

Michigan Technological University Great Lakes Research Center

House Concurrent Resolution 26 - As Introduced
Sponsor: Representative Huuki
Analysis Completed: May 10, 2011

BRIEF SUMMARY:

House Concurrent Resolution 26 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Michigan Technological 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 Michigan Technological University.

The project involves construction of a three-story, 55,000 sq. ft. research facility on the shore of Portage Lake in Houghton, Michigan. The facility will house several different types of research laboratories focusing on freshwater biological and aquatic research. The building is steel-framed with a combination of masonry, glass, and insulated metal siding. The university's two research vessels will be housed at the facility with dockage and a small boathouse for repair and maintenance.

FISCAL IMPACT:

The total cost of the project is \$25,337,000, with the state share being \$18,750,000 and the university share being \$6,587,000. Annual rent payments to the SBA are estimated at \$1,286,000 to \$1,681,000 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.