

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4998

A bill to amend 2008 PA 554, entitled
"Regional convention facility authority act,"
by amending sections 5, 7, 11, and 19 (MCL 141.1355, 141.1357,
141.1361, and 141.1369).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 5. As used in this act:

2 (a) "Authority" means a regional convention facility authority
3 created under section 7.

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

5 (c) "Convention facility" means all or any part of, or any
6 combination of, a convention hall, auditorium, arena, meeting
7 rooms, exhibition area, and related adjacent public areas that are
8 generally available to the public for lease on a short-term basis
9 for holding conventions, meetings, exhibits, and similar events,

1 together with real or personal property, and easements above, on,
2 or under the surface of real or personal property, used or intended
3 to be used for holding conventions, meetings, exhibits, and similar
4 events, together with appurtenant property, including covered
5 walkways, parking lots, or structures, necessary and convenient for
6 use in connection with the convention facility. Convention facility
7 includes an adjacent arena with a seating capacity not exceeding
8 10,000. Convention facility does not include an adjacent arena with
9 a seating capacity exceeding 10,000.

10 (d) "Develop" means to plan, acquire, construct, improve,
11 enlarge, maintain, renew, renovate, repair, replace, lease, equip,
12 furnish, market, promote, manage, or operate.

13 (e) "Fiscal year" means an annual period that begins on July 1
14 and ends on June 30 or the fiscal year for an authority established
15 by the board of the authority.

16 (f) "Legislative body" means the elected body of a local
17 government possessing the legislative power of the local
18 government.

19 (g) "Local chief executive officer" means the mayor or city
20 manager of a city or the county executive of a county or, if a
21 county does not have a county executive, the chairperson of the
22 county board of commissioners.

23 (h) "Local government" means a county or city. For purposes of
24 sections 17(1)(t) and 19 other than section 19(1)(f), local
25 government includes a building authority or downtown development
26 authority created by a county or city under 1975 PA 197, MCL
27 125.1651 to 125.1681.

1 (i) "Qualified city" means a city with a population of more
2 than 700,000 according to the most recent decennial census that
3 contains a qualified convention facility.

4 (j) "Qualified county" means a county that contains a
5 qualified city.

6 (k) "Qualified convention facility" means a publicly owned
7 convention facility with not less than 600,000 square feet of
8 usable exhibition area and that is located in a qualified city.

9 (l) "Qualified metropolitan area" means a geographic area of
10 this state that includes a qualified city, a qualified county, and
11 the 2 counties bordering the qualified county with the largest
12 populations according to the most recent decennial census.

13 (m) "Transfer date" means the **EARLIER OF THE FOLLOWING:**

14 (i) **THE** date 90 days after the creation of an authority under
15 section 7 on which the right, title, interest, ownership, and
16 control of a qualified convention facility are conveyed and
17 transferred from a qualified city to an authority, **ONLY** if the
18 transfer is not disapproved as provided under section 19(1).

19 (ii) **THE EFFECTIVE DATE OF A LEASE AGREEMENT PROVIDING FOR THE**
20 **LEASE OF A QUALIFIED CONVENTION FACILITY TO AN AUTHORITY CREATED**
21 **UNDER SECTION 7 AS PROVIDED UNDER SECTION 19(1).**

22 Sec. 7. (1) For an area of this state that is a qualified
23 metropolitan area on the effective date of this act, an authority
24 is created for the qualified metropolitan area on the effective
25 date of this act. For an area of this state that becomes a
26 qualified metropolitan area after the effective date of this act,
27 an authority is created for the qualified metropolitan area on the

1 date the area became a qualified metropolitan area. An authority
2 created under this section shall be a municipal public body
3 corporate and politic and a metropolitan authority authorized by
4 section 27 of article VII of the state constitution of 1963 and
5 shall possess the powers, duties, and jurisdictions vested in the
6 authority under this act and other laws. The authority shall not be
7 an authority or agency of this state. The name of an authority
8 created under this section shall include the name of the qualified
9 city located within the qualified metropolitan area and the phrase
10 "regional convention facility authority".

