

MINUTES OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE

Thursday, October 27, 2011

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, Pscholka, and McCann. Senators Booher, Jansen, Moolenaar, Hood, and Anderson.

Members absent/excused: Representative Jackson and Senators Schuitmaker and Green.

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

Representative Goike moved to approve the minutes of September 22, 2011.

There being no objection, the motion prevailed by unanimous consent.

The Chair laid **HCR 36**, the State Building Authority Lease for Western Michigan University before the committee:

House Concurrent Resolution 36 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Western Michigan University for a construction project previously approved by the Legislature for planning in Public Act 278 of 2008 and for construction in Public Act 111 of 2010. (SCR 8 of 2011 contained revisions to the university's and state's share of costs for the project.)

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 Western Michigan University.

The Sangren Hall Replacement project involves construction of a new multi-story building which consists of 214,800 gross sq. ft. (141,585 sq. ft. assignable space) and includes classrooms, clinics, circulation and common spaces, locations for student services and academic support services, conference rooms, dining services, file and other storage areas, laboratories, offices, and a library. At the end of construction, the original building will be completely demolished and the demolition site will be developed to complete loading dock and service access for the new building and to provide drop-off parking, general parking, storm water retention, landscaping, and green space.

FISCAL IMPACT:

The total cost of the project is \$60.0 million, with the state share being \$30.0 million and the university share being \$30.0 million. Annual rent payments to the SBA are estimated at between \$2,057,000 and \$2,690,000 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 \$256.9 million for FY 2012.

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

Representative Goike moved to approve HCR 36.

Senator Booher seconded the motion.

The motion prevailed by a vote of 11-0-0.

FAVORABLE ROLL CALL:

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

Nays: None.

Pass: None.

The Chair laid **HCR 37**, the State Building Authority Lease for Henry Ford Community College before the committee:

House Concurrent Resolution 37 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and the school district of the City of Dearborn relative to Henry Ford Community College for a construction project previously approved by the Legislature for planning in Public Act 278 of 2008 and 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 sold to finance the construction. Once the debt obligations are satisfied, the SBA will transfer title back to the school district.

The Science Building Improvements project involves renovating the existing 49,344 sq. ft. Science Building and construction of an 18,000 sq. ft. expansion to add capacity and address the high demand for science courses. Renovations include complete replacement of the heating, ventilation, air conditioning, electrical, and laboratory exhaust systems; replacement of air handling units and ductwork; installation of a new service entrance, switchgear, and power distribution system, a new emergency lighting system to comply with life safety codes, a new fire alarm system complete with strobes and a voice evacuation speaker system, and a new security camera and card-access reader; improvements to lighting and service power; asbestos abatement; architecture modifications to floors, walls, and ceilings; and finishing improvements

in classrooms, corridors, and offices. The expansion will provide four new laboratories, two new classrooms for life sciences, offices, and support spaces.

FISCAL IMPACT:

The total cost of the project is \$15.0 million, with the state share being \$7.5 million and the school district share being \$7.5 million. Annual rent payments to the SBA are estimated at between \$514,000 and \$673,000 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 \$256.9 million for FY 2012.

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

Senator Hood moved to approve HCR 37.

Senator Jansen seconded the motion.

The motion prevailed by a vote of 11-0-0.

FAVORABLE ROLL CALL:

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

Nays: None.

Pass: None.

The Chair laid **HCR 38**, the State Building Authority Lease for Washtenaw Community College before the committee:

House Concurrent Resolution 38 would approve the conveyance of property and a standard State Building Authority (SBA) lease between the SBA, the state, and Washtenaw Community College for a construction project previously approved by the Legislature for planning in Public Act 278 of 2008 and for construction in Public Act 27 of 2010. (Public Act 64 of 2009 contained revisions to the scope of the project.)

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 Washtenaw Community College.

The Skilled Trades Training Program Renovations project involves renovating the Occupational Education Building and the Skilled Trades Annex to upgraded skilled trades training facilities. Renovations at the Occupational Education Building include roof replacement; upgrades to mechanical, HVAC, electrical, lighting, and ceiling systems; interior renovations; and space

reconfiguration which will provide four additional classrooms and two dedicated laboratories. Renovations at the Skilled Trades Annex include new classroom, instructional lab, and faculty office space.

FISCAL IMPACT:

The total cost of the project is \$14.8 million, with the state share being \$7.4 million and the college share being \$7.4 million. Annual rent payments to the SBA are estimated at between \$507,000 and \$664,000 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 \$256.9 million for FY 2012.

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

Senator Booher moved to approve HCR 38.

Senator Hood seconded the motion.

The motion prevailed by a vote of 11-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Kowall, Goike, Genetski, Potvin, Pscholka, and McCann.
Senators Booher, Jansen, Moolenaar, Hood, 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 9:13 a.m.

Representative Eileen Kowall, Chairperson _____

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

13 Minutes