

## MINUTES OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE

Thursday, April 26, 2012

9:00 a.m.

Room 352, State Capitol

The Joint Capital Outlay Subcommittee was called to order by the Chair, Representative Eileen Kowall.

Members present: Representatives Kowall, Goike, Genetski, Potvin, and Pscholka.  
Senators Booher, Schuitmaker, Jansen, Moolenaar, and Anderson.

Members absent/excused: Representatives Jackson and McCann. Senators Green and Hood.

Senator Booher moved to excuse absent members. There being no objection, absent members were excused.

Representative Goike moved to approve the minutes of February 16, 2012.

Representative Potvin seconded the motion.

The motion prevailed by a vote of 9-0-0.

### FAVORABLE ROLL CALL:

Yeas: Representatives Kowall, Goike, Genetski, Potvin, and Pscholka.  
Senators Booher, Schuitmaker, Jansen, and Anderson.

Nays: None.

Pass: None.

The Chair laid HCR 53, State Building Authority Lease for DTMB State Facility Preservation Projects, before the subcommittee:

House Concurrent Resolution 53 would approve a lease between the state and the State Building Authority relative to the Department of Technology, Management, and Budget State Facility Preservation Projects, Phase I and III, Group P State Surplus Facility Special Maintenance. The projects were approved for construction by the Legislature in Public Acts 10 of 2005 and 278 of 2010.

Approval of the resolution would enable the SBA to issue bonds to finance the state's construction costs. The resolution would create a contractual obligation between the state and the SBA, requiring the state to make annual rent payments to the SBA. The SBA uses 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 the state.

The projects at the State Surplus Facility include renovating men's and women's bathrooms; converting raw warehouse space to new office areas, including new gypsum board walls, carpet, tile, acoustical ceilings, light fixtures, HVAC system, plumbing, and fire protection; upgrading existing warehouse space with new masonry walls; painting floors and ceilings; installing new lighting, electrical power, heating and ventilating systems; repairing exterior masonry wall; removing and replacing existing roof; and repairing the asphalt parking lot. The State Surplus Facility is located on St. Joseph Highway in Lansing Township, Lansing, Michigan. The total cost of the projects is \$1,702,300. Annual rent payments to the SBA are estimated to be between \$135,000 and \$171,000 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 projects are completed and have been independently appraised.

Robin Risko from the House Fiscal Agency explained and answered questions regarding the concurrent resolution.

Representative Goike moved to approve the concurrent resolution.

Senator Booher seconded the motion.

The motion prevailed by a vote of 9-0-0.

#### FAVORABLE ROLL CALL:

Yeas: Representatives Kowall, Goike, Genetski, Potvin, and Pscholka.

Senators Booher, Schuitmaker, Jansen, and Anderson.

Nays: None.

Pass: None.

The Chair laid HCR 54, State Building Authority Lease for Wayne Community College, before the subcommittee:

House Concurrent Resolution 54 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the state, the SBA, and Wayne County Community College for the Northwest Campus Replacement Construction project previously approved by the Legislature in Public Act 278 of 2008.

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 Wayne County Community College.

The project will provide a 93,000 gross sq. ft., three story addition to the existing Health Sciences Building and a 7,000 gross sq. ft., one story addition to the existing General Arts Building. The renovation and expansion will create various multi-use lecture classrooms, flexible instructional laboratories, and student support services to meet present and future

enrollment requirements. The existing central energy plant will be replaced with a new reliable energy efficient plant. Exterior finishes will include combinations of aluminum composite, insulated metal panels, terracotta rain screen systems, brick veneers, face brick, and insulated glass to blend the new building addition with the existing campus.

The total cost of the project is \$42.0 million, with the state share being \$21.0 million and the college share being \$21.0 million. Annual rent payments to the SBA are estimated to be between \$1,440,000 and \$1,883,000 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.

Robin Risko from the House Fiscal Agency explained and answered questions regarding the concurrent resolution.

Senator Booher moved to approve the concurrent resolution.

Senator Anderson seconded the motion.

The motion prevailed by a vote of 10-0-0.

#### FAVORABLE ROLL CALL:

Yeas: Representatives Kowall, Goike, Genetski, Potvin, and Pscholka.  
Senators Booher, Schuitmaker, Jansen, Moolenaar, and Anderson.  
Nays: None.  
Pass: None.

The Chair laid Capital Outlay Transfer Request 2012-3 before the subcommittee:

**Lac La Belle, Keweenaw County, Piling and Pier and Pier Replacement (Total Authorized Cost \$1,187,000; Federal Share \$750,000; State Share \$437,000).** This transfer will appropriate an additional \$230,000 and allow the Department of Natural Resources to complete the piling and pier replacement project for Lac La Belle State Harbor. Undocumented soil conditions resulted in the need to extend the dock pilings beyond the length originally designed. This was necessary in order to achieve the specified bearing capacities and resulted in additional construction costs. Funding is available from the Land Acquisitions appropriation within the Waterways Boating Program to support the transfer and accommodate the additional costs of the Lac La Belle project.

Robin Risko from the House Fiscal Agency explained and answered questions regarding the transfer request.

Sharon Shaffer, Department of Natural Resources, was available to answer more specific questions regarding the transfer request.

Senator Booher moved to approve the transfer request.

Representative Goike seconded the motion.

The motion prevailed by a vote of 10-0-0.

**FAVORABLE ROLL CALL:**

Yeas: Representatives Kowall, Goike, Genetski, Potvin, and Pscholka.  
Senators Booher, Schuitmaker, Jansen, Moolenaar, and Anderson.

Nays: None.

Pass: None.

There being no further business before the subcommittee and seeing no objection, the Chair adjourned the meeting, the time being 9:22 a.m.

**Representative Eileen Kowall, Chairperson** \_\_\_\_\_

Ben Williams Jr., Committee Clerk, (517) 373-1988

22 Minutes