11 (2) Before the transfer date, an authority may organize and
12 exercise all powers, duties, and jurisdictions granted under this
13 act, except the powers, duties, and jurisdictions related to the
14 management ~~, AND operation, and development~~ of a qualified
15 convention facility. On the transfer date, an authority is vested
16 with the additional powers, duties, and jurisdictions under this
17 act related to the management, operation, and development of a
18 qualified convention facility.

19 (3) It is the intent of the legislature that the transfer **OR**
20 **LEASE** of a qualified convention facility from a qualified city to
21 an authority under this act and any payment required under section
22 19(9) represents at least a fair exchange of value for value for
23 the qualified city considering, without limitation, all of the
24 following:

25 (a) The net value of the qualified convention facility prior
26 to the transfer date after deducting deferred maintenance
27 obligations, operational deficits, repair or expansion needs, and

1 other liabilities related to the qualified convention facility that
2 are obligations of the qualified city.

3 (b) The benefits to the qualified city resulting from the
4 transfer **OR LEASE** of the qualified convention facility to the
5 authority, including, but not limited to, assumption or payment of
6 debt obligations of the qualified city by the authority, reductions
7 in costs, liabilities or other obligations of the qualified city,
8 additional revenues or other money not otherwise available for the
9 qualified convention facility, and the positive economic impact to
10 the qualified city likely to be generated by the operation of the
11 qualified convention facility by the authority or any expansion or
12 improvement of the qualified convention facility by the authority,
13 especially economic impact resulting in the creation or retention
14 of jobs and capital investment.

15 (c) Any bond proceeds, debt service payments, or other money
16 payable directly or indirectly to the qualified city after the
17 transfer date under this act, the state convention facility
18 development act, 1985 PA 106, MCL 207.621 to 207.640, or the health
19 and safety fund act, 1987 PA 264, MCL 141.471 to 141.479.

20 (4) The property of an authority created under this act is
21 public property devoted to an essential public and governmental
22 purpose. Income of the authority is for a public and governmental
23 purpose.

24 (5) Except as otherwise provided in this subsection, the
25 property of the authority created under this act and its income,
26 activities, and operations are exempt from all taxes and special
27 assessments of this state or a political subdivision of this state.

1 Property of an authority and its income, activities, and operations
2 that are leased to private persons are not exempt from any tax or
3 special assessment of this state or a political subdivision of this
4 state. Property of an authority is exempt from any ad valorem
5 property taxes levied under the general property tax act, 1893 PA
6 206, MCL 211.1 to 211.155, or other law of this state authorizing
7 the taxation of real or personal property. An authority is an
8 entity of government for purposes of section 4a(1)(a) of the
9 general sales tax act, 1933 PA 167, MCL 205.54a, and section 4h of
10 the use tax act, 1937 PA 94, MCL 205.94h.

11 (6) The validity of the creation of an authority shall be
12 conclusively presumed unless questioned in an original action filed
13 in the court of appeals within 60 days after the creation of the
14 authority under this section. The court of appeals has original
15 jurisdiction to hear an action under this subsection. The court
16 shall hear the action in an expedited manner.

17 (7) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8), THE
18 VALIDITY OF THE TRANSFER OR LEASE OF A QUALIFIED CONVENTION
19 FACILITY TO AN AUTHORITY UNDER THIS ACT SHALL BE CONCLUSIVELY
20 PRESUMED UNLESS QUESTIONED IN AN ORIGINAL ACTION FILED IN THE COURT
21 OF APPEALS WITHIN 30 DAYS AFTER THE EFFECTIVE DATE OF THE
22 AMENDATORY ACT THAT ADDED THIS SUBSECTION, OR FOR A METROPOLITAN
23 AREA THAT BECOMES A QUALIFIED METROPOLITAN AREA AFTER THE EFFECTIVE
24 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, 75 DAYS
25 AFTER THE DATE ON WHICH THE METROPOLITAN AREA BECOMES A QUALIFIED
26 METROPOLITAN AREA. THE COURT OF APPEALS HAS ORIGINAL JURISDICTION
27 TO HEAR AN ACTION UNDER THIS SUBSECTION. THE COURT SHALL HEAR THE

