

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1124**

A bill to authorize the state administrative board to convey certain parcels of state owned property in various counties; to prescribe conditions for the conveyances; to provide for certain powers and duties of certain state departments in regard to the property; to provide for disposition of revenue derived from the conveyances; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. (1) The state administrative board, on behalf of  
2 the state and subject to the terms stated in this section, may  
3 convey for not less than fair market value all or portions of  
4 certain state owned property now under the jurisdiction of the  
5 department of state police and located in the city of Alpena,  
6 Alpena county, Michigan, and more particularly described as  
7 follows:  
8 Commencing at the section common to Sections 27, 28, 33, and 34,

1 thence along the section line common to Sections 33 and 34, 210  
2 feet to the west line of State Street, thence along the west line  
3 of State Street, 1,005 feet thence at right angles to State  
4 Street, 27 feet, to the point of beginning, thence at right  
5 angles to State Street, 156.6 feet, thence along a curve having a  
6 radius of 2,704.58 feet, 218.2 feet, thence at right angles to  
7 State Street and towards State Street 69.5 feet, thence at right  
8 angles and paralleled to State Street 200 feet, to the point of  
9 beginning, said parcel containing 0.518 acres, more or less.

10 (2) Before offering the property described in subsection (1)  
11 for public sale, the director of the department of management and  
12 budget shall first offer the property for sale for less than fair  
13 market value to the local units of government in which the  
14 property is located. In order to exercise its right to purchase  
15 the property under this subsection, a local government must enter  
16 into a purchase agreement within 60 days after the date of the  
17 offer and must complete the purchase within 120 days after the  
18 date of the offer. If a local unit of government purchases the  
19 property and, within 1 year after the date of that purchase,  
20 conveys the property for use other than for public purposes, the  
21 local unit of government shall pay to the state 50% of the net  
22 profit, if any, realized from that conveyance.

23 (3) Any conveyance to a local unit of government authorized  
24 by subsection (2) shall provide for all of the following:

25 (a) The property shall be used exclusively for public  
26 purposes and if any fee, term, or condition for the use of the  
27 property is imposed on members of the public, or if any of those

1 fees, terms, or conditions are waived for use of this property,  
2 resident and nonresident members of the public shall be subject  
3 to the same fees, terms, conditions, and waivers.

4 (b) Upon termination of the public purpose use described in  
5 subdivision (a) or in the event of use for any nonpublic purpose,  
6 the state may reenter and repossess the property, terminating the  
7 grantee's estate in the property.

8 (c) If the grantee disputes the state's exercise of its right  
9 of reentry and fails to promptly deliver possession of the  
10 property to the state, the attorney general, on behalf of the  
11 state, may bring an action to quiet title to, and regain  
12 possession of, the property.

13 (4) The fair market value of the property described in  
14 subsection (1) shall be determined by an appraisal prepared by an  
15 independent appraiser.

16 (5) If the property described in subsection (1) is offered  
17 for sale at not less than fair market value, the sale shall be  
18 conducted in a manner designed to realize the highest price from  
19 the sale or the highest value to the state. The sale of this  
20 property shall be done in an open manner that utilizes 1 or more  
21 of the following:

22 (a) A competitive sealed bid.

23 (b) Real estate brokerage services.

24 (c) A public auction.

25 (6) A notice of a competitive sealed bid or public auction  
26 sale regarding the property described in subsection (1) shall be  
27 published at least once in a newspaper as defined in section 1461

1 of the revised judicature act of 1961, 1961 PA 236, MCL 600.1461,  
2 not less than 10 business days before the sale. A notice shall  
3 describe the general location and size of the property to be  
4 offered, highlights of the general terms of the offer, and  
5 directions on how to get further information about the property,  
6 as available, prior to the sale. The notice shall also list the  
7 date, time, and place of the sale or bid opening.

8 (7) The description of the parcel in subsection (1) is  
9 approximate and for purposes of the conveyance is subject to  
10 adjustments as the state administrative board or the attorney  
11 general considers necessary by survey or other legal  
12 description.

13 (8) The net revenue received under this section shall be  
14 deposited in the state treasury and credited to the general  
15 fund. As used in this subsection, "net revenue" means the  
16 proceeds from the sale of the property less reimbursement for any  
17 costs to the department of management and budget associated with  
18 the sale of the property, including the cost of securing  
19 discharge of liens or encumbrances. If the revenue received  
20 under this section is insufficient to reimburse the department of  
21 management and budget for its costs of using outside vendors in  
22 surveying, appraising, and closing the sale of the property  
23 offered in this section, those costs shall be reimbursed by the  
24 department of state police within 30 days after being presented  
25 an itemized bill for those costs.

