office of Management and Enterprise Services has the authority to issue RFPs.

Mr. DeWitt made a motion to approve the transfer. Mr. Hall seconded the motion, the motion passed and the following votes recorded:

Mr. Davis; Mr. DeWitt, aye; Mr. Estus, aye; Mr. Hall, aye; Mr. Mason, aye; Mr. Winchester, aye.

IV. Presentation Overview of capital outlay request for the FY2019-2026 Capital Improvements Plan. [Ben Davis]

Mr. Ben Davis reported this year received 1,509-capital outlay request totaling \$3.95 billion dollars. Of that amount, 623 of those requests were from Higher Education, totaling \$3.34 billion, or about 85 percent of the request.

Other agencies totaled \$607.75 million at 886 request. Of those other agency request, 271 were for funding from the Maintenance of State Building Revolving Fund (MSBRF), totaling \$400.64 million.

This year's total is 585 more project requests. Projects are \$1.39 billion less than last year's request. The reason for so many projects submitted this year is due to Tourism for the first time submitting their entire eight year Capital Improvements Plan for their agency. Tourism did not request any funding against the MSBRF.

Mr. Davis provided a breakdown by agency request. The Department of Corrections, Mental Health, Veterans Affairs and Rehabilitation Services make up about 75 percent of the MSBRF request and about 72 percent of requests are re-submittals from last year's plan. This excludes Higher Education. By statute, Higher Education must submit their Capital Improvements plan. It is an appendix in the plan.

The previous guidance provided by the Commission to staff was to exclude Higher Education request from consideration for funding through the MSBRF, to prioritize critical maintenance and health/safety issues over other types of request such as, new construction and to develop a limited list of projects to recommend for bond financing based on a strict set of criteria.

The bond recommended projects would meet all the following criteria:

- The building or system is likely to completely fail within the scope of the plan (eight years).
- The failure of the buildings or system would be dangerous to the public, employees and/or those being served.
- The failure would significantly increase costs to the State.

The Commission included four policy recommendations last year:

1. Establish a consistent and adequate annual appropriation for renewal of the state's real property assets.
 - Eliminate agency exemptions from the Oklahoma State Government Asset Reduction and Cost Savings Program.
 - Establish an annual appropriation dedicated to the annual capital budget.
2. Improve the State Legislature's awareness of the capital needs of state government and connect the capital budget to the appropriations process.
 - Include the annual capital budget in the Executive Budget document.
 - Present the capital improvements plan and annual capital budget to appropriate committees in both houses.
3. Establish mechanisms to ensure accountability for the proper maintenance of the state's real property portfolio.
 - Develop an inter-agency task force to identify best practices and operating procedures for statewide adoption.
 - Require all agencies to utilize a statewide asset management database.
 - Establish statewide facility condition standards.
 - Establish consistent facility assessment procedures to determine capital renewal needs.
4. Examine opportunities to consolidate and share facilities services, operations and maintenance functions across agencies and at the regional level.
 - Other states have a regional hub in different locations throughout the state.
 - Facilities maintenance would span out to other areas from the hub.

Presentation only.

V. Update on capital projects implementation. [Ben Davis]

Mr. Ben Davis reported on FY 2014-2018 projects implemented and formerly approved by the Commission.

FY2014 – The Legislature did not approve the Capital budget; no projects were authorized for implementation. Other projects are likely to be funded later in the fiscal year as additional funding becomes available in the Maintenance of State Buildings Revolving Fund.

FY2015 – The Commission approved \$29.48 million as the budget. The funds were available for one hundred projects. Sixty-nine projects were implemented. The remainder of the projects had been canceled, either, for lack of need, or funding was not enough to fund the projects. Those funds were used to fund other projects. Of that year, a little over \$25 million was expended.

FY2016 – There were fifteen projects funded at \$16.94 million.

FY2017 – There was one project funded at \$1.64 million.

FY2018 – There were many projects finalized from FY2015-2016. The remaining funds of the money returned to the MSBRF allowed for three projects to be funded, totaling \$4.8 million. A few projects from FY2015-2016 are in the process of being finalized, allowing for four projects from FY2018 list to be completed.

The current amount in expenditures is \$48.4 million.

Update only.

VI. Updates and Discussion. None.

VII. Adjournment.

There being no further business, Mr. Hall made a motion to adjourn. Mr. DeWitt seconded the motion, the motion carried and the meeting adjourned at 1:36 p.m.