

Ferris State University Center for Collaborative Health Education

Senate Concurrent Resolution 45 - As Passed by the Senate

Sponsor: Senator Michelle McManus

Analysis Completed: June 28, 2010

BRIEF SUMMARY:

Senate Concurrent Resolution 45 approves the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Ferris State University for a construction project previously approved for planning and construction by the Legislature.

Approval of this resolution is the final remaining legal requirement to enable the SBA to issue bonds to finance the state's share of the project's construction costs. The project has met all of the approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act, 1984 PA 431. Approval would create a contractual obligation between the state and the SBA, requiring the state to make annual rent payments to the SBA. The SBA will use the rent payments to pay off the bonds sold to finance the construction. Once the debt obligations are satisfied, the SBA will transfer title back to Ferris State University.

The project involves the construction of an 87,245 sq. ft. modern health care facility, including academic, laboratory, and clinical spaces in support of the teaching, research, and patient care missions of the Michigan College of Optometry, the University, and surrounding communities. The clinic will serve as a regional health care resource, providing eye and vision services to Mecosta and surrounding county residents and will be used by nursing students for valuable patient experience. In addition to the clinic, the building will house faculty offices, administrative spaces, computer laboratories, network support facilities, student and faculty/staff lounges, and research laboratories.

FISCAL IMPACT:

The total cost of the project is \$26.9 million, with the state share being \$20.2 million and the university share being \$6.7 million. Annual rent payments to the SBA are estimated at \$1,383,000 to \$1,809,000 until the bonds are retired (approximately 15 to 17 years). The actual true market rent amount, within or below the respective range, will be determined when the project is completed and has been independently appraised. Annual rent payments to the SBA are appropriated in the General Government appropriations bill and total \$235.4 million for FY 2010.

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