

**SUBSTITUTE FOR
SENATE BILL NO. 867**

A bill to create certain authorities; to authorize creation of certain funds; to authorize expenditures from the funds; to finance the purchase of land and the development of certain convention facilities and of public improvements or related facilities; and to prescribe the powers and duties of certain state and local officials.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as "the
2 convention facility authority act".

3 Sec. 2. The legislature of this state finds that there
4 exists in this state a continuing need for programs to promote
5 tourism and convention business in order to assist in the preven-
6 tion of unemployment and the alleviation of the conditions of
7 unemployment, to preserve existing jobs, and to create new jobs
8 to meet the employment demands of population growth. To achieve

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1 these purposes, it is necessary to assist and encourage local
2 units of government to acquire, construct, improve, enlarge,
3 renew, replace, repair, finance, furnish, and equip convention
4 facilities and the real property on which they are located and to
5 refinance these activities.

6 Sec. 3. As used in this act:

7 (a) "Authority" means a convention facility authority cre-
8 ated under section 4.

9 (b) "Board" means the board of directors of an authority.

10 (c) "Convention facility" means all or any part of, or any
11 combination of, a convention hall, auditorium, arena, meeting
12 rooms, exhibition area, and related adjacent public areas that
13 are generally available to the public for lease on a short-term
14 basis for holding conventions, meetings, exhibits, and similar
15 events, together with appurtenant property, including parking
16 lots or structures, necessary and convenient for use in connec-
17 tion with the convention facility.

18 (d) "Develop", unless the context clearly indicates a dif-
19 ferent meaning, means to acquire, market, promote, construct,
20 improve, enlarge, renew, renovate, replace, lease, equip, fur-
21 nish, or operate.

22 (e) "Fund" means the convention facility authority fund cre-
23 ated for each authority as provided in section 10.

24 (f) "Qualified city" means a city with a population of more
25 than 170,000 that is the most populous city in a qualified
26 county.

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1 (g) "Qualified county" means a county with a population of
2 more than 500,000 that is not a charter county or a county with
3 an optional unified form of government and contains a qualified
4 city.

5 Sec. 4. (1) A qualified county and a qualified city may by
6 resolutions of their respective legislative governing bodies
7 jointly establish an authority under this act. On the date on
8 which all the certified copies of the resolutions establishing
9 the authority are filed with the secretary of state, the author-
10 ity is created as a body corporate and politic.

11 (2) An authority under this act is an authority organized
12 pursuant to state law for purposes of 1974 PA 263, MCL 141.861 to
13 141.867.

14 Sec. 5. (1) The powers, duties, and functions of an author-
15 ity are vested in and shall be exercised by a board of
16 directors. The board shall consist of 7 members as follows:

17 (a) Two members who are residents of the qualified county
18 appointed by the county board of commissioners of the qualified
19 county, 1 of whom is from the private sector with experience in
20 economic development.

21 (b) Two members who are residents of the qualified county
22 appointed by the mayor of the qualified city with approval by the
23 legislative body of the qualified city, 1 of whom is from the
24 private sector with experience in economic development.

25 (c) One member who is a resident of the qualified county
26 appointed by the governor.

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1 (d) Two members who are residents of the qualified county
2 appointed by the 5 members described in subdivisions (a), (b),
3 and (c) at the first meeting of the board as the first item of
4 business, both of whom shall be selected from a list of not fewer
5 than 3 individuals provided by the local convention and visitors
6 bureau. Every 2 years after the first appointment under this
7 subdivision, 1 member shall be appointed at the first meeting of
8 the board following the expiration of the member's term as the
9 first item of business.

10 (2) Except as otherwise provided in this subsection, members
11 of the board shall be appointed for a term of 4 years. One of
12 the board members first appointed by the county board of commis-
13 sioners of the qualified county and 1 of the board members first
14 appointed by the mayor of the qualified city with the approval of
15 the legislative body of the qualified city shall be appointed for
16 a term of 2 years. The first member appointed under subsection
17 1(d) shall be appointed for a term of 2 years. A person is not
18 eligible to be a member of the board if that person has served 12
19 or more consecutive years as a member of that board.

20 (3) Upon appointment to a board under subsection (1) and
21 upon taking and the filing of the constitutional oath of office,
22 a member of the board shall enter office and exercise the duties
23 of the office to which he or she is appointed.

24 (4) A vacancy on a board of a member serving for a fixed
25 term shall be filled in the same manner as the original appoint-
26 ment for the balance of the unexpired term. A member of the
27 board holds office until a successor is appointed and qualified.