1 ACTION IN AN EXPEDITED MANNER.

2 (8) THE ATTORNEY GENERAL OF THIS STATE HAS AUTHORITY TO
3 ENFORCE THE LEASE AGREEMENT BETWEEN THE AUTHORITY AND THE QUALIFIED
4 CITY AND ALSO HAS THE AUTHORITY TO ENFORCE THE PROVISIONS OF THIS
5 ACT.

6 Sec. 11. (1) Within not more than 30 days following
7 appointment of the members of a board, the board shall hold its
8 first meeting at a date and time determined by the individual
9 appointed under section 9(1)(a). The board members shall elect from
10 among the board members an individual to serve as chairperson of
11 the board and may elect other officers as the board considers
12 necessary. All officers shall be elected annually by the board. All
13 actions of the board under this act shall require the unanimous
14 consent of all serving members of the board, excluding any members
15 prohibited from voting on an action due to a conflict of interest
16 under section 15.

17 (2) The business of the board shall be conducted at a public
18 meeting of the board held in compliance with the open meetings act,
19 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date,
20 and place of the meeting shall be given in the manner required by
21 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A board
22 shall adopt bylaws consistent with the open meetings act, 1976 PA
23 267, MCL 15.261 to 15.275, governing its procedures and the holding
24 of meetings. After organization, a board shall adopt a schedule of
25 regular meetings and adopt a regular meeting date, place, and time.
26 A special meeting of the board may be called by the chairperson of
27 the board or as provided in bylaws adopted by the board. Notice of

1 a special meeting shall be given in the manner required by the open
2 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

3 (3) A board shall keep a written or printed record of each
4 meeting, which record and any other document or record prepared,
5 owned, used, in the possession of, or retained by the authority in
6 the performance of an official function shall be made available to
7 the public in compliance with the freedom of information act, 1976
8 PA 442, MCL 15.231 to 15.246.

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

19 (5) Before the beginning of each fiscal year, a board shall
20 cause to be prepared a budget for the authority containing an
21 itemized statement of the estimated current operational expenses
22 and the expenses for capital outlay including funds for the
23 operation and development of convention facilities under the
24 jurisdiction of the board, including the amount necessary to pay
25 the principal and interest of any outstanding bonds or other
26 obligations of the authority maturing during the next fiscal year
27 or that have previously matured and are unpaid, and an estimate of

1 the estimated revenue of the authority from all sources for the
2 next fiscal year. The board shall adopt a budget as for the fiscal
3 year in accordance with the uniform budget and accounting act, 1968
4 PA 2, MCL 141.421 to 141.440a.

5 (6) A board shall provide for the purchase of, the contracting
6 for, and the providing of supplies, materials, services, insurance,
7 utilities, third-party financing, equipment, printing, and all
8 other items as needed by the authority to efficiently and
9 effectively meet the needs of the authority using competitive
10 procurement methods to secure the best value for the authority. The
11 board shall make all discretionary decisions concerning the
12 solicitation, award, amendment, cancellation, and appeal of
13 authority contracts. A board shall provide for the acquisition of
14 professional services, including, but not limited to, architectural
15 services, engineering services, surveying services, accounting
16 services, services related to the issuance of bonds, and legal
17 services, in accordance with a competitive, qualifications-based
18 selection process and procedure for the type of professional
19 service required by the authority. An authority is not required to
20 use competitive bidding when acquiring proprietary services,
21 equipment, or information available from a single source, such as a
22 software license agreement. An authority may enter into a
23 cooperative purchasing agreement with the federal government, this
24 state, or other public entities for the purchase of goods or
25 services necessary for the authority. An authority may enter into
26 lease purchases or installment purchases for periods not exceeding
27 the anticipated useful life of the items purchased unless otherwise

