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House Concurrent Resolution 26 (as introduced 5-4-11)

Sponsor: Representative Matt Huuki

House Committee: Appropriations

Date Completed: 5-4-11

CONTENT

House Concurrent Resolution 26 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and Michigan Technological 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 Michigan Technological University Great Lakes Research Center (GLRC) 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 GLRC is a three-story, 55,000-square-foot research facility on the shore of Portage Lake in Houghton, Michigan, adjacent to the campus. The facility will house aquatic research laboratories, a hydraulics laboratory, computational research center coastal research instrumentation, boathouse facilities, offices, and meeting rooms.

FISCAL IMPACT

The total project cost is \$25,337,000. Michigan Technological University's share is \$6,587,000 and the State share is \$18,750,000. Annual rental payments to the SBA are estimated at \$1,286,000 to \$1,681,000 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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