26 (9) The conveyance authorized by this section shall be by  
27 quitclaim deed prepared and approved by the attorney general,

1 subject to easements and other encumbrances of record. The  
2 quitclaim deed shall provide for both of the following:

3 (a) If the property is reentered and repossessed by the  
4 state, the state shall have no liability for any improvements  
5 made on the property.

6 (b) The state reserves all rights in aboriginal antiquities,  
7 including mounds, earthworks, forts, burial and village sites,  
8 mines, or other relics, including the right to explore and  
9 excavate for the aboriginal antiquity by the state or its  
10 authorized agents.

11 (10) The state shall not reserve the mineral rights to the  
12 property conveyed under this section. However, the conveyance  
13 authorized under this section shall provide that, if the  
14 purchaser or any grantee develops any minerals found on, within,  
15 or under the conveyed property, the purchaser or any grantee  
16 shall pay 1/2 of the gross revenue generated from the development  
17 of the minerals to the state, for deposit in the state general  
18 fund.

19 (11) If the property described in subsection (1) is not sold  
20 pursuant to subsection (2) and fails to sell at a public sale for  
21 fair market value, the director of the department of management  
22 and budget with the concurrence of the state administrative board  
23 may do any of the following:

24 (a) Order a reappraisal of the property.

25 (b) Withdraw the property from sale.

26 (c) Offer the property for sale for less than fair market  
27 value.

1 (12) If the property is offered for sale pursuant to  
2 subsection (11), the sale shall be conducted in a manner designed  
3 to realize the highest price from the sale or the highest value  
4 to the state.

5 Sec. 2. (1) The state administrative board, on behalf of  
6 the state, and subject to the terms stated in this section, may  
7 convey for consideration the board considers a fair exchange of  
8 value for value, except for a parcel of approximately 10.667  
9 acres conveyed or authorized to be conveyed under section 14 of  
10 2002 PA 671, all or portions of certain state owned property now  
11 under the jurisdiction of the department of community health,  
12 known as the Ypsilanti regional psychiatric hospital, located in  
13 the township of York, Washtenaw county, Michigan, and more  
14 particularly described as follows:

15 (a) Parcel #1: All of section 2, t4s, r6e, Washtenaw county,  
16 Michigan, lying westerly of interstate highway US-23 except the  
17 north 1,200 feet thereof. The above-described parcel contains  
18 approximately 342 acres, subject to survey, and to all easements  
19 and restrictions of record, if any.

20 (b) Parcel #2: the east 1/2 of section 3, t4s, r6e,  
21 Washtenaw county, Michigan, except the north 1/2 of the northeast  
22 1/4 of said section 3, containing approximately 302 acres,  
23 subject to survey, and to all easements and restrictions of  
24 record, if any.

25 (c) Parcel #3: the northwest 1/4 of section 3, t4n, r6e,  
26 Washtenaw county, Michigan, lying easterly of the Conrail  
27 railroad, containing approximately 53 acres, subject to survey,

1 and to all easements and restrictions of record, if any.

2 (d) Parcel #4: beginning at the north 1/4 corner of section  
3 11, t4s, r6e, Washtenaw county, Michigan, thence south 89 degrees  
4 49' 45" west 1,485.77 feet, on the north line of said section 11;  
5 thence south 01 degrees 32' 29" east 948.23 feet; thence north 89  
6 degrees 49' 45" east 490.01 feet; thence north 01 degrees 32' 29"  
7 west 239.65 feet; thence north 89 degrees 49' 45" east 998.63  
8 feet, to the north-south 1/4 line of said section 11; thence  
9 north 01 degrees 46' 23" west 708.65 feet, on said north-south  
10 1/4 line to the point of beginning; containing 26.88 acres, more  
11 or less, subject to survey, and to all easements and restrictions  
12 of record, if any.

13 (2) In determining whether consideration for the property  
14 described in this section represents a fair exchange of value for  
15 value, the board may consider the highest return and best value  
16 to the state based on either or both of the following:

17 (a) The fair market value of the property described in this  
18 section as determined by an appraisal prepared for the department  
19 of management and budget by an independent appraiser.

20 (b) The total value to the state of the sale of the property  
21 and the best interests of the state, including, but not limited  
22 to, any positive economic impact to the state likely to be  
23 generated by the proposed use of the property, especially  
24 economic impact resulting in the creation of high-technology or  
25 highly skilled jobs or increased capital investment for research  
26 and development.

