

# SENATE BILL No. 1630

November 12, 2008, Introduced by Senators ALLEN, CLARK-COLEMAN and CLARKE and referred to the Committee on Commerce and Tourism.

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.

18           (d) "Develop" means to plan, acquire, improve, enlarge,

1 maintain, renew, renovate, repair, replace, lease, equip, furnish,  
2 market, promote, manage, or operate.

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

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

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

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

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

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

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

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

27 Sec. 4. (1) For a qualified convention facility in this state,

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

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

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

1 be administered in the manner determined by the board and as  
2 provided in this act.

3       Sec. 7. (1) An authority created by this act shall be directed  
4 and governed by a board consisting of an odd number of board  
5 members. No board member shall be an employee or official of any  
6 local government or of this state. For purposes of this subsection,  
7 "local government" shall include any county, township, city, or  
8 village.

9       (2) The members of the board shall be appointed for terms of 4  
10 years, except of those who are first appointed, 2 members shall be  
11 appointed for a term of 2 years, 2 members shall be appointed for a  
12 term of 3 years, and remaining members shall be appointed for a  
13 term of 4 years.

14       (3) A board member shall not hold any other public office for  
15 which he or she shall receive compensation other than necessary  
16 travel or other incidental expenses.

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

24       (5) The expiration date of the term of office of a member of  
25 the board shall be on December 31 of the year in which the term is  
26 to expire. If a member of the board is unable to complete his or  
27 her term of office, a successor shall be appointed to fill the

1 vacancy for the remainder of the term in the same manner as the  
2 original appointment.

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

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

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

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

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

25       (c) Financial statements of the authority represented to the  
26 member of the board, officer, employee, or agent to be correct by  
27 the officer of the authority having charge of its books of account

1 or stated in a written report by the state auditor general or a  
2 certified public accountant, or a firm of certified accountants, to  
3 reflect the financial condition of the authority.

4 (2) A board shall organize and make its own policies and  
5 procedures and shall adopt bylaws governing its operations. The  
6 board shall act by a unanimous vote of its membership entitled to  
7 vote and shall meet regularly but not less than quarterly. An  
8 authority member shall not designate another representative to  
9 serve in his or her place on the authority.

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

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

27 (5) An employee of the board shall not acquire any direct or

1 indirect interest in, be employed by, or enter into a contract for  
2 services with any entity doing business with the authority for a  
3 period of 2 years after the date his or her employment with the  
4 board is terminated.

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

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

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

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

1 performance of an official function shall be made available to the  
2 public in compliance with the freedom of information act, 1976 PA  
3 442, MCL 15.231 to 15.246.

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

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

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

1           (5) All purchases and sales in excess of \$25,000.00 shall be  
2 awarded after advertising in a local newspaper of general  
3 circulation in the area of the authority described in section 4(1)  
4 at least 2 weeks before the bid opening. Bids shall be publicly  
5 opened and read aloud at a date, time, and place designated in the  
6 invitation to bid. Invitations to bid shall be sent at least 1 week  
7 before the bid opening to at least 3 potential bidders who are  
8 qualified technically and financially to submit bids, or a  
9 memorandum shall be kept on file showing that less than 3 potential  
10 bidders who are so qualified exist in the area of the authority  
11 described in section 4(1) within which it is practicable to obtain  
12 bids.

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

16           (7) An authority may enter into lease purchases or installment  
17 purchases for periods not exceeding the anticipated useful life of  
18 the items purchased. An authority may enter into a cooperative  
19 purchasing agreement with the state or other public entities for  
20 the purchase of goods, including, but not limited to, recycled  
21 goods, and services necessary for the authority.

22           (8) An authority shall establish policies and coordinate  
23 efforts for the authority to preclude the opportunity for and the  
24 occurrence of transactions by the authority that would create a  
25 conflict of interest involving members of the board, employees of  
26 the authority, and consultants or management firms hired by the  
27 authority. At a minimum, these policies to be established for an

1 authority shall include compliance by each member of the board and  
2 employees of the authority who regularly exercise significant  
3 discretion over the award and management of authority procurements  
4 with policies governing the following:

5 (a) Annual public financial disclosure statements of  
6 significant financial interests.

7 (b) Immediate disclosure of the existence and nature of any  
8 financial interest that would reasonably be expected to create a  
9 conflict of interest.

10 (c) Withdrawal by an employee or member from participation in  
11 or discussion or evaluation of any recommendation or decision  
12 involving an authority procurement that would reasonably be  
13 expected to create a conflict of interest for that employee or  
14 member.

15 (9) An authority shall establish policies to ensure that the  
16 authority shall not enter into a contract with a person who has  
17 been convicted of a criminal offense incident to the application  
18 for or performance of a state contract or subcontract. As used in  
19 this subsection, if a person is a business entity, person includes  
20 affiliates, subsidiaries, officers, directors, managerial  
21 employees, and any person who, directly or indirectly, holds a  
22 pecuniary interest in that business entity of 20% or more.

