

SUBSTITUTE FOR
SENATE BILL NO. 1630

A bill to create and provide for the incorporation of certain regional convention facility authorities; to provide for the membership of the authorities; to provide for the powers and duties of the authorities; to provide for the conveyance of ownership of and operational jurisdiction over certain convention facilities to authorities and to provide for the transfer of certain real and personal property utilized as convention facilities to authorities; to provide for the assumption of certain contracts, bonds, notes, and other evidences of indebtedness and liabilities related to convention facilities by authorities; to authorize the creation of certain funds; to authorize expenditures from the funds; to finance

the acquisition of land and the development of certain convention facilities and of public improvements or related facilities; to authorize the establishment of certain sales-tax-free zones; to provide for the issuance of bonds and notes; to authorize certain investments; to provide for the transfer of public employees to the employment of authorities; to provide for the allocation of liabilities related to employee benefits; to protect certain rights of local government employees; and to impose certain powers and duties upon state and local departments, agencies, and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3 Sec. 3. As used in this act:

4 (a) "Authority" means a regional convention facility authority
5 created under section 4.

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

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

1 (d) "Develop" means to plan, acquire, improve, enlarge,
2 maintain, renew, renovate, repair, replace, lease, equip, furnish,
3 market, promote, manage, or operate.

4 (e) "Fiscal year" means the state fiscal year, unless
5 otherwise established by the board.

6 (f) "Legislative body" means the elected body of a local
7 government having legislative powers.

8 (g) "Local chief executive officer" means the mayor or city
9 manager of a city or the county executive of a county or, if a
10 county does not have a county executive, the chairperson of the
11 county board of commissioners.

12 (h) "Local government" means a county or city.

13 (i) "Qualified city" means a city with a population of more
14 than 300,000.

15 (j) "Qualified county" means a county with a population of
16 more than 700,000 that contains a qualified city.

17 (k) "Qualified convention facility" means a publicly owned
18 convention facility having not less than 600,000 square feet of
19 usable exhibition area and located within a qualified county.

20 (l) "Transfer date" means the date that right, title, interest,
21 and ownership of a qualified convention facility are conveyed to an
22 authority from a local government, which shall occur not later than
23 the one hundred eightieth day after the legislative body of the
24 local government from which right, title, interest, and ownership
25 of a qualified convention facility are to be transferred to the
26 authority adopts a resolution authorizing and approving such
27 transfer as provided under section 4.

1 Sec. 4. (1) For a qualified convention facility in this state,
2 there is created an authority that shall be vested with powers
3 granted by this act to own and develop the qualified convention
4 facility. The authority shall become operative on the ninetieth day
5 after the effective date of this act. The area of the authority
6 shall consist of the qualified county in which the qualified
7 convention facility is located and each county bordering upon the
8 qualified city or, if no county borders upon the qualified city,
9 then the county bordering the qualified county having the greatest
10 population among the counties bordering the qualified county.

11 (2) Not later than the ninetieth day after the authority
12 becomes operative as provided in subsection (1), the legislative
13 body of the local government from which right, title, interest, and
14 ownership of a qualified convention facility are to be transferred
15 to the authority may, by resolution, authorize and approve the
16 transfer. If the legislative body of the local government from
17 which right, title, interest, and ownership of a qualified
18 convention facility are to be transferred to the authority does not
19 authorize and approve the transfer on or before the ninetieth day
20 after the authority becomes operative as provided in subsection
21 (1), a transfer shall not occur and the authority shall be
22 dissolved as a matter of law.

23 Sec. 6. An authority created by this act shall be a public
24 body corporate with power to sue and be sued in any court of the
25 state and shall be considered to be an agency and instrumentality
26 of this state. The authority shall possess all the powers necessary
27 to carry out the purposes of its formation and all things incident

1 to carrying out the purposes of its formation. The authority shall
2 be administered in the manner determined by the board and as
3 provided in this act.

4 Sec. 7. (1) An authority created under this act shall be
5 directed and governed by a board consisting of the following 7
6 members:

7 (a) One individual appointed by the governor of this state.

8 (b) One individual appointed by the local chief executive
9 officer of the qualified city.

10 (c) One individual appointed by the local chief executive
11 officer of the qualified county.

12 (d) One individual appointed by the local chief executive
13 officer of the county bordering the qualified county with the
14 highest population according to the most recent decennial census.

15 (e) One individual appointed by the local chief executive
16 officer of the county bordering the qualified county with the
17 second highest population according to the most recent decennial
18 census.

19 (f) One individual appointed by the governor from a list of 2
20 or more individuals nominated by the majority leader of the senate.