1 prohibited by law. In all purchases made by the authority, all
2 other things being equal, preference shall be given first to
3 products manufactured or services offered by firms based in the
4 authority's qualified metropolitan area, including, but not limited
5 to, each qualified city and qualified county in the qualified
6 metropolitan area, and next to firms based in this state, if
7 consistent with **STATE AND** federal law. **THE AUTHORITY SHALL ACTIVELY**
8 **SOLICIT LISTS OF POTENTIAL BIDDERS FOR AUTHORITY CONTRACTS FROM**
9 **EACH QUALIFIED CITY AND EACH COUNTY IN THE QUALIFIED METROPOLITAN**
10 **AREA.** Except as otherwise provided in this section, the authority
11 shall utilize competitive solicitation for all purchases authorized
12 under this act unless 1 or more of the following apply:

13 (a) Procurement of goods or services is necessary for the
14 imminent protection of public health or safety or to mitigate an
15 imminent threat to public health or safety, as determined by the
16 authority or its chief executive officer.

17 (b) Procurement of goods or services is for emergency repair
18 or construction caused by unforeseen circumstances when the repair
19 or construction is necessary to protect life or property.

20 (c) Procurement of goods or services is in response to a
21 declared state of emergency or state of disaster under the
22 emergency management act, 1976 PA 390, MCL 30.401 to 30.421.

23 (d) Procurement of goods or services is in response to a
24 declared state of emergency under 1945 PA 302, MCL 10.31 to 10.33.

25 (e) Procurement of goods or services is in response to a
26 declared state of energy emergency under 1982 PA 191, MCL 10.81 to
27 10.89.

1 (f) Procurement of goods or services is under a cooperative
2 purchasing agreement with the federal government, this state, or
3 more public entities for the purchase of goods and services
4 necessary at fair and reasonable prices using a competitive
5 procurement method for authority operations.

6 (g) The value of the procurement is less than \$5,000.00, and
7 the board has established policies or procedures to ensure that
8 goods or services with a value of less than \$5,000.00 are purchased
9 by the board at fair and reasonable prices. Procurement of goods or
10 services with a value of less than \$5,000.00 may be negotiated with
11 or without using competitive bidding as authorized in a procurement
12 policy adopted by the board.

13 (7) A board may not enter into any cost plus construction
14 contract unless all of the following apply:

15 (a) The contract cost is less than \$50,000.00.

16 (b) The contract is for emergency repair or construction
17 caused by unforeseen circumstances.

18 (c) The repair or construction is necessary to protect life or
19 property.

20 (d) The contract complies with requirements of applicable
21 state or federal law.

22 (8) The board shall adopt a procurement policy consistent with
23 the requirements of this act and federal and state laws relating to
24 procurement. The board shall adopt a policy to govern the control,
25 supervision, management, and oversight of each contract to which
26 the authority is a party. The board shall adopt procedures to
27 monitor the performance of each contract including, but not limited

1 to, a contract that exists on transfer date, to assure execution of
2 the contract within the budget and time periods provided under the
3 contract. The monitoring shall include oversight as to whether the
4 contract is being performed in compliance with the terms of the
5 contract, this act, and federal and state law procurement law. The
6 chief executive officer or other authorized employee of an
7 authority shall not sign or execute a contract until the contract
8 is approved by the board. A board for an authority shall establish
9 policies to ensure that the authority does not enter into a
10 procurement or employment contract with a person who has been
11 convicted of a criminal offense incident to the application for or
12 performance of a contract or subcontract with a governmental entity
13 in this state. A board for an authority shall establish policies to
14 ensure that the authority does not enter into a procurement or
15 employment contract with a person who has been convicted of a
16 criminal offense, or held liable in a civil proceeding, that
17 negatively reflects on the person's business integrity, based on a
18 finding of embezzlement, theft, forgery, bribery, falsification or
19 destruction of records, receiving stolen property, or violation of
20 state or federal antitrust statutes, or similar laws. **THE AUTHORITY**
21 **SHALL PREPARE AN ANNUAL REPORT TO THE BOARD, THE QUALIFIED CITY,**
22 **AND EACH COUNTY WITHIN THE QUALIFIED METROPOLITAN AREA DETAILING**
23 **ALL CONTRACTS ENTERED INTO BY THE AUTHORITY DURING THE IMMEDIATELY**
24 **PRECEDING FISCAL YEAR.** As used in this subsection, if a person is a
25 business entity, person includes affiliates, subsidiaries,
26 officers, directors, managerial employees, and any person who,
27 directly or indirectly, holds a pecuniary interest in that business