23 (10) An authority shall establish policies to ensure that the  
24 authority shall not enter into a contract with a person who has  
25 been convicted of a criminal offense, or held liable in a civil  
26 proceeding, that negatively reflects on the person's business  
27 integrity, based on a finding of embezzlement, theft, forgery,

1 bribery, falsification or destruction of records, receiving stolen  
2 property, or violation of state or federal antitrust statutes. As  
3 used in this subsection, if a person is a business entity, person  
4 includes affiliates, subsidiaries, officers, directors, managerial  
5 employees, and any person who, directly or indirectly, holds a  
6 pecuniary interest in that business entity of 20% or more.

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

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

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

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

23       (c) Develop a convention facility.

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

27       (e) Subject to section 11, contract with a management firm,

1 either corporate or otherwise, to operate a convention facility,  
2 under the supervision of the authority.

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

7 (g) Make application for and receive loans, grants,  
8 guarantees, or other financial assistance in aid of a convention  
9 facility from any state, federal, county, or municipal government  
10 or agency or from any other source, public or private, including  
11 financial assistance for purposes of planning, constructing,  
12 improving, and operating the convention facility.

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

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

18 (j) Establish and fix, or authorize the chief executive  
19 officer to establish and fix, a schedule of rents, admission fees,  
20 or other charges for occupancy, use of, or admission to any  
21 convention facility operated by the authority and provide for the  
22 collection and enforcement of those rents, admission fees, or other  
23 charges.

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

26 (2) Notwithstanding any other provision of law to the  
27 contrary, an authority shall not have the power to impose or levy

1 taxes.

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

17           (2) All actions of the chief executive officer of an authority  
18 shall be in conformance with the policies of the board and in  
19 compliance with law.

20           Sec. 15. (1) On the transfer date, all right, title, and  
21 interest in the convention facility owned by the local government  
22 are conveyed and transferred to the authority, and the authority  
23 acquires, succeeds to, and assumes the exclusive right,  
24 responsibility, and authority to own, occupy, operate, control, and  
25 use the convention facility from and after the transfer date,  
26 including all lands, buildings, improvements, structures,  
27 easements, rights of access, and all other privileges and

1 appurtenances pertaining to the convention facility, subject only  
2 to those restrictions imposed by this act. The officers of the  
3 local government conveying the convention facility to the authority  
4 shall execute such instruments of conveyance, assignment, and  
5 transfer as may, in the authority's judgment, be necessary or  
6 appropriate to accomplish the foregoing.

7 (2) On the transfer date, the authority acquires and succeeds  
8 to all rights, title, and interests in and to the fixtures,  
9 equipment, materials, furnishings, and other personal property of  
10 the local government owned and used for purposes of the convention  
11 facility. The officers of the local government conveying the  
12 convention facility to the authority shall execute such instruments  
13 of conveyance, assignment, and transfer as may, in the authority's  
14 judgment, be necessary or appropriate to accomplish the foregoing.

15 (3) There shall be transferred to the authority all licenses,  
16 permits, approvals, or awards related to the convention facility,  
17 all grant agreements, grant preapplications, the right to receive  
18 the balance of any funds payable under the agreements, the right to  
19 receive any amounts payable to the local government on the transfer  
20 date and amounts paid to the local government after the transfer  
21 date, as well as the benefit of contracts and agreements, and all  
22 of the local government's duties, liabilities, responsibilities,  
23 and obligations as owner of the convention facility, except for any  
24 obligations or liabilities which are contested in good faith by,  
25 or, as of the transfer date, unknown to, the authority.

26 (4) The authority shall not assume any unfunded obligations of  
27 the local government to provide pensions or retiree health

1 insurance. The local government shall provide the authority with a  
2 statement of the amount of such unfunded obligations, determined by  
3 a professional actuary acceptable to the authority.

4 (5) All lawful actions, commitments, and proceedings of the  
5 local government made, given, or undertaken before the transfer  
6 date and assumed by the authority are ratified, confirmed, and  
7 validated upon such assumption. All actions, commitments, or  
8 proceedings of the local government in respect of the qualified  
9 convention facility in the process of being undertaken by, but not  
10 yet a commitment or obligation of, the local government in respect  
11 of the convention facility may, from and after the date of  
12 assumption by the authority under this section, be undertaken and  
13 completed by the authority in the manner and at the times provided  
14 in this act or other applicable law and in any lawful agreements  
15 made by the local government before the date of assumption by the  
16 authority under this section.

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

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

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

27 (7) The transfers described under this section shall include,

1 but need not be limited to, all of the following:

2 (a) All contracts with licensees, franchisees, tenants,  
3 concessionaires, and leaseholders.

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

6 (c) All cash balances and investments relating to or resulting  
7 from operations of the convention facility, all funds held under an  
8 ordinance, resolution, or indenture related to or securing  
9 obligations of the local government that have been assumed by the  
10 authority, and all of the accounts receivable or choses in action  
11 arising from operations of the convention facility.

12 (d) All office equipment, including, but not limited to,  
13 computers, records and files, software, and software licenses  
14 required for financial management, personnel management, accounting  
15 and inventory systems, and general administration.