21 (g) One individual appointed by the governor from a list of 2
22 or more individuals nominated by the speaker of the house of
23 representatives.

24 (2) Except as otherwise provided in this subsection, the
25 members of the board shall be appointed for terms of 4 years. Of
26 the board members initially appointed, the following members shall
27 have the following initial terms of office:

1 (a) The individual appointed under subsection (1)(c), 2 years.

2 (b) The individual appointed under subsection (1)(e), 2 years.

3 (c) The individual appointed under subsection (1)(b), 3 years.

4 (d) The individual appointed under subsection (1)(d), 3 years.

5 (e) All other individuals appointed under subsection (1), 4
6 years.

7 (3) A board member shall not hold any other public office for
8 which he or she shall receive compensation other than necessary
9 travel or other incidental expenses. The appointment of board
10 members by the governor under subsection (1)(a), (f), and (g) is
11 subject to the advice and consent of the senate. Board members
12 appointed by the governor under subsection (1)(a), (f), and (g)
13 shall not reside or be employed in a qualified county or in 1 of
14 the 2 most populous counties that border a qualified county.

15 (4) A person who is not of good moral character or who has
16 been indicted or charged with, convicted of, pled guilty or nolo
17 contendere to, or forfeited bail concerning a felony or a
18 misdemeanor under the laws of this state, any other state, or the
19 United States or a local ordinance in any state that substantially
20 corresponds to a misdemeanor in that state shall not be appointed
21 or remain as a member of the board.

22 (5) The expiration date of the term of office of a member of
23 the board shall be on December 31 of the year in which the term is
24 to expire. If a member of the board is unable to complete his or
25 her term of office, a successor shall be appointed to fill the
26 vacancy for the remainder of the term in the same manner as the
27 original appointment.

1 Sec. 8. (1) Upon appointment to a board under this act and
2 upon taking and the filing of the constitutional oath of office, a
3 member of the board shall enter office and exercise the duties of
4 the office to which he or she is appointed.

5 (2) Members of a board may be reimbursed by an authority for
6 actual and necessary expenses incurred for attendance at meetings
7 or in the discharge of their official duties. The members of the
8 board shall not be compensated for service to the authority.

9 Sec. 9. (1) Members of a board and officers and employees of
10 the authority are subject to 1968 PA 317, MCL 15.321 to 15.330, and
11 1973 PA 196, MCL 15.341 to 15.348. A member of the board or an
12 officer, employee, or agent of the authority shall discharge the
13 duties of his or her position in a nonpartisan manner, in good
14 faith, and with the degree of diligence, care, and skill that an
15 ordinarily prudent person would exercise under similar
16 circumstances in a like position. In discharging his or her duties,
17 a member of the board or an officer, employee, or agent of the
18 authority, when acting in good faith, may rely upon any of the
19 following:

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

21 (b) The report of an independent appraiser selected with
22 reasonable care by the board.

23 (c) Financial statements of the authority represented to the
24 member of the board, officer, employee, or agent to be correct by
25 the officer of the authority having charge of its books of account
26 or stated in a written report by the state auditor general or a
27 certified public accountant, or a firm of certified accountants, to

1 reflect the financial condition of the authority.

2 (2) A board shall organize and make its own policies and
3 procedures and shall adopt bylaws governing its operations. Five
4 members of the board constitute a quorum for the transaction of
5 business at a board meeting. The board shall meet regularly but not
6 less than quarterly. An authority member shall not designate
7 another representative to serve in his or her place on the
8 authority.

9 (3) Each member of the board, the chief executive officer, and
10 each key employee as determined by the board shall file with the
11 secretary of state a financial disclosure statement listing all
12 assets and liabilities, property and business interests, and
13 sources of income of the member, chief executive officer, and each
14 key employee and any of their spouses. The financial disclosure
15 statement shall be under oath and shall be filed at the time of
16 employment and annually thereafter. Each employee of the board
17 shall file with the board a financial disclosure statement listing
18 all assets and liabilities, property and business interests, and
19 sources of income of the employee and his or her spouse.

20 (4) A member of the board, chief executive officer, or key
21 employee shall not hold any direct or indirect interest in, be
22 employed by, or enter into a contract for services with any entity
23 doing business with the authority for a period of 4 years after the
24 date his or her membership on the board terminates or his or her
25 employment with the board terminates.

26 (5) An employee of the board shall not acquire any direct or
27 indirect interest in, be employed by, or enter into a contract for

1 services with any entity doing business with the authority for a
2 period of 2 years after the date his or her employment with the
3 board is terminated.