1 entity of 20% or more.

2 (9) A board may employ personnel as the board considers
3 necessary to assist the board in performing the power, duties, and
4 jurisdictions of the authority, including, but not limited to,
5 employment of a chief executive officer as authorized under section
6 13.

7 (10) A board shall establish policies to assure that the board
8 and the authority shall not do either of the following:

9 (a) Fail or refuse to hire, recruit, or promote; demote;
10 discharge; or otherwise discriminate against a person with respect
11 to employment, compensation, or a term, condition, or privilege of
12 employment, or a contract with the authority because of religion,
13 race, color, national origin, age, sex, sexual orientation, height,
14 weight, marital status, partisan considerations, or a disability or
15 genetic information that is unrelated to the person's ability to
16 perform the duties of a particular job, position, or contract.

17 (b) Limit, segregate, or classify an employee, a contractor,
18 or applicant for employment or a contract in a way that deprives or
19 tends to deprive the employee, contractor, or applicant of an
20 employment opportunity or otherwise adversely affects the status of
21 an employee, contractor, or applicant because of religion, race,
22 color, national origin, age, sex, sexual orientation, height,
23 weight, marital status, partisan considerations, or a disability or
24 genetic information that is unrelated to the person's ability to
25 perform the duties of a particular job or position.

26 (11) **NOT LESS THAN 60 DAYS AFTER THE TRANSFER DATE, AN**
27 **AUTHORITY SHALL ESTABLISH A CITIZENS ADVISORY COUNCIL TO PROVIDE**

1 PUBLIC INPUT AND ADVISE THE BOARD ON THE IMPACT OF REDEVELOPMENT
2 AND MANAGEMENT OF A QUALIFIED CONVENTION FACILITY UPON THE
3 QUALIFIED CITY AND EACH COUNTY WITHIN THE QUALIFIED METROPOLITAN
4 AREA. THE ADVISORY COUNCIL SHALL CONSIST OF 8 MEMBERS, INCLUDING 1
5 RESIDENT OF THE QUALIFIED CITY APPOINTED BY THE LOCAL CHIEF
6 EXECUTIVE OFFICER OF THE QUALIFIED CITY, 1 RESIDENT OF THE
7 QUALIFIED CITY APPOINTED BY THE LEGISLATIVE BODY OF THE QUALIFIED
8 CITY, 1 COUNTY RESIDENT APPOINTED AS A COUNCIL MEMBER BY EACH LOCAL
9 CHIEF EXECUTIVE OFFICER FOR EACH COUNTY WITHIN THE QUALIFIED
10 METROPOLITAN AREA, AND 1 COUNTY RESIDENT APPOINTED AS A COUNCIL
11 MEMBER BY THE LEGISLATIVE BODY FOR EACH COUNTY WITHIN THE QUALIFIED
12 METROPOLITAN AREA. AN ELECTED STATE OR LOCAL OFFICIAL IS NOT
13 ELIGIBLE TO SERVE AS A MEMBER OF THE CITIZENS ADVISORY COUNCIL.
14 MEMBERS OF THE ADVISORY COUNCIL SHALL BE APPOINTED FOR TERMS OF 4
15 YEARS. A VACANCY ON THE ADVISORY COUNCIL ARISING OTHER THAN BY
16 EXPIRATION OF A TERM SHALL BE FILLED FOR THE REMAINDER OF A TERM IN
17 THE SAME MANNER AS THE ORIGINAL APPOINTMENT. THE BUSINESS OF THE
18 ADVISORY COUNCIL SHALL BE CONDUCTED AT A PUBLIC MEETING HELD IN
19 COMPLIANCE WITH THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO
20 15.275. PUBLIC NOTICE OF THE TIME, DATE, AND PLACE OF THE MEETING
21 SHALL BE GIVEN IN THE MANNER REQUIRED BY THE OPEN MEETINGS ACT,
22 1976 PA 267, MCL 15.261 TO 15.275. THE ADVISORY COUNCIL SHALL ADOPT
23 BYLAWS CONSISTENT WITH THE OPEN MEETINGS ACT, 1976 PA 267, MCL
24 15.261 TO 15.275, GOVERNING ITS PROCEDURES AND THE HOLDING OF
25 MEETINGS. AFTER ORGANIZATION, THE ADVISORY COUNCIL SHALL ADOPT A
26 SCHEDULE OF REGULAR MEETINGS AND ADOPT A REGULAR MEETING DATE,
27 PLACE, AND TIME. THE ADVISORY COUNCIL SHALL KEEP A WRITTEN OR

