



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Concurrent Resolution 67 (as adopted by the House 11-29-12)
Sponsor: Representative Philip Potvin
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 11-30-12

CONTENT

House Concurrent Resolution 67 would approve the conveyance of property and approve a lease between the State, the State Building Authority (SBA), and Ferris State University (FSU) for the Ferris State University College of Pharmacy project that the Legislature approved for construction in Public Act 329 of 210. The project has met all of the approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act.

The project consists of the purchase and build-out of the 7th floor of the 25 Michigan Building in Grand Rapids for the FSU College of Pharmacy. The building is located on the "Medical Mile" and will facilitate collaboration with other health care organizations that are within close proximity. The facility will include classrooms, a computer lab, clinical skills laboratory, and faculty and administrative office space.

Third-year pharmacy students are involved in experiential learning at pharmacy practice sites. The fourth year includes clinical practice experience. The instructional needs of third-year students are currently met by delivery of curriculum at two locations (Grand Rapids and Kalamazoo). This project consolidates the two sites into one location. The total cost of the project is \$8.8 million, with a State share of \$6.6 million, and a university share of \$2.2 million.

Approval of the resolution would enable the SBA to issue bonds to finance the State's share of construction costs and 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 Ferris State University.

FISCAL IMPACT

The resolution would result in \$6.6 million in new bond debt obligations for the State. Annual rental payments to the SBA are estimated at \$453,000 to \$592,000 until the bonds are retired (approximately 15 to 17 years). Annual rental (debt service) payments to the SBA appropriated in the FY 2012-13 General Government appropriation bill total \$256.9 million.

Fiscal Analyst: Bill Bowerman

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