

**MINUTES OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE**  
**Meeting No. 1, Thursday, March 5, 2009, 9:00 a.m.**  
**Senate Hearing Room, Ground Floor, Boji , 124 W. Allegan, Lansing, Michigan 48933**

The Joint Capital Outlay Subcommittee was called to order by the Chair, Senator Michelle A. McManus.

Members present: Senators McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman, and Scott

Representatives Lahti, Dean, Bennett, Switalski, Durhal, Bauer, Caul, Proos, Booher, Haines

Members absent/excused: None

Chair McManus placed agenda Item Number 1 before the Subcommittee.

1. JOINT CAPITAL OUTLAY SUBCOMMITTEE RULES FOR 2009-2010

Bill Bowerman, Senate Fiscal Agency, provided an overview of the proposed rules for 2009-2010.

Senator Pappageorge moved approval, supported by Representative Lahti.

The motion prevailed by a vote of 19 -0-0

Yeas: Senators McManus, Jelinek, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman, and Scott.

Representatives Lahti, Dean, Bennett, Switalski, Durhal, Bauer, Caul, Proos, Booher, Haines

Nays: 0

NV/Excused: Senator Brown

Chair McManus placed agenda Item Number 2 before the subcommittee.

2. STATE BUILDING AUTHORITY LEASE AGREEMENTS – SENATE CONCURRENT RESOLUTION 5

DMB Letter Date: 1/22/09

The State Building Authority (SBA) requests Legislative approval of a concurrent resolution that would convey property and approve a lease between the State, the SBA and Muskegon Community College for the Student Services One-Stop Center project authorized for planning and construction in Public Act 278 of 2008 and House Concurrent Resolution 98 of 2008. Approval of the resolution would allow bonds to be sold to finance project construction.

An overview was provided by Bill Bowerman, Senate Fiscal Agency. This project involves renovation of existing space to consolidate all student services, including registration, records, counseling, testing career services, student placement, recruitment, financial aid, and student life. These student services functions will be on one level in a prominent location adjacent to the lobby of the main building. This One-Stop Center began as a college self-funded project and has been expanded to include nursing

classrooms and other student support areas. The total cost of the project is \$5.0 million and the State share is \$2.5 million. Annual rental payments to the SBA are estimated at \$171,000 to \$224,000 until the bonds are retired (approximately 15 to 17 years).

The resolution would convey property and transfer title of the facility to the SBA. Approval of the lease agreement sets up a contractual obligation between the State and the SBA requiring the State to make 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 estimated annual rental amounts are provided pursuant to the requirements of the State Building Authority Act. A true rental amount will be determined by an appraiser once the building is complete.

Representative Bennett moved approval, supported by Senator Cropsey.

The motion prevailed by a vote of 20-0-0

Yeas: Senators McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman, and Scott

Representatives Lahti, Dean, Bennett, Switalski, Durhal, Bauer, Caul, Proos, Booher, Haines

Nays: 0

NV/Excused: 0

Chair McManus placed agenda Item Number 3 before the Subcommittee.

3. FY 2008-09 CAPITAL OUTLAY SUPPLEMENTALS AND NATURAL RESOURCES TRUST FUND APPROPRIATION BILL

DMB Letter Date: 2/12/09

Bill Bowerman, Senate Fiscal Agency, provided an overview of Senate Bill 322. On December 4, 2008, the Michigan Natural Resources Trust Fund Board made its annual recommendations for acquisition and recreation development projects to be funded from the Natural Resources Trust Fund. The Board recommended 37 acquisition projects and 44 development projects, totaling \$48.5 million. A list of all of the Board's recommendations is included in the bill analysis. Appropriations for these projects are usually enacted in a supplemental appropriations bill in the spring. The Governor's February 12, 2009 supplemental recommendation includes funding for the Trust Fund Projects, along with Federal funding for Waterways Projects and Federal Funds for Military Affairs (Camp Grayling).

Senator Kahn introduced Eric Rutherford of Bridgeport Township, who testified regarding the process for awarding Natural Resources Trust Fund grants, specifically in relation to the Liberty Park Improvement Project. Testimony regarding general support of the Trust Fund Appropriation was provided by Dennis Schornack, representing the Michigan Recreation and Park Association, and Rachel Kuntzsch representing Heart of the Lakes.

Senator Jelinek moved approval, supported by Representative Lahti.

The motion prevailed by a vote of 20-0-0

Yeas: Senators McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman, and Scott

Representatives Lahti, Dean, Bennett, Gonzales, Switalski, Durhal, Bauer, Caul, Proos, Booher, Haines

Nays: 0

NV/Excused: 0

Chair McManus placed agenda Item Number 4 before the Subcommittee.

4. USE AND FINANCE STATEMENTS

The Department of Management and Budget is requesting approval of Use and Finance Statement for projects at various public institutions. The projects are funded entirely from institution resources. JCOS approval would allow the self-funded projects to commence, but does not commit State funds for construction, maintenance, or operation of the facilities.