1 PRINTED RECORD OF EACH MEETING, WHICH RECORD AND ANY OTHER DOCUMENT
2 OR RECORD PREPARED, OWNED, USED, IN THE POSSESSION OF, OR RETAINED
3 BY THE ADVISORY COUNCIL IN THE PERFORMANCE OF AN OFFICIAL FUNCTION
4 SHALL BE MADE AVAILABLE TO THE PUBLIC IN COMPLIANCE WITH THE
5 FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246. AN
6 ADVISORY COUNCIL SHALL ORGANIZE AND MAKE ITS OWN POLICIES AND
7 PROCEDURES AND SHALL ADOPT BYLAWS NOT INCONSISTENT WITH THIS ACT
8 GOVERNING ITS OPERATIONS. THE ADVISORY COUNCIL MAY REQUEST AND
9 SHALL RECEIVE FROM THE AUTHORITY INFORMATION AND TECHNICAL
10 ASSISTANCE RELATING TO THE DEVELOPMENT AND MANAGEMENT OF THE
11 QUALIFIED CONVENTION FACILITY. FAILURE OF THE ADVISORY COUNCIL TO
12 ORGANIZE, MEET, OR PERFORM STATUTORY FUNCTIONS SHALL NOT PREVENT
13 THE BOARD OR THE AUTHORITY FROM PERFORMING AUTHORIZED ACTIVITIES. A
14 MEMBER OF THE CITIZENS ADVISORY COUNCIL SHALL NOT BE COMPENSATED
15 FOR BEING A MEMBER NOR SHALL A MEMBER BE REIMBURSED FOR ANY
16 EXPENSES INCURRED AS A MEMBER OF THE CITIZENS ADVISORY COUNCIL.

17 Sec. 19. (1) Within 45 days of ~~the effective date of this act~~
18 **JANUARY 20, 2009** or the date on which a metropolitan area becomes a
19 qualified metropolitan area and prior to a transfer date, the
20 legislative body of the qualified city in which a qualified
21 convention facility is located may disapprove the transfer of the
22 qualified convention facility to the authority by adopting a
23 resolution disapproving the transfer. If the transfer is not
24 disapproved, the qualified convention facility is transferred to
25 the authority on the ninetieth day after ~~the effective date of this~~
26 ~~act~~ **JANUARY 20, 2009** or the date on which a convention facility
27 becomes a qualified convention facility. **IF THE TRANSFER IS**

