LONG-RANGE CAPITAL PLANNING COMMISSION
REGULAR MEETING
Sept. 13, 2018, 1:00 p.m.
Oklahoma State Capitol Building
Oklahoma City, OK, Room 419-C

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

MEMBERS PRESENT: Josh Cruzan, CEO of Rimrock Energy Partners, LLC.
Larry DeWitt, Executive VP of Farmers Exchange Bank
Travis Mason, Director of Commercial Oklahoma
Mark Selvidge, Former Public Finance Attorney
Jerry Winchester, President/CEO of 63 RANCH, LLC.

MEMBERS ABSENT: John Estus, COS of Oklahomans for Criminal Justice Reform
Kirkland Hall, CEO and Vice Chairman of Hall Capital
Jeff Stava, COO of Tulsa Community Foundation

GUESTS: Ben Davis, OMES Director of Planning
Beverly Hicks, OMES Administrative Coordinator
Susan Stout, OMES Legal
Melissa Milburn, OMES Director of Real Estate Leasing Services
Ron Dennis, OMES, Director of Strategic Facilities and Operations
Tim Tuck, OMES, LRCPC Legal Counsel
Scott Reyger, OMES, Director of OK Capitol Improvement Authority
Shelley Zumwalt, OMES, Director of Public Affairs
Shawn Ashley, ECapitol

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

Chairman Winchester called the meeting to order at 1:04 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. **Introduction of new commissioners: mark Selvidge and Josh Cruzan. [Jerry Winchester]**

Chairman Winchester introduced and welcomed the new members of the Commission. The Governor appointed Mr. Cruzan and the Senate appointed Mr. Selvidge.

III. **Approval of minutes from the Mar. 6, 2018 Commission meeting. [Jerry Winchester]**

Mr. Mason moved to approve the meeting minutes of March. Mr. DeWitt seconded the motion. The motion passed and the following votes recorded:

Mr. Cruzan, aye; Mr. DeWitt, aye; Mr. Mason, aye; Mr. Selvidge, aye; Mr. Winchester, aye.

IV. **Update on implementation of the Real Property Asset Management Program. [Ron Dennis]**

Mr. Dennis of Capital Assets Management gave a presentation on the goal and intent of the program, and the direction it is heading towards in the future. In 2013, legislation passed HB1910 and 1990 that provides the Office of Management and Enterprise Services (OMES) and the Long-Range Capital Planning Commission (LRCPC) authority to establish rules, policies and procedures to support the Real Property Asset Management (RPAM), and other similar programs. RPAM plans to be presented to agencies for review and comment in late September of 2018.

Presentation only. No action taken.

V. **Status of the Maintenance of State Buildings Revolving Fund, summary of Fiscal Year 2018 capital activities and overview of capital outlay requests for the Fiscal Years 2020-2027 Capital Improvements Plan. [Ben Davis]**

Mr. Davis gave an update on legislative action taken during the 2018 session, reporting that for the fourth consecutive year no direct appropriations were made to the Maintenance of State Building Revolving Fund (MSBRF).

The legislature passed authorizations for three bond issues that address capital needs, which include funding repair, replacement and new construction projects for the Department of Corrections, to construct a new long-term care facility to replace the Talihina Veterans Center for the Department of Veteran's Affairs, and to fund the repair of flood control dams for the Conservation Commission.

Previously approved bond issues moving forward in this fiscal year (FY2019), are: Tourism and Recreation's construction of an addition to the Commerce Building, the State Capitol Building for final issue and final two phases of construction, the American Indian Cultural Center final phase of construction, the Juvenile Affairs consolidation of three campuses into one large campus in Tecumseh, Oklahoma and the construction of a new Public Health Lab, to replace the one in Oklahoma City, which at the moment, is currently on hold.

The Maintenance of State Building Revolving Fund is a revolving fund that is used to provide money for all capitol projects that are approved through the annual capital budget. The funds come either from direct appropriations or through the sale of state properties. The OMES Real Estate and Leasing Services have done an excellent job of selling state-owned real properties, as a result the MSBRF have received proceeds totaling close to $6.5 million dollars since 2013 in real property sales. The fund balance is currently $11.8 million dollars. There are $11.65 million dollars in remaining project cost for previously approved capitol projects that are in process and $167 thousand dollars that is unallocated.

The next project on the list for 2019 is a $2 million dollar project, to repair the driver' training track of the Council on Law Enforcement Education and Training (CLEET) facility in Ada, Oklahoma. It is uncertain that funding for the project will be attained this fiscal year.

Three projects were funded in FY2018 from the MSBRF: The replacement of communications cabling and equipment at the Oklahoma State Penitentiary, the replacement of the water treatment facility at Mack Alford Correctional Center and the replacement of cell doors, frames and locks at the Oklahoma State Penitentiary.

Mr. Davis reported this year's capital outlay request received over 1,400 request for $3.62 billion dollars. A majority is Higher Education, which makes up 80% of the amount. The remaining 20% is all the other agencies. Half of the 20% is for requesting out of the MSBRF, and the other half is either coming out of agency funds, federal funding or section 13. There are 237 (10%) request of the 1,400 that request to come out of the MSBRF. The largest amount of projects are those coming from are Mental Health, Veteran's Affairs, Corrections, Rehabilitation Services and Public Safety.

Staff plans a similar approach to prioritizing requests as in previous planning cycles that were established by the Commission with prioritization and phasing guidelines of projects, which excluded Higher Education request from consideration for funding through the MSBRF, due to them having constitutional authority to issue their own bonds to fund projects. The Commission decided that the revolving fund monies should go to agencies who do not have that authority. The Commission prioritized critical maintenance and health/safety request over new construction and remodeling request; e.g. roof replacement, HVAC replacement, sewer/waterline replacement that would keep a facility running.

The majority of the capital outlay requests were submitted for FY2020, and staff plans to distribute these requests across the eight-year span of the plan. Project request will be prioritized utilizing the evaluation guidelines previously adopted by the commission, staff will include project request from agencies under the State Regents for Higher Education in the plan, but will not recommend them for funding through the MSBRF.

Staff recommends identifying capital outlay request meeting the following guidelines for inclusion in a bond issue recommendation: 1. Asset lifecycle longer than 20 years, 2. cost of $2.5 million or higher, 3. major renovation of existing asset or replacement of asset that is at end-of-life, 4. projects that address major health/safety issues and legal obligations.

On policy recommendations, planning staff recommends that the Commission continue to make policy recommendations that will direct leadership's attention to the need for further reform of the state's real property asset management activities.

Mr. Davis went over the Commission's last year recommendations on policy and legislative changes that establish a consistent and adequate annual appropriation for renewal of the state's real property assets. He believes the recommendations provided by this body to continue until the legislature begins to addresses them. OMES is currently pursuing some of the commission's recommendations and OMES staff will provide an update at a Commission meeting.

Report only. No action taken.

VI. **Updates and Discussion.** None.

VII. **Adjournment.**
There being no further business, Mr. DeWitt made a motion to adjourn. Mr. Mason seconded the motion, the motion carried and the meeting adjourned at 1:50 p.m.