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House Concurrent Resolution 14 (as introduced 5-4-11)
Sponsor: Representative Eileen Kowall
House Committee: Appropriations

Date Completed: 5-4-11

CONTENT

House Concurrent Resolution 14 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and Oakland University for a 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 Oakland University Human Health Building 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 will use 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.

The new five-story, 165,126-square-foot building will house the School of Health Sciences and the School of Nursing. The new facility will provide state-of-the-art instructional and research space including clinical laboratories, computer labs, simulation labs, and administration space.

FISCAL IMPACT

The total project cost is \$64,561,200. The Oakland University share is \$24,561,200 and the State share \$40.0 million. Annual State rental payments to the SBA are estimated at \$2,743,000 to \$3,587,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2010-11 General Government appropriation bill total \$241.9 million.

Fiscal Analyst: Bill Bowerman

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