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House Concurrent Resolution 58 (as adopted by the House)
Sponsor: Representative Jim Stamas
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 6-2-10

CONTENT

House Concurrent Resolution 58 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and Saginaw Valley State University (SVSU) for a construction project that the Legislature previously approved for planning and construction. Approval of the resolution would enable the SBA to issue bonds to finance the State's share of construction costs.

The project has met all of the planning approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act. Approval of the resolution would create a contractual obligation between the State and the SBA, requiring the State to make annual rental payments to the SBA. The SBA uses the rental payments to pay off the bonds sold to finance construction. Once the debt obligations are satisfied, the SBA will transfer title back to the institution.

This project involves the construction of an 89,980 square foot facility to house the College of Health and Human Services, including the departments of Nursing, Kinesiology, Occupational Therapy, Health Sciences, and Social Work. Consistent with other State Building Authority projects for universities, funding is based on a 75/25 State/institution match.

FISCAL IMPACT

The project represents new SBA bond debt obligations of \$21.0 million. Annual rental payments to the SBA are estimated at \$1,440,000 to \$1,883,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2009-10 General Government appropriation bill total \$235.4 million.

| HCR | Project | Total Cost | State Share | Institution Share | Rental Range |
|-----|----------------------------------|--------------|--------------|-------------------|----------------------------------|
| 58 | SVSU – Health Sciences Facility. | \$28,000,000 | \$21,000,000 | \$7,000,000 | \$1,440,000 to \$1,883,000 |

Note: HCR 58 is identical to SCR 19, which was adopted by the Senate on January 26, 2010.

Fiscal Analyst: Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.