1 DISAPPROVED, NOT LATER THAN AUGUST 1, 2009 OR 75 DAYS AFTER A LATER
2 DATE ON WHICH A METROPOLITAN AREA BECOMES A QUALIFIED METROPOLITAN
3 AREA, THE QUALIFIED CITY IN WHICH A QUALIFIED CONVENTION FACILITY
4 IS LOCATED MAY DISAPPROVE LEASING THE QUALIFIED CONVENTION FACILITY
5 TO THE AUTHORITY BY ADOPTING A RESOLUTION DISAPPROVING A LEASE OF
6 THE QUALIFIED CONVENTION FACILITY TO THE AUTHORITY. THE RESOLUTION
7 SHALL BE ADOPTED AND EFFECTIVE AS PROVIDED BY LAW, INCLUDING ANY
8 CHARTER OF THE QUALIFIED CITY. IF A RESOLUTION DISAPPROVING THE
9 LEASE IS ADOPTED AND EFFECTIVE, AN AUTHORITY CREATED FOR THE
10 QUALIFIED METROPOLITAN AREA IN WHICH THE QUALIFIED CONVENTION
11 FACILITY IS LOCATED IS DISSOLVED. IF THE LEASE IS NOT DISAPPROVED
12 WITHIN THE PERIOD PROVIDED, THE LOCAL CHIEF EXECUTIVE OFFICER OF
13 THE QUALIFIED CITY AND THE AUTHORITY SHALL ENTER INTO A LEASE
14 AGREEMENT CONSISTENT WITH THE REQUIREMENTS OF THIS ACT PROVIDING
15 FOR THE LEASE OF THE QUALIFIED CONVENTION FACILITY TO THE AUTHORITY
16 FOR A PERIOD OF NOT LESS THAN 30 YEARS. THE LEASE SHALL REQUIRE THE
17 AUTHORITY TO RENOVATE, REHABILITATE, AND EXPAND THE QUALIFIED
18 CONVENTION FACILITY. THE LEASE SHALL BE EFFECTIVE SEPTEMBER 1, 2009
19 OR 105 DAYS AFTER A LATER DATE ON WHICH A METROPOLITAN AREA BECOMES
20 A QUALIFIED METROPOLITAN AREA. All of the following shall occur on
21 a transfer date:

22 (a) All right, title, and interest of a local government in
23 and to a qualified convention facility located in a qualified
24 metropolitan area shall by operation of this act be conveyed and
25 transferred from the local government to the authority for the
26 qualified metropolitan area, and the authority shall receive,
27 succeed to, and assume the exclusive right, responsibility, and

1 authority to own, occupy, operate, control, develop, and use the
2 qualified convention facility from and after the transfer date,
3 including, but not limited to, all real property, buildings,
4 improvements, structures, easements, rights of access, and all
5 other privileges and appurtenances pertaining to the qualified
6 convention facility, subject only to those restrictions imposed by
7 this act. **IF A QUALIFIED CONVENTION FACILITY IS LEASED TO AN**
8 **AUTHORITY UNDER THIS SUBSECTION, THIS SUBDIVISION SHALL APPLY WHILE**
9 **THE LEASE AGREEMENT IS EFFECTIVE.**

10 (b) All right, title, and interest in and to the fixtures,
11 equipment, materials, furnishings, and other personal property of a
12 local government owned or controlled **BY THE LOCAL GOVERNMENT** and
13 used for purposes of the qualified convention facility by the local
14 government shall by operation of this act be conveyed and
15 transferred from the local government to the authority for the
16 qualified metropolitan area, and the authority shall receive,
17 succeed to, and assume the exclusive right, responsibility, and
18 authority to possess and control the property from and after the
19 transfer date. **IF A QUALIFIED CONVENTION FACILITY IS LEASED TO AN**
20 **AUTHORITY UNDER THIS SUBSECTION, THIS SUBDIVISION SHALL APPLY WHILE**
21 **THE LEASE AGREEMENT IS EFFECTIVE.**

22 (c) All licenses, permits, approvals, or awards of a local
23 government related to the ownership, occupancy, operation, control,
24 development, or use of a qualified convention facility by the local
25 government shall by operation of this act be conveyed and
26 transferred from the local government to the authority for the
27 qualified metropolitan area and be assumed by the authority. **IF A**

1 QUALIFIED CONVENTION FACILITY IS LEASED TO AN AUTHORITY UNDER THIS
2 SUBSECTION, THIS SUBDIVISION SHALL APPLY WHILE THE LEASE AGREEMENT
3 IS EFFECTIVE.