4 Sec. 10. (1) Within not more than 60 days following
5 appointment of the members of a board, the board shall hold its
6 first meeting and organize by electing a chairperson, a vice-
7 chairperson, a secretary, and additional officers of the board as
8 the board considers necessary. All officers of the board shall be
9 elected annually by the board. All officers of the board, other
10 than the treasurer, who shall be the chief financial officer of the
11 authority, must be members of the board.

12 (2) The business which a board may perform shall be conducted
13 at a public meeting of the board held in compliance with the open
14 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of
15 the time, date, and place of the meeting shall be given in the
16 manner required by the open meetings act, 1976 PA 267, MCL 15.261
17 to 15.275, and shall be provided on an internet website operated by
18 the authority. A board shall adopt rules consistent with the open
19 meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its
20 procedures and the holding of meetings.

21 (3) A board may adopt a corporate seal.

22 Sec. 11. (1) After organization, a board shall adopt a
23 schedule of regular meetings and adopt a regular meeting date,
24 place, and time. A board shall keep a written or printed record of
25 each meeting, which record and any other writing prepared, owned,
26 used, in the possession of, or retained by the board in the
27 performance of an official function shall be made available to the

1 public in compliance with the freedom of information act, 1976 PA
2 442, MCL 15.231 to 15.246.

3 (2) A board shall provide for a system of accounts to conform
4 to a uniform system required by law and for the auditing of the
5 accounts of the authority. A board shall obtain an annual audit of
6 the authority by an independent certified public accountant, and
7 report on the audit and auditing procedures, in the manner provided
8 by sections 6 to 13 of the uniform budgeting and accounting act,
9 1968 PA 2, MCL 141.426 to 141.433. The audit shall also be in
10 accordance with generally accepted government auditing standards as
11 promulgated by the comptroller general of the United States and
12 shall satisfy federal regulations relating to federal grant
13 compliance audit requirements.

14 (3) A board shall require of the treasurer and chief executive
15 officer of the authority a suitable bond of not less than
16 \$50,000.00 by a responsible bonding company, and the cost of the
17 premium of the bond shall be paid by the authority.

18 (4) Except as otherwise provided in subsections (5) and (6),
19 competitive bids shall be secured before any purchase or sale, by
20 contract or otherwise, is made or before any contract is awarded
21 for construction, alterations, supplies, equipment, repairs, or
22 maintenance or for rendering any services to the authority and the
23 purchase shall be made from or the contract shall be awarded to the
24 lowest responsive and responsible bidder; or a sale to the highest
25 responsive and responsible bidder. The authority may reject any and
26 all such bids or proposals.

27 (5) All purchases and sales in excess of \$25,000.00 shall be

1 awarded after advertising in a local newspaper of general
2 circulation in the area of the authority described in section 4(1)
3 at least 2 weeks before the bid opening. Bids shall be publicly
4 opened and read aloud at a date, time, and place designated in the
5 invitation to bid. Invitations to bid shall be sent at least 1 week
6 before the bid opening to at least 3 potential bidders who are
7 qualified technically and financially to submit bids, or a
8 memorandum shall be kept on file showing that less than 3 potential
9 bidders who are so qualified exist in the area of the authority
10 described in section 4(1) within which it is practicable to obtain
11 bids.

12 (6) Purchases or sales under \$5,000.00 may be negotiated with
13 or without competitive bidding under procurement procedures as
14 promulgated and established by the authority.

15 (7) The board shall not put a contract to a vote until it
16 receives a written opinion prepared by legal counsel regarding the
17 contract's compliance with federal and state law. The chief
18 executive officer of the authority and any other employee of the
19 authority shall not sign or otherwise execute a contract until it
20 is first approved by the board.

21 (8) Except as otherwise provided in this subsection, the board
22 shall review each contract, change order, or other contract
23 modification for a contract to which the authority is a party,
24 including a contract that exists on the effective date of this
25 section. A board may authorize the chief executive officer of the
26 authority to review and approve contract change orders or other
27 contract modifications for a contract that cumulatively total

1 \$5,000.00 or less. The chief executive officer of the authority
2 shall report those contract change orders or other contract
3 modifications to the board within 30 days of the change or
4 modification.

5 (9) The board shall review each extension of a time period for
6 performance under a contract to which the authority is a party,
7 including a contract that exists on the effective date of this
8 section.

9 (10) The board shall establish rules and procedures to govern
10 the control, supervision, management, and oversight of a contract
11 to which the authority is a party. The board shall monitor the
12 performance of each contract to which the authority is a party,
13 including a contract that exists on the effective date of this
14 section, to ensure execution of the contract within the budget and
15 time periods stated in the contract under its original provisions.
16 The monitoring shall include oversight as to whether the contract
17 is being performed in compliance with the terms of the contract and
18 with federal and state law governing contracting. The board shall
19 establish written procedures that prescribe contract monitoring in
20 a manner designed to ensure compliance with and timely completion
21 of a contract.