1 Sec. 6. (1) Members of a board and officers and employees
2 of the authority are subject to 1968 PA 317, MCL 15.321 to
3 15.330. A member of the board or an officer, employee, or agent
4 of the authority shall discharge the duties of his or her posi-
5 tion in a nonpartisan manner, in good faith, and with the degree
6 of diligence, care, and skill that an ordinarily prudent person
7 would exercise under similar circumstances in a like position.
8 In discharging his or her duties, a member of the board or an
9 officer, employee, or agent of the authority, when acting in good
10 faith, may rely upon any of the following:

11 (a) The opinion of counsel for the authority.

12 (b) The report of an independent appraiser selected by the
13 board.

14 (c) Financial statements of the authority represented to the
15 member of the board, officer, employee, or agent to be correct by
16 the officer of the authority having charge of its books of
17 account or stated in a written report by the state auditor gen-
18 eral or a certified public accountant, or a firm of certified
19 accountants, to reflect the financial condition of the
20 authority.

21 (2) A board shall organize and make its own policies and
22 procedures and shall adopt bylaws governing its operations. A
23 majority of the members of a board constitutes a quorum for
24 transaction of business, notwithstanding the existence of 1 or
25 more vacancies on the board. Except as otherwise provided in
26 this act, actions taken by the board shall be by a majority vote
27 of the members present in person at a meeting of the board or, if

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1 authorized by the bylaws, by the use of amplified telephonic or
2 video conferencing equipment. The authority shall meet at the
3 call of the chairperson and as may be provided in the bylaws.

4 (3) Members of a board shall serve without compensation for
5 their membership on the board, but members of the board may
6 receive reasonable reimbursement for necessary travel and
7 expenses.

8 Sec. 7. (1) A board shall conduct all business at public
9 meetings held in compliance with the open meetings act, 1976 PA
10 267, MCL 15.261 to 15.275. Public notice of the time, date, and
11 place of each meeting shall be given in the manner required by
12 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

13 (2) A record or a portion of a record, material, or other
14 data received, prepared, used, or retained by the authority that
15 relates to financial or proprietary information that is identi-
16 fied in writing by the person submitting the information and
17 acknowledged by the board as confidential is not subject to the
18 disclosure requirements of the freedom of information act, 1976
19 PA 442, MCL 15.231 to 15.246. The board may meet in closed ses-
20 sion pursuant to the open meetings act, 1976 PA 267, MCL 15.261
21 to 15.275, to make a determination of whether it acknowledges as
22 confidential any financial or proprietary information submitted
23 and considered by the person submitting the information as
24 confidential. For the purpose of this subsection, "financial or
25 proprietary information" means information that has not been pub-
26 licly disseminated or that is unavailable from other sources, the

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1 release of which might cause the person submitting the
2 information competitive harm.

3 Sec. 8. (1) An authority may do all things necessary or
4 convenient to carry out the purposes, objectives, and provisions
5 of this act and the purposes, objectives, and powers delegated to
6 the authority or the board by other laws or executive orders,
7 including, without limitation, all of the following:

8 (a) Adopt bylaws for the regulation of its affairs and alter
9 the bylaws at its pleasure.

10 (b) Sue and be sued in its own name.

11 (c) Enter into contracts and other instruments necessary,
12 incidental, or convenient to the performance of its duties and
13 the exercise of its powers and designate the person or persons
14 who have authority to execute those contracts and investments on
15 behalf of the authority.

16 (d) Solicit, receive, and accept from any source gifts,
17 grants, loans, or contributions of money, property, or other
18 things of value, and other aid or payment, or participate in any
19 other way in a federal, state, or local government program.

20 (e) Procure insurance against loss in connection with the
21 property, assets, or activities of the authority.

22 (f) Invest money of the authority under 1943 PA 20, MCL
23 129.91 to 129.96, and deposit money of the authority under 1932
24 (1st Ex Sess) PA 40, MCL 129.11 to 129.16.

25 (g) Engage, on a contract basis, the services of private
26 consultants, managers, legal counsel, and auditors for rendering

1 professional or technical assistance and advice payable out of
2 any money of the authority.

3 (h) Indemnify and procure insurance indemnifying members of
4 the board from personal loss or accountability for liability
5 asserted by a person with regard to bonds or other obligations of
6 the authority, or from any personal liability or accountability
7 by reason of the issuance of the bonds or other obligations or by
8 reason of any other action taken or the failure to act by the
9 authority.

10 (i) Establish and maintain an office and employ and fix com-
11 pensation for personnel of the authority. To hire an executive
12 director or other chief administrative officer who is authorized
13 to establish and fix a schedule of rents, admission fees, or
14 other charges for occupancy, use of, or admission to any conven-
15 tion facility operated by the authority and provide for the col-
16 lection and enforcement of those rents, admission fees, or other
17 charges.