4 (d) All grant agreements, grant preapplications, grant
5 applications, rights to receive the balance of any funds payable
6 under the agreements or applications, the right to receive any
7 amounts payable from and after the transfer date, and the benefits
8 of contracts or agreements of a local government related to the
9 ownership, occupancy, operation, control, development, or use of a
10 qualified convention facility by the local government shall by
11 operation of this act be conveyed and transferred from the local
12 government to the authority for the qualified metropolitan area and
13 be assumed by the authority. **IF A QUALIFIED CONVENTION FACILITY IS**
14 **LEASED TO AN AUTHORITY UNDER THIS SUBSECTION, THIS SUBDIVISION**
15 **SHALL APPLY WHILE THE LEASE AGREEMENT IS EFFECTIVE.**

16 (e) All of the duties, liabilities, responsibilities, and
17 obligations of a local government related to the ownership,
18 occupancy, operation, control, development, or use of a qualified
19 convention facility by the local government shall by operation of
20 this act be conveyed and transferred from the local government to
21 the authority for the qualified metropolitan area and assumed by
22 the authority, except for any liabilities, responsibilities, or
23 obligations that are contested in good faith by ~~, or, as of the~~
24 ~~transfer date, unknown to,~~ the authority. ~~or as otherwise provided~~
25 ~~in this act.~~ **IF A QUALIFIED CONVENTION FACILITY IS LEASED TO AN**
26 **AUTHORITY UNDER THIS SUBSECTION, THIS SUBDIVISION SHALL APPLY WHILE**
27 **THE LEASE AGREEMENT IS EFFECTIVE.**

1 (f) An authority for a qualified metropolitan area shall
2 assume all of the outstanding securities of the local government
3 that are special limited obligations payable from and secured by a
4 lien on distributions received under the state convention facility
5 development act, 1985 PA 106, MCL 207.621 to 207.640, and were
6 originally issued to finance the acquisition or construction of,
7 development of, or improvements to the qualified convention
8 facility conveyed and transferred to the authority for the
9 qualified metropolitan area under this section, and the authority
10 may refund or defease the securities. If the authority refunds the
11 outstanding securities assumed under this subsection, that
12 refunding shall be considered, as a matter of law, to be necessary
13 to eliminate requirements of covenants applicable to the existing
14 outstanding securities.

15 (2) An authority shall assume, accept, or become liable for
16 lawful agreements, obligations, promises, covenants, commitments,
17 and other requirements of a local government relating to operating
18 a qualified convention facility conveyed and transferred under this
19 section, except as provided in subsection (4). An authority shall
20 perform all of the duties and obligations and shall be entitled to
21 all of the rights of a local government and under any agreements
22 expressly assumed and accepted by the authority related to the
23 transfer of a qualified convention facility from the local
24 government to the authority under this section. **IF A QUALIFIED**
25 **CONVENTION FACILITY IS LEASED TO AN AUTHORITY UNDER SUBSECTION (1),**
26 **THIS SUBSECTION SHALL APPLY WHILE THE LEASE AGREEMENT IS EFFECTIVE.**

27 (3) The local chief executive officer of a local government

1 from which the rights, responsibility, and authority to own,
2 occupy, operate, control, develop, and use a qualified convention
3 facility are conveyed and transferred **OR LEASED** from the local
4 government to an authority for a qualified metropolitan area under
5 this section shall execute the instruments of conveyance,
6 assignment, and transfer **OR LEASE** or other documents as may, in the
7 authority's and the officer's reasonable judgment, ~~as~~**BE** necessary
8 or appropriate to recognize, facilitate, or accomplish the transfer
9 **OR LEASE** of the qualified convention facility from the local
10 government to the authority under this section.

11 (4) An authority for a qualified metropolitan area shall not
12 assume any unfunded obligations of a local government transferring
13 **OR LEASING** a qualified convention facility under this section to