22 (11) An authority may enter into lease purchases or
23 installment purchases for periods not exceeding the anticipated
24 useful life of the items purchased. An authority may enter into a
25 cooperative purchasing agreement with the state or other public
26 entities for the purchase of goods, including, but not limited to,
27 recycled goods, and services necessary for the authority.

1 (12) An authority shall establish policies and coordinate
2 efforts for the authority to preclude the opportunity for and the
3 occurrence of transactions by the authority that would create a
4 conflict of interest involving members of the board, employees of
5 the authority, and consultants or management firms hired by the
6 authority. At a minimum, these policies to be established for an
7 authority shall include compliance by each member of the board and
8 employees of the authority who regularly exercise significant
9 discretion over the award and management of authority procurements
10 with policies governing the following:

11 (a) Annual public financial disclosure statements of
12 significant financial interests.

13 (b) Immediate disclosure of the existence and nature of any
14 financial interest that would reasonably be expected to create a
15 conflict of interest.

16 (c) Withdrawal by an employee or member from participation in
17 or discussion or evaluation of any recommendation or decision
18 involving an authority procurement that would reasonably be
19 expected to create a conflict of interest for that employee or
20 member.

21 (13) An authority shall establish policies to ensure that the
22 authority shall not enter into a contract with a person who has
23 been convicted of a criminal offense incident to the application
24 for or performance of a state contract or subcontract. As used in
25 this subsection, if a person is a business entity, person includes
26 affiliates, subsidiaries, officers, directors, managerial
27 employees, and any person who, directly or indirectly, holds a

1 pecuniary interest in that business entity of 20% or more.

2 (14) An authority shall establish policies to ensure that the
3 authority shall not enter into a contract with a person who has
4 been convicted of a criminal offense, or held liable in a civil
5 proceeding, that negatively reflects on the person's business
6 integrity, based on a finding of embezzlement, theft, forgery,
7 bribery, falsification or destruction of records, receiving stolen
8 property, or violation of state or federal antitrust statutes. As
9 used in this subsection, if a person is a business entity, person
10 includes affiliates, subsidiaries, officers, directors, managerial
11 employees, and any person who, directly or indirectly, holds a
12 pecuniary interest in that business entity of 20% or more.

13 Sec. 12. Prior to the beginning of each fiscal year, the board
14 shall cause to be prepared a budget, including the amount necessary
15 to pay the principal and interest of any outstanding bonds or other
16 obligations of the authority maturing during the ensuing fiscal
17 year or which have previously matured and are unpaid, and an
18 estimate of the revenue of the authority from all sources for the
19 ensuing fiscal year. The board shall adopt that budget in
20 accordance with the uniform budget and accounting act, 1968 PA 2,
21 MCL 141.421 to 141.440a.

22 Sec. 13. (1) An authority shall have the powers and duties
23 provided in this act and the powers delegated to the authority by
24 other laws or executive orders, including, but not limited to, the
25 power to:

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

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

2 (c) Develop a convention facility.

3 (d) Subject to section 11, make and enter into all contracts
4 and agreements necessary or incidental to the performance of its
5 duties and execution of its powers under this act.

6 (e) Subject to section 11, contract with a management firm,
7 either corporate or otherwise, to operate a convention facility,
8 under the supervision of the authority.

9 (f) Solicit, receive, and accept from any source gifts,
10 grants, loans, or contributions of money, property, or other things
11 of value, and other aid or payment, or participate in any other way
12 in a federal, state, or local government program.

13 (g) Make application for and receive loans, grants,
14 guarantees, or other financial assistance in aid of a convention
15 facility from any state, federal, county, or municipal government
16 or agency or from any other source, public or private, including
17 financial assistance for purposes of planning, constructing,
18 improving, and operating the convention facility.

19 (h) Engage, on a contract basis, the services of private
20 consultants, managers, legal counsel, and auditors for rendering
21 professional or technical assistance and advice payable out of any
22 money of the authority.

23 (i) Issue bonds and notes as provided in this act.

24 (j) Establish and fix, or authorize the chief executive
25 officer to establish and fix, a schedule of rents, admission fees,
26 or other charges for occupancy, use of, or admission to any
27 convention facility operated by the authority and provide for the

1 collection and enforcement of those rents, admission fees, or other
2 charges.

3 (k) Do all other things necessary or convenient to carrying
4 out the purposes for which the authority was established.