16 Sec. 16. (1) The transfer of the real and personal property  
17 and operational jurisdiction over a convention facility to the  
18 authority may not in any way impair any contracts with licensees,  
19 franchisees, vendors, tenants, bondholders, or other parties in  
20 privity with the local government that owned the convention  
21 facility which has been transferred to an authority, provided such  
22 contracts were not entered into or modified in violation of this  
23 act.

24 (2) From and after the transfer date, a local government from  
25 which a convention facility has been transferred shall be relieved  
26 from all further costs and responsibility arising from or  
27 associated with control, operation, development, and maintenance of

1 that convention facility, except for costs associated with  
2 environmental contamination or remediation that exceeds costs  
3 disclosed prior to the transfer or except to the extent that in any  
4 fiscal year funds of the authority available for the purpose of  
5 paying the cost of operating and maintaining a convention facility  
6 are insufficient to pay such cost, in which case the local  
7 government shall be responsible for the difference between the cost  
8 of operating and maintaining a convention facility and the funds of  
9 the authority available to pay such cost, or as otherwise required  
10 under obligations retained by the local government under this act,  
11 or as otherwise agreed by the local government. In addition, the  
12 local government shall continue to be responsible for all costs  
13 associated with local municipal services, including, but not  
14 limited to, police, fire, and emergency medical services, without  
15 any additional compensation from the authority.

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

21 (a) Refrain from any action to sell, transfer, or otherwise  
22 dispose of a convention facility owned by the local government  
23 other than to the authority or to increase the obligations in  
24 respect of the convention facility, without the consent of the  
25 authority.

26 (b) Refrain from any approval of or material modification to  
27 any collective bargaining agreement in respect of local government

1 employees employed at or assigned to a convention facility or, for  
2 employees not covered by collective bargaining agreements, to any  
3 benefit plans in respect of such employees. Any such approval or  
4 modification shall be null and void.

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

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

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

17 (f) Upon creation of an authority and prior to the transfer  
18 date of the convention facility to the authority, conduct  
19 operations, maintenance, and repair of the convention facility in  
20 the ordinary and usual course of business.

21 (4) Any contract, agreement, lease, sale, disposition,  
22 transfer, or other conveyance, easement, license, right,  
23 obligation, debt, or liability assumed, approved, entered into,  
24 amended, or modified in violation of this section shall be voidable  
25 as a matter of law to the extent that the authority would otherwise  
26 assume, become party to or transferee of, or otherwise be obligated  
27 under such contract, agreement, lease, sale, disposition, transfer,

1 conveyance, easement, license, right, obligation, debt, or  
2 liability.

3 (5) The local chief executive officer of a local government  
4 from which right, title, interest, and ownership of a qualified  
5 convention facility are to be transferred to an authority shall  
6 take all reasonable steps to cancel or terminate each and any  
7 agreement to which the local government from which right, title,  
8 interest, and ownership of a qualified convention facility are to  
9 be transferred to an authority is a party and which meets all the  
10 following criteria:

11 (a) The agreement relates to the qualified convention facility  
12 and the authority has not expressly assumed or accepted the  
13 agreement under section 15.

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

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

18 Sec. 18. (1) The board by resolution may establish a  
19 convention facility operating trust fund for the purpose of  
20 accumulating funds to pay for the cost of operating and maintaining  
21 a convention facility. Money for operating and maintaining a  
22 convention facility, at the authority's discretion, may be provided  
23 from this fund or any other money of the authority. The resolution  
24 establishing the fund shall include all of the following:

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

27 (b) A restriction of withdrawals from the fund solely for the

1 payment of reasonable operating and maintenance expenses of a  
2 convention facility and the payment of the expenses of  
3 administration of the fund.

4 (2) An investment fiduciary shall invest the assets of the  
5 fund in accordance with an investment policy adopted by the board  
6 that complies with section 13 of the public employee retirement  
7 system investment act, 1965 PA 314, MCL 38.1133. However, the  
8 investment fiduciary shall discharge his or her duties solely in  
9 the interest of the authority. The authority may invest the fund's  
10 assets in the investment instruments and subject to the investment  
11 limitations governing the investment of assets of public employee  
12 retirement systems under the public employee retirement system  
13 investment act, 1965 PA 314, MCL 38.1132 to 38.1140m.

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

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

21 (b) Federal, state, or local government grants, loans,  
22 appropriations, payments, or contributions.

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

25 (d) Grants, loans, appropriations, payments, proceeds from  
26 repayments of loans made by the authority, or contributions from  
27 public or private sources.

1 (e) Distributions from the convention facility development  
2 fund of the state pursuant to the state convention facility  
3 development act, 1985 PA 106, MCL 207.621 to 207.640.

4 (f) Investment earnings on the revenues described in  
5 subdivisions (a) to (e).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (a) The agreement is not a debt of the authority entering into  
2 the agreement for any statutory or charter debt limitation purpose.

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

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

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

27 (3) Nothing in this act or in any other law shall be held to

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

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

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

- 1 to affect or prejudice in any way its applicability or validity in
- 2 any other instance or under any other circumstance.