27 (3) Any sale of property described in subsection (1) shall be

1 conducted using 1 or more of the following:

2 (a) A competitive sealed bid process conducted by the  
3 department of management and budget in a manner to realize the  
4 highest return and best value to the state, as determined by the  
5 department.

6 (b) A public auction sale conducted by the department of  
7 management and budget in a manner to realize the highest return  
8 and best value to the state, as determined by the department.

9 (c) Use of real estate brokerage services by the department  
10 of management and budget in a manner to realize the highest  
11 return and best value to the state, as determined by the  
12 department.

13 (d) A negotiated sale process conducted by the department of  
14 management and budget in a manner to provide the state with  
15 consideration for the property representing at least a fair  
16 exchange of value for value. In determining whether  
17 consideration for the property described in subsection (1)  
18 represents a fair exchange of value for value, the department may  
19 consider the highest return and best value to the state based on  
20 either or both of the following:

21 (i) The fair market value of the property described in  
22 subsection (1) as determined by an appraisal prepared for the  
23 department of management and budget by an independent appraiser.

24 (ii) The total value to the state of the sale of the property  
25 described in subsection (1) and the best interests of the state,  
26 including, but not limited to, any positive economic impact to  
27 the state likely to be generated by the proposed use of the

1 property, especially economic impact resulting in the creation or  
2 retention of high-technology or highly skilled jobs or increased  
3 capital investment for research and development, as determined by  
4 the department.

5 (4) If real estate brokerage services are utilized by the  
6 department of management and budget under subsection (3), the  
7 minimum selling price for the property shall be equal to or  
8 greater than the fair market value of the property as determined  
9 by an appraisal prepared by an independent appraiser for the  
10 department of management and budget or for the provider of real  
11 estate brokerage services.

12 (5) A notice of a competitive sealed bid or public auction  
13 sale regarding the sale of property under this section shall be  
14 published at least once in a newspaper as defined in section 1461  
15 of the revised judicature act of 1961, 1961 PA 236, MCL 600.1461,  
16 not less than 10 business days before the sale. The newspaper  
17 shall be one that is published in the county where the property  
18 is located. If a newspaper is not published in the county where  
19 the property is located, the notice shall be published in a  
20 newspaper in a county nearest to the county in which the property  
21 is located. The notice shall describe the general location and  
22 size of the property to be offered, highlights of the general  
23 terms of the offer, and directions on how to get further  
24 information about the property, as available, prior to the sale.  
25 The notice shall also list the date, time, and place of any sale  
26 or bid opening.

27 (6) The descriptions of the parcels in subsection (1) are

1 approximate and for purposes of any conveyance authorized under  
2 this section are subject to adjustments as the state  
3 administrative board or the department of attorney general  
4 considers necessary by survey or other legal description.

5 (7) The conveyance authorized by this section shall be by  
6 quitclaim deed and approved as to legal form and content by the  
7 department of attorney general subject to any easements and other  
8 encumbrances of record. The quitclaim deed may provide that the  
9 state reserves all rights in aboriginal antiquities, including  
10 mounds, earthworks, forts, burial and village sites, mines, or  
11 other relics, including the right to explore and excavate for the  
12 aboriginal antiquity by the state or its authorized agents.

13 (8) The state shall not reserve oil, gas, or mineral rights  
14 to property conveyed under this section. However, the quitclaim  
15 deed for the property may provide that if the purchaser of the  
16 property or any subsequent owner extracts any oil, gas, or  
17 minerals found on, within, or under the conveyed property, the  
18 purchaser or subsequent owner shall pay 1/2 of the gross revenue  
19 generated from the extraction of the oil, gas, or minerals to the  
20 state treasurer, for deposit in the natural resources trust fund  
21 established in section 35 of article IX of the state constitution  
22 of 1963. For the purpose of this subsection, mineral rights do  
23 not include rights to sand, gravel, clay, or other nonmetallic  
24 minerals.

25 (9) All state departments and agencies shall provide full  
26 cooperation to the state administrative board to facilitate the  
27 performance of its duties, powers, and responsibilities, and the

1 conveyance of property under this section.

2       (10) The state administrative board may require a state  
3 department or agency to prepare or record any documents necessary  
4 to evidence the conveyance of property under this section.

5       (11) The net revenue received from the sale of property under  
6 this section shall be deposited in the state treasury and  
7 credited to the general fund. As used in this subsection, "net  
8 revenue" means the proceeds from the sale of the property less  
9 reimbursement for any costs to the state associated with the sale  
10 of the property, including, but not limited to, costs of  
11 preparation for sale, environmental remediation costs, and any  
12 litigation related to conveyance of property under this section.

13       Sec. 3. Section 13 of 2002 PA 671 is repealed.