5 (2) Notwithstanding any other provision of law to the
6 contrary, an authority shall not have the power to impose or levy
7 taxes.

8 Sec. 14. (1) The chief executive officer of an authority shall
9 supervise, and be responsible for, the day-to-day operation of the
10 convention facility, including the control, supervision,
11 management, and oversight of the convention facility, the issuance
12 of bonds and notes approved by the board, the negotiation and
13 establishment of compensation and other terms and conditions of
14 employment for employees of the authority, the negotiation,
15 supervision, and enforcement of contracts entered into by the
16 authority, and the supervision of contractors of the authority in
17 their performance of their duties. The chief executive officer of
18 an authority shall have the power and authority to execute and
19 deliver, and to delegate signatory power for, contracts, leases,
20 obligations, and other instruments as have been approved by the
21 board or for which power to approve has been delegated to the chief
22 executive officer of the authority.

23 (2) All actions of the chief executive officer of an authority
24 shall be in conformance with the policies of the board and in
25 compliance with law.

26 (3) The board shall not delegate to or authorize its chief
27 executive officer to do any of the following:

1 (a) Appoint a successor of the chief executive officer.

2 (b) Authorize the approval of a change order of a contract, to
3 which the authority is a party, that involves a cumulative amount
4 over \$5,000.00.

5 (c) Appoint or hire legal counsel for the board.

6 (d) Prescribe the ethical standards of the board or its
7 employees.

8 Sec. 15. (1) On the transfer date, all right, title, and
9 interest in the convention facility owned by the local government
10 are conveyed and transferred to the authority, and the authority
11 acquires, succeeds to, and assumes the exclusive right,
12 responsibility, and authority to own, occupy, operate, control, and
13 use the convention facility from and after the transfer date,
14 including all lands, buildings, improvements, structures,
15 easements, rights of access, and all other privileges and
16 appurtenances pertaining to the convention facility, subject only
17 to those restrictions imposed by this act. The officers of the
18 local government conveying the convention facility to the authority
19 shall execute such instruments of conveyance, assignment, and
20 transfer as may, in the authority's judgment, be necessary or
21 appropriate to accomplish the foregoing.

22 (2) On the transfer date, the authority acquires and succeeds
23 to all rights, title, and interests in and to the fixtures,
24 equipment, materials, furnishings, and other personal property of
25 the local government owned and used for purposes of the convention
26 facility. The officers of the local government conveying the
27 convention facility to the authority shall execute such instruments

1 of conveyance, assignment, and transfer as may, in the authority's
2 judgment, be necessary or appropriate to accomplish the foregoing.

3 (3) There shall be transferred to the authority all licenses,
4 permits, approvals, or awards related to the convention facility,
5 all grant agreements, grant preapplications, the right to receive
6 the balance of any funds payable under the agreements, the right to
7 receive any amounts payable to the local government on the transfer
8 date and amounts paid to the local government after the transfer
9 date, as well as the benefit of contracts and agreements, and all
10 of the local government's duties, liabilities, responsibilities,
11 and obligations as owner of the convention facility, except for any
12 obligations or liabilities which are contested in good faith by,
13 or, as of the transfer date, unknown to, the authority.

14 (4) The authority shall not assume any unfunded obligations of
15 the local government to provide pensions or retiree health
16 insurance. The local government shall provide the authority with a
17 statement of the amount of such unfunded obligations, determined by
18 a professional actuary acceptable to the authority.

19 (5) All lawful actions, commitments, and proceedings of the
20 local government made, given, or undertaken before the transfer
21 date and assumed by the authority are ratified, confirmed, and
22 validated upon such assumption. All actions, commitments, or
23 proceedings of the local government in respect of the qualified
24 convention facility in the process of being undertaken by, but not
25 yet a commitment or obligation of, the local government in respect
26 of the convention facility may, from and after the date of
27 assumption by the authority under this section, be undertaken and

1 completed by the authority in the manner and at the times provided
2 in this act or other applicable law and in any lawful agreements
3 made by the local government before the date of assumption by the
4 authority under this section.

5 (6) The exclusive right and authority to own, occupy, operate,
6 control, and use the convention facility shall include, but is not
7 limited to:

8 (a) Ownership and operational jurisdiction over all real
9 property of the convention facility, subject to any liens of record
10 and legal restrictions and limitations on the use of the property.

11 (b) The local government's right, title, and interest in, and,
12 to the extent accepted by the authority, all of the local
13 government's responsibilities arising under leases and concessions
14 relating to, a convention facility.

15 (7) The transfers described under this section shall include,
16 but need not be limited to, all of the following:

17 (a) All contracts with licensees, franchisees, tenants,
18 concessionaires, and leaseholders.