18 (j) Hold, clear, remediate, improve, maintain, manage, con-
19 trol, sell, exchange, mortgage and hold mortgages on and other
20 security interests in, lease, as lessor or lessee, and obtain or
21 grant easements and licenses on property that the authority
22 acquires. A sale, exchange, lease, or other disposition of
23 authority property shall be to a person or persons for a project
24 or projects involving a convention facility. Property acquired
25 by the authority and later determined by the authority to be not
26 necessary for a convention facility may be sold or otherwise
27 disposed of for use or uses not inconsistent with the purposes of

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1 this act. Temporary or permanent easements or licenses or other
2 appropriate interests in property acquired by the authority may
3 be conveyed or granted by the authority for utility, vehicular,
4 or pedestrian traffic facilities, or related purposes not incon-
5 sistent with this act. The authority does not have the power to
6 condemn property.

7 (k) Issue negotiable revenue bonds under the revenue bond
8 act of 1933, 1933 PA 94, MCL 141.101 to 141.140. Revenue bonds
9 issued by the authority are not a debt of the qualified county,
10 qualified city, or this state.

11 (l) Develop a convention facility.

12 (m) Do all other acts and things necessary or convenient to
13 carrying out the purposes for which the authority was
14 established.

15 (2) An authority established under this act shall not levy a
16 tax.

17 Sec. 9. (1) An authority may employ staff, including legal
18 and technical experts, and other officers, or employees, per-
19 manent or temporary, paid from the funds of the authority.

20 (2) The accounts of an authority are subject to annual
21 audits by the state auditor general or a certified public accoun-
22 tant selected by the authority. Copies of the audits shall be
23 forwarded annually to the state treasurer as provided in the uni-
24 form budgeting and accounting act, 1968 PA 2, MCL 141.421 to
25 141.440a. Records shall be maintained according to generally
26 accepted accounting principles.

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1 (3) The authority shall prepare and adopt an annual budget.

2 Sec. 10. A convention facility authority fund is created
3 for each authority. An authority shall deposit all money
4 received and generated by the convention facility into the fund.

5 Sec. 11. The payment of principal, interest, and other
6 costs including engineering, financial, and issuance costs, asso-
7 ciated with bonds issued by the authority may be made by the
8 authority from any of the following revenues:

9 (a) Federal grants, loans, appropriations, payments, or
10 contributions.

11 (b) The proceeds from the sale, exchange, mortgage, lease,
12 or other disposition of property that the authority has
13 acquired.

14 (c) Grants, loans, appropriations, payments, proceeds from
15 repayments of loans made by the authority, or contributions from
16 public or private sources.

17 (d) Money in the fund including rents, admission fees, or
18 other charges for use of the convention facility.

19 (e) Investment earnings on the revenues described in subdi-
20 visions (a) to (d).

21 Sec. 12. (1) An authority may only issue negotiable revenue
22 bonds under the revenue bond act of 1933, 1933 PA 94, MCL 141.101
23 to 141.140. An authority may not issue any other kinds of bonds,
24 notes, or other obligations.

25 (2) An authority may authorize and issue its negotiable rev-
26 enue bonds payable solely from the revenues or funds available to
27 the authority under section 10. Bonds, notes, or other

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1 obligations of an authority are not a debt or liability of this
2 state, a qualified county that established the authority, or a
3 qualified city that established the authority and do not create
4 or constitute an indebtedness, liability, or obligation or con-
5 stitute a pledge of faith and credit of this state, the qualified
6 county that established the authority, or a qualified city that
7 established the authority. Bonds issued by an authority are pay-
8 able solely from revenues or funds pledged or available for their
9 payment as authorized in this act or as provided in the resolu-
10 tion of the board authorizing the bonds.

11 Sec. 13. (1) Property of an authority is public property
12 devoted to an essential public and governmental function and
13 purpose. Income of the authority is for a public purpose.

14 (2) Except as otherwise provided in this subsection, the
15 property of the authority and its income and operations are
16 exempt from all taxes and special assessments of this state or a
17 political subdivision of this state. Property of the authority
18 and its income and operations that are leased to private persons
19 are not exempt from any tax or special assessment of this state
20 or a political subdivision of this state. Property of the
21 authority is exempt from any ad valorem property taxes levied
22 under the general property tax act, 1893 PA 206, MCL 211.1 to
23 211.157.

24 (3) Bonds issued by the authority, and the interest on or
25 income from those bonds, are exempt from all taxation of this
26 state or a political subdivision of this state.

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1 Sec. 14. Funds received by the authority pursuant to
2 section 301 of 1999 PA 137 shall not be used by the authority to
3 defray costs incurred before the date on which the funds are
4 released by the state treasurer.