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House Concurrent Resolution 103 (adopted by the House)

Sponsor: Representative Rebekah Warren

House Committee: Appropriations

Senate Committee: Appropriations

Date Completed: 12-10-08

CONTENT

House Concurrent Resolution 103 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and the University of Michigan-Ann Arbor for a construction project that the Legislature has 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 Capitol 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.

FISCAL IMPACT

The project represents new SBA bond debt obligations of \$6.4 million. Annual rental payments to the SBA are estimated at \$441,000 to \$576,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2008-09 General Government appropriation bill total \$231.8 million.

HCR	Project	Total Cost	State Share	Institution Share	Rental Range
103	University of Michigan-Ann Arbor, Phoenix Laboratory renovations. The project will convert the 35,000-sq. foot building to a state-of-the-art research facility for a broad range of research projects addressing energy production, storage, and conversion.	\$9,500,000	\$6,428,300	\$3,071,700	\$441,000 to \$576,000

Fiscal Analyst: Bill Bowerman

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