19 (b) All operating financial obligations secured by revenues
20 and fees generated from the operations of the convention facility.

21 (c) All cash balances and investments relating to or resulting
22 from operations of the convention facility, all funds held under an
23 ordinance, resolution, or indenture related to or securing
24 obligations of the local government that have been assumed by the
25 authority, and all of the accounts receivable or choses in action
26 arising from operations of the convention facility.

27 (d) All office equipment, including, but not limited to,

1 computers, records and files, software, and software licenses
2 required for financial management, personnel management, accounting
3 and inventory systems, and general administration.

4 Sec. 16. (1) The transfer of the real and personal property
5 and operational jurisdiction over a convention facility to the
6 authority may not in any way impair any contracts with licensees,
7 franchisees, vendors, tenants, bondholders, or other parties in
8 privity with the local government that owned the convention
9 facility which has been transferred to an authority, provided such
10 contracts were not entered into or modified in violation of this
11 act.

12 (2) From and after the transfer date, a local government from
13 which a convention facility has been transferred shall be relieved
14 from all further costs and responsibility arising from or
15 associated with control, operation, development, and maintenance of
16 that convention facility, except for costs associated with
17 environmental contamination or remediation that exceeds costs
18 disclosed prior to the transfer or except to the extent that in any
19 fiscal year funds of the authority available for the purpose of
20 paying the cost of operating and maintaining a convention facility
21 are insufficient to pay such cost, in which case the local
22 government shall be responsible for the difference between the cost
23 of operating and maintaining a convention facility and the funds of
24 the authority available to pay such cost, or as otherwise required
25 under obligations retained by the local government under this act,
26 or as otherwise agreed by the local government. In addition, the
27 local government shall continue to be responsible for all costs

1 associated with local municipal services, including, but not
2 limited to, police, fire, and emergency medical services, without
3 any additional compensation from the authority.

4 (3) A local government that owns a convention facility which
5 shall be subject to transfer or owned a convention facility which
6 has been transferred to an authority pursuant to this act shall
7 comply with all of the following, beginning on September 1, 2008
8 and following the transfer:

9 (a) Refrain from any action to sell, transfer, or otherwise
10 dispose of a convention facility owned by the local government
11 other than to the authority or to increase the obligations in
12 respect of the convention facility, without the consent of the
13 authority.

14 (b) Refrain from any approval of or material modification to
15 any collective bargaining agreement in respect of local government
16 employees employed at or assigned to a convention facility or, for
17 employees not covered by collective bargaining agreements, to any
18 benefit plans in respect of such employees. Any such approval or
19 modification shall be null and void.

20 (c) Refrain from any action that, in the authority's judgment,
21 would impair the authority's exercise of the powers granted to the
22 authority under this act or that would impair the efficient
23 operation and management of the convention facility.

24 (d) Take all actions reasonably necessary to cure any defects
25 in title to a convention facility which shall be or has been
26 transferred under this act, including providing documents, records,
27 and proceedings in respect of title.

1 (e) At the request of an authority, grant any license,
2 easement, or right-of-way in connection with the convention
3 facility to the extent the authority has not been empowered to take
4 these actions.

5 (f) Upon creation of an authority and prior to the transfer
6 date of the convention facility to the authority, conduct
7 operations, maintenance, and repair of the convention facility in
8 the ordinary and usual course of business.

9 (4) Any contract, agreement, lease, sale, disposition,
10 transfer, or other conveyance, easement, license, right,
11 obligation, debt, or liability assumed, approved, entered into,
12 amended, or modified in violation of this section shall be voidable
13 as a matter of law to the extent that the authority would otherwise
14 assume, become party to or transferee of, or otherwise be obligated
15 under such contract, agreement, lease, sale, disposition, transfer,
16 conveyance, easement, license, right, obligation, debt, or
17 liability.

18 (5) The local chief executive officer of a local government
19 from which right, title, interest, and ownership of a qualified
20 convention facility are to be transferred to an authority shall
21 take all reasonable steps to cancel or terminate each and any
22 agreement to which the local government from which right, title,
23 interest, and ownership of a qualified convention facility are to
24 be transferred to an authority is a party and which meets all the
25 following criteria:

26 (a) The agreement relates to the qualified convention facility
27 and the authority has not expressly assumed or accepted the

1 agreement under section 15.

2 (b) The agreement provides for cancellation or termination.

3 (c) In the absence of such cancellation or termination, the
4 authority would become a party to such agreement by succession,
5 assignment, operation of law, or any other involuntary means.

