



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TO: ALL AGENCY HEADS

FROM: Benjamin Barnes, Secretary, State Bond Commission
Office of Policy & Management, 450 Capitol Avenue, Hartford

DATE: January 7, 2011

SUBJECT: STATE BOND COMMISSION MEETINGS

A handwritten signature in black ink, appearing to be "B. Barnes".

Requests to be considered at the State Bond Commission meetings during 2011 should be submitted to the Office of Policy and Management no later than the following dates:

<u>Deadline for Submission of Requests</u>	<u>State Bond Commission Meetings</u>
December 30, 2010	January 28, 2011
February 4, 2011	February 25, 2011
March 4, 2011	March 25, 2011
April 1, 2011	April 29, 2011
May 6, 2011	May 27, 2011
June 3, 2011	June 24, 2011
July 1, 2011	July 29, 2011
August 5, 2011	August 26, 2011
September 2, 2011	September 23, 2011
October 7, 2011	October 28, 2011
November 4, 2011	December 9, 2011

The meetings will be held in Room 1E of the Legislative Office Building and are scheduled for 10:30 A.M.

In view of time constraints in reviewing the requests and preparing the agenda, late requests will not be considered.

Requests to the State Bond Commission must include one original set and one electronically transferred set of the following documentation:

1. A transmittal letter signed by the Agency Head which lists the requests in priority order.
2. A completed "State Bond Commission Request Form" for either State Construction/Acquisition Projects or for Grants/Loans/Advances, Revised 12/01 (copies attached).
3. Any additional project information or justification that would provide further detail for the requests.
4. Statement indicating compliance with all pertinent existing statutes and Executive Orders including any lien requirements.
5. The appropriate project tax information questionnaire, Revised December, 1997, (copies attached).

6. A lien analysis form to be completed for grant-in-aid recipients who are subject to the 10 year lien provision of the bond act from which funds are being requested (copy attached).

Submission of the requests should be by e-mail, with attachments to the following addresses:

steven.kitowicz@ct.gov; barbara.rua@ct.gov

PLEASE NOTE: Capital Development Impact Statements (CDIS) are not required to be submitted with State Bond Commission requests unless requested by the Secretary of the Office of Policy and Management. However, if you determine that the submission of a CDIS might help justify your request for funding, please include this in your submission (copy attached).

In addition, policy guidelines as stated in "Appendix A" should be adhered to when submitting requests.

Projects which require approval of boards or commissions, such as State Properties Review Board and Office of Health Care Access, must be processed through the respective boards **before** a request is submitted for funding. Copies of their resolutions or correspondence approving these projects must also accompany the State Bond Commission request. Any requests submitted without required approvals in place will **not** be considered for inclusion on the agenda and will be automatically returned to the submitting agency.

The agency should review all projects which relate to the Statewide Conservation and Development Policies Plan and address any issues (through OPM/Intergovernmental Policy Division) prior to submitting the request for inclusion on the State Bond Commission agenda.

Also, projects which would convert twenty-five or more acres of prime farmland to a nonagricultural use **must be** reviewed by the Commissioner of Agriculture, in accordance with Section 22-6 of the General Statutes, prior to submission of a request. Please provide documentation of this review with your submission.

Each request for funding of cost overruns and/or change orders must include the following justification:

1. A detailed explanation of why the change orders are being requested and whether or not the work has been completed.
2. A written statement of the best estimate of additional funds needed to complete the project.

Federal Tax Requirements

To comply with Federal tax law requirements for tax exempt bonds, the operation of a facility which has been constructed, improved, renovated or expanded with bond funds issued or to be issued under the provisions of Federal Tax Regulations must comply with the management contract guidelines. A copy is enclosed.

Compliance with General Statutes/Regulations/State Policy

It is understood that when an agency submits a request it is with the approval of the agency head and that the submission meets all requirements that would pertain to the request, either under the general statutes, regulation or state policy.

