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Senate Concurrent Resolution 62 (as introduced 11-28-06)

Sponsor: Senator Shirley Johnson

Committee: Appropriations

Date Completed: 11-28-06

### **CONTENT**

Senate Concurrent Resolution 62 would establish a lease agreement between the State, the State Building Authority (SBA), and Michigan Technological University for the General Campus Renovations project. 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 would use the rental payments to pay off the bonds sold to finance construction.

### **FISCAL IMPACT**

The project represents new bond debt obligations by the SBA of \$7.5 million. Annual rental payments to the SBA are estimated at \$582,000 to \$737,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2006-07 General Government appropriation bill total \$237.8 million.

SCR	Project	Total Cost	State Share	Institution Share	Rental Range
62	Michigan Technological University: General Campus Renovations.	\$10,000,000	\$7,500,000	\$2,500,000	\$582,000 to \$737,000

Fiscal Analyst: Bill Bowerman

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