6 Sec. 18. (1) The board by resolution may establish a
7 convention facility operating trust fund for the purpose of
8 accumulating funds to pay for the cost of operating and maintaining
9 a convention facility. Money for operating and maintaining a
10 convention facility, at the authority's discretion, may be provided
11 from this fund or any other money of the authority. The resolution
12 establishing the fund shall include all of the following:

13 (a) The designation of a person or persons who shall act as
14 the fund's investment fiduciary.

15 (b) A restriction of withdrawals from the fund solely for the
16 payment of reasonable operating and maintenance expenses of a
17 convention facility and the payment of the expenses of
18 administration of the fund.

19 (2) An investment fiduciary shall invest the assets of the
20 fund in accordance with an investment policy adopted by the board
21 that complies with section 13 of the public employee retirement
22 system investment act, 1965 PA 314, MCL 38.1133. However, the
23 investment fiduciary shall discharge his or her duties solely in
24 the interest of the authority. The authority may invest the fund's
25 assets in the investment instruments and subject to the investment
26 limitations governing the investment of assets of public employee
27 retirement systems under the public employee retirement system

1 investment act, 1965 PA 314, MCL 38.1132 to 38.1140m.

2 Sec. 19. (1) An authority may raise revenues to fund all of
3 its activities, operations, and investments consistent with its
4 purposes. The sources of revenue available to the authority may
5 include, but are not limited to, any of the following:

6 (a) Rents, admission fees, or other charges for use of the
7 convention facility which the authority may fix, regulate, and
8 collect.

9 (b) Federal, state, or local government grants, loans,
10 appropriations, payments, or contributions.

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

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

16 (e) Distributions from the convention facility development
17 fund of the state pursuant to the state convention facility
18 development act, 1985 PA 106, MCL 207.621 to 207.640.

19 (f) Investment earnings on the revenues described in
20 subdivisions (a) to (e).

21 (2) The revenues raised by an authority may be pledged, in
22 whole or in part, for the repayment of bonded indebtedness and
23 other expenditures issued or incurred by the authority.

24 (3) An authority shall not expend more than \$288,000,000.00 to
25 develop an expanded or renovated convention facility. Contracts for
26 the development of an expanded or renovated convention facility
27 shall be fixed price contracts and shall not exceed \$288,000,000.00

1 in total.

2 (4) A financial obligation of the authority is a financial
3 obligation of the authority only and not a financial obligation for
4 this state, a qualified city, a qualified county, or a county
5 bordering a qualified county. A financial obligation of the
6 authority shall not be transferred to this state, a qualified city,
7 a qualified county, or a county bordering a qualified county.

8 Sec. 21. For the purpose of acquiring, purchasing, improving,
9 enlarging, furnishing, equipping, reequipping, or repairing a
10 convention facility transferred pursuant to this act, the authority
11 may issue self-liquidating bonds of the authority in accordance
12 with and exercise all of the powers conferred upon public
13 corporations by the revenue bond act of 1933, 1933 PA 94, MCL
14 141.101 to 141.140. Revenue bonds issued by the authority are not a
15 debt of any qualified county, county, qualified city, or this
16 state.

17 Sec. 22. (1) The authority may borrow money and issue
18 municipal securities in accordance with and exercise all of the
19 powers conferred upon municipalities by the revised municipal
20 finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

21 (2) The authority may issue a municipal security which bears
22 no interest and appreciates as to principal amount if the municipal
23 security is rated investment grade by a nationally recognized
24 rating agency or has insurance for payment of the principal and
25 interest on the municipal security to the holders of the municipal
26 security. The municipal securities authorized by this subsection
27 shall be exempt from the limitations of section 305 of the revised

1 municipal finance act, 2001 PA 34, MCL 141.2305, excepting that the
2 accreted principal amount of the municipal security shall be
3 considered interest and shall be within the interest rate
4 limitations provided in section 305(1) of the revised municipal
5 finance act, 2001 PA 34, MCL 141.2305.

6 (3) An authority shall assume all of the outstanding
7 securities of a local government which were originally issued to
8 finance the acquisition or construction of, or improvements to, a
9 convention facility that has been transferred to the authority, and
10 the authority shall refund or defease such securities. If the
11 authority refunds the outstanding securities assumed under this
12 subsection, that refunding shall be deemed, as a matter of law, to
13 be necessary to eliminate requirements of covenants applicable to
14 the existing outstanding securities.

15 Sec. 23. (1) All bonds or other evidences of indebtedness
16 issued by an authority under this act, and the interest on the
17 bonds or other evidences of indebtedness, are free and exempt from
18 all taxation within this state, except for transfer and franchise
19 taxes.

