

Eastern Michigan University Pray-Harrold Hall Renovations

House Concurrent Resolution 27 - As Reported by the House Appropriations Committee
Sponsor: Representative Ouimet
Analysis Completed: June 8, 2011

BRIEF SUMMARY:

House Concurrent Resolution 27 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Eastern Michigan 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 Eastern Michigan University.

Pray-Harrold Hall is a 40-year old building, with seven floors, totaling 235,800 gross sq. ft. This project involves upgrading and modernizing the building to meet current barrier free and life safety code requirements. The project will provide renovation of the campus data center; upgrades to the mechanical and electrical systems; installation of life safety and security measures; replacement of roofs, windows, curtain wall systems, and exterior doors; and ensuring barrier free accessibility throughout the building.

FISCAL IMPACT:

The total cost of the project is \$42,000,000, with the state share being \$31,500,000 and the university share being \$10,500,000. Annual rent payments to the SBA are estimated at \$2,160,000 to \$2,825,000 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.

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■ 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.