APPENDIX A

Unused Balances

All unused balances from prior State Bond Commission approvals must be returned to the unallotted balance under the fund and section of origin once a project is completed or cancelled. The only exception to this policy is if the legislation authorizing the project or purpose allows the balance to remain in an account or if the State Bond Commission had approved the authorization on an as needed basis to be controlled through the allotment process pending project definition. In no case should an agency use remaining funds without the specific authority of the State Bond Commission. If an agency wants to use remaining funds, the new project can be initiated upon a reversion and specific approval of the State Bond Commission.

Flow of Funds

In order to comply with the provisions of Federal tax law regarding the expenditure of bond proceeds by a grant recipient, State agencies must not allow a grantee to drawdown on State funds in order to create investment earnings. The use of state funds should be on an as needed basis to fund project costs. Agencies must use the Tax Exempt Proceeds Fund as established under Section 3-24a of the Connecticut General Statutes.

Reimbursements

The State Bond Commission will not approve allocations for reimbursements to recipients for work completed unless the bond act or state statutes allow for payment on a reimbursement basis or unless approval is obtained by the State agency from OPM in advance of the start of work.

This is unlike reimbursements paid from the tax exempt proceeds fund. These TEPF reimbursements are paid from money deposited into the fund based on State Bond Commission approvals made prior to the initiation of work.

Loans Financed From Bond Proceeds

If the agency has discretion in setting the rate of interest to be charged on loans financed with bond proceeds, it should attempt to require that the rate be equal to the cost of capital as determined by the rate on the last State of Connecticut taxable general obligation bond sale.

Land/Building Acquisition

Recipients of state financial assistance that have a need to acquire land or buildings with state bond proceeds should demonstrate that the property proposed for purchase was selected through a process as outlined below.

All available excess state property in the area should be considered for use before a search begins for any other property. If no suitable state property is found, the recipient should be required to advertise its needs and specifications in a newspaper having a substantial circulation in the area in which the property is being sought. A copy of the notice should be sent to the Connecticut Association of Realtors.

If the property to be acquired is valued at less than \$100,000 one independent appraisal is to be prepared and submitted to the State agency. For property valued at \$100,000 or more, two independent appraisals shall be prepared and submitted to the agency. The purchase price of the

property must not exceed the high appraised value unless approval is obtained from the State Properties Review Board. All attempts should be made to negotiate the lowest possible price.

In all transactions, the acquisition of property should be an "arms length" transaction.

Bids and Contracts

Every contract for construction, reconstruction, alteration, remodeling, repair or demolition by a recipient using State Bond funds shall be awarded to the lowest responsible and qualified bidder based on competitive bids. The lowest responsible and qualified bidder is the bidder whose bid is the lowest received and who possesses the skill, ability and integrity necessary to perform the work based on past performance and financial responsibility.

Competitive bids should be sought through advertisement of the work specifications in a newspaper having substantial circulation in the area. If, following advertisement in the newspaper, a change is made to the specifications, the amended specifications should be readvertised to allow all potential bidders an opportunity to bid.

Agencies must post all contracting opportunities on the Department of Administrative Services' State Contracting Portal.

Agencies must comply with any provisions established by the State Contracting Standards Board.

Agencies must comply with the provisions of C.G.S §4a-100 as amended, The DAS Contractor Prequalification Program, which requires all contractors to prequalify "before they can bid on any construction, alteration, remodeling, repair or demolition of any public building, for work by the state or a municipality, estimated to cost more than \$500,000 and which is funded in whole or in part with state funds."

Lien Provision

When grants-in-aid are made to recipients for whom the lien provision of the bond act applies, the lien analysis form should be completed and included with the State Bond Commission request.

If in your review of the grant-in-aid application, it is initially disclosed that the proposed grant recipient or building owner has little or no equity in the building to be improved, then you should inform the applicant that a grant-in-aid financed from bond funds would not be possible.