Item	DMB Letter	Project	Cost	Financing	Annual Operating
A	12/22/08	<b>Michigan State University.</b> Steam Distribution & Road Reconstruction – Wilson & Birch Roads. The project includes replacing deteriorating steam lines, increasing steam capacity, road reconstruction for pedestrians, traffic safety improvements, and increasing fire-fighting capacity to water distribution system. Estimated completion date: August 2009.	10,000,000	Utility Infrastructure Funds	No Change
	12/22/08	<b>Michigan State University.</b> Brody Hall Renovations. The project includes all major mechanical, electrical, ventilation, system upgrades, ADA modifications, elevator renovations, asbestos abatement, lighting upgrades, flooring and ceiling replacement, roofing and exterior renovations, replacement of life safety systems, and other improvements. Estimated completion date: August 2011.	49,800,000	Bonding and Housing Operation revenues	130,192
	1/8/09	<b>Michigan State University.</b> Holden Hall – Install Fire Alarm & Sprinkler System. The project includes installation of a new wet pipe	4,200,000	University Funds – housing and food services	No Change

		sprinkler system, emergency lighting, and fire alarm. Estimated completion date: August 2010.			
<b>B</b>	1/8/09	<b>U of M – Ann Arbor.</b> Francois Xavier Bagnoud Building Ultra-Low Vibration Laboratory. The project involves the renovation of 6,700 gross sq. ft in the basement of the building to accommodate bio-engineering and bio-nanotechnology research. Estimated completion date: September 2010.	5,300,000	College of Engineering resources	20,100
	1/8/09	<b>U of M – Ann Arbor.</b> Business Administration Executive Dormitory and Sam Wyly Hall Guest Room Area Renovations. The project involves renovation of approximately 41,280 gross sq. ft. The two buildings will be used for guest rooms for participants in executive education programs.	4,000,000	Ross School of Business resources	None
	1/8/09	<b>U of M – Ann Arbor.</b> Thomas Francis, Jr., Public Health Building Infrastructure and Finishes Renewal. The nine-story 172,000 gross sq. ft. building was constructed in 1971. The project includes upgrading the building's electrical system and emergency power system, painting offices and corridors, and replacing furniture. Estimated completion date: December 2011.	9,475,000	School of Public Health resources	None
	1/8/09	<b>U of M – Ann Arbor Law School.</b> Academic Building & Hutchins Law School Commons Addition. The project includes a new 100,000 gross sq. ft. academic building, an addition between Hutchins Hall and the Cook	102,000,000	Gifts, Investment Proceeds, and Law School resources	1,015,000

		Library, and renovations within Hutchins Hall and Cook Library. Estimated completion date: June 2012.			
<b>C</b>	1/28/09	<b>Ferris State University.</b> Rock Cafe Dining Center Renovation. Renovation of 30,085 gross sq. ft. originally constructed in 1964. The Café currently handles 58% of all meals consumed on campus. Estimated completion date: August 2009.	7,300,000	Internal Maintenance Reserve Funds	212,695
<b>D</b>	1/29/09	<b>Wayne County Community College.</b> University Square Acquisition. The project involves the purchase of 22,000 sq. ft. facility that will include a student common area, four private offices, two conference rooms, one computer lab, four classrooms, one science laboratory, a lecture auditorium, and support areas. The facility will provide space for a partnership with universities, colleges, businesses, and K-12 systems for shared programs and distance learning. Estimated completion date: February 2009.	7,251,979	Bond proceeds	675,374
<b>E</b>	2/13/09	<b>Grand Valley State University.</b> Learning and Dining Center 2010. The 22,179 sq. ft. facility will include fresh food options, a convenience store and coffee shop, four classrooms, two faculty offices, one conference room and a 93 seat student study area. Estimated completion date: April 2010.	7,400,000	University bonds & funds	2,886,151
	2/13/09	<b>Grand Valley State University.</b> New Housing Living Center 2010. The project consists of removing six existing housing buildings	45,000,000	Housing Revenue Bonds	1,046,177

		and the construction of three buildings that will house 604 students. Estimated completion date: August 2010.			
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Senator Hardiman moved approval, supported by Representative Bauer.

The motion prevailed by a vote of 20-0-0

Yeas: Senators McManus, Jelinek, Brown, Cropsey, Hardiman, Pappageorge, Switalski, Cherry, Clark-Coleman, and Scott

Representatives: Lahti, Dean, Bennett, Switalski, Durhal, Bauer, Caul, Proos, Booher, Haines

Nays: 0

NV/Excused: 0

Senator McManus stated the intent that next JCOS meeting will be on April 2, 2009. There being no further business before the Subcommittee, Chair McManus adjourned the meeting, the time being 9:30 a.m.

Senator Michelle A. McManus, Chair \_\_\_\_\_  
Pam Yeomans, Committee Clerk, (517) 373-2768