

Oakland University Human Health Building

House Concurrent Resolution 14 - As Reported by the House Appropriations Committee
Sponsor: Representative Kowall
Analysis Completed: June 8, 2011

BRIEF SUMMARY:

House Concurrent Resolution 14 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Oakland 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 Oakland University.

The project involves construction of a five-story, 165,126 sq. ft. state-of-the-art instruction, research, and practice center for the Oakland University School of Nursing and School of Health Sciences. The facility will house new classrooms, labs, clinics, and administrative office space. The structure is made of a steel frame with an exterior of masonry wall, glass curtain wall, and panelized rain screen system.

FISCAL IMPACT:

The total cost of the project is \$64,561,200, with the state share being \$40,000,000 and the university share being \$24,561,200. Annual rent payments to the SBA are estimated at \$2,743,000 to \$3,587,000 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 \$241.9 million for FY 2011.

Fiscal Analyst: Robin R. Risko

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.