20 (2) Except as otherwise provided in this subsection, the
21 property of the authority and its income and operations are exempt
22 from all taxes and special assessments of this state or a political
23 subdivision of this state. Property of the authority and its income
24 and operations that are leased to private persons are not exempt
25 from any tax or special assessment of this state or a political
26 subdivision of this state. Property of the authority is exempt from
27 any ad valorem property taxes levied under the general property tax

1 act, 1893 PA 206, MCL 211.1 to 211.155. An authority is an entity
2 of government for purposes of section 4a(1)(a) of the general sales
3 tax act, 1933 PA 167, MCL 205.54a.

4 Sec. 24. The legislative body of any local government within
5 the area of the authority is hereby authorized to take 1 or more of
6 the following actions:

7 (a) Appropriate and grant funds to the authority in
8 furtherance of the authority's purposes.

9 (b) Grant and convey to the authority real or personal
10 property of any kind or nature, or any interest in real or personal
11 property, for the carrying out of the authorized purposes of the
12 authority.

13 (c) Enter into cooperative agreements and arrangements with
14 the authority or with other local governments within the area of
15 the authority in furtherance of the authority's purposes.

16 Sec. 25. (1) For the purpose of more effectively managing its
17 debt service, an authority may enter into an interest rate exchange
18 or swap, hedge, or similar agreement or agreements in connection
19 with the issuance or proposed issuance of obligations or other
20 evidences of indebtedness or in connection with its then-
21 outstanding obligations or other evidences of indebtedness.

22 (2) In connection with entering into an interest rate exchange
23 or swap, hedge, or similar agreement, the authority may create a
24 reserve fund for the payment thereof.

25 (3) An agreement entered into pursuant to this section shall
26 comply with all of the following:

27 (a) The agreement is not a debt of the authority entering into

1 the agreement for any statutory or charter debt limitation purpose.

2 (b) The agreement is payable from general funds of the
3 authority or, subject to any existing contracts, from any available
4 money or revenue sources, including revenues that shall be
5 specified by the agreement, securing the obligation or evidence of
6 indebtedness in connection with which the agreement is entered
7 into.

8 Sec. 26. (1) Notwithstanding any other provisions of this act
9 or any other law, the provisions of all ordinances, resolutions,
10 and other proceedings of the local government in respect to any
11 outstanding bonds, notes, or any and all evidences of indebtedness
12 or liability assumed by an authority pursuant to this act, if any,
13 shall constitute a contract between the authority and the holders
14 of the bonds, notes, or evidences of indebtedness or liability, and
15 shall have their provisions enforceable against the authority or
16 any or all of its successors or assigns, by mandamus or any other
17 appropriate suit, action, or proceeding in law or in equity in any
18 court of competent jurisdiction in accordance with law.

19 (2) Bonds, notes, or any and all evidences of indebtedness or
20 liability that are assumed by an authority under this act shall be
21 payable solely from and secured solely by the sources of revenue
22 that were pledged to those bonds, notes, or evidences of
23 indebtedness or liability under the ordinance, resolution, or other
24 proceedings of the local government, and shall not constitute a
25 full faith and credit obligation of the authority.

26 (3) Nothing in this act or in any other law shall be held to
27 relieve the local government from which a convention facility has

1 been transferred from any bonded or other debt or liability
2 lawfully contracted by the local government, to which the full
3 faith and credit of the local government has been pledged and which
4 remains outstanding as of the transfer date, notwithstanding that
5 the proceeds of the debt or liability have been used by the local
6 government in support of the convention facility.

7 (4) Upon the transfer of a convention facility to an
8 authority, trustees, paying agents, and registrars for any
9 obligation of the local government that has been expressly assumed
10 by the authority pursuant to section 15 shall perform all of their
11 duties and obligations and provide all notices related to those
12 obligations as if the authority were the issuer of the obligations.
13 These trustees, paying agents, and registrars shall care for and
14 consider all revenues and funds pledged to secure obligations of
15 the local government that have been assumed by the authority
16 pursuant to section 15 as revenues and funds of the authority. The
17 authority shall indemnify and hold harmless these trustees, paying
18 agents, and registrars from liability incurred in compliance with
19 this subsection.

20 Sec. 27. If any section, subsection, paragraph, clause, or
21 provision of this act is adjudged unconstitutional or ineffective,
22 no other section, subsection, paragraph, clause, or provision of
23 this act shall be considered invalid or ineffective, and the
24 inapplicability or invalidity of any section, subsection,
25 paragraph, clause, or provision of this act in any 1 or more
26 instances or under any 1 or more circumstances shall not be taken
27 to affect or prejudice in any way its applicability or validity in

1 any other instance or under any other circumstance.