

Legislative Analysis



**Ferris State University
College of Pharmacy**

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**House Concurrent Resolution 67
Sponsor: Representative Phil Potvin
Analysis Completed: 11/29/12**

SUMMARY OF HCR 67 AS PASSED BY THE HOUSE November 29, 2012

House Concurrent Resolution 67 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the state, the SBA, and Ferris State University for the College of Pharmacy project. The project was previously approved by the Legislature and authorized for construction in Public Act 329 of 2010.

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 which are sold to finance the construction. Once the debt obligations are satisfied, the SBA will transfer title back to Ferris State University.

The College of Pharmacy facility, located in Grand Rapids, will provide a permanent learning center for third and fourth year pharmacy students. The facility is 26,800 square feet in size and encompasses the entire 7th floor of the Tower 25 Building. The building is located at 25 Michigan Street NE on the "Medical Mile", which places the College of Pharmacy with other well-known medical facilities and provides the opportunity for collaboration with other health care organizations and educational institutions. The facility will include classrooms, a computer lab, a clinical skills laboratory, faculty and administrative office space, and student and staff lounges.

FISCAL IMPACT:

The total cost of the project is \$8.8 million, with the state share being \$6.6 million and the university share being \$2.2 million. Annual rent payments to the SBA are estimated to be between \$453,000 and \$592,000 until the bonds are retired in 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 \$256.9 million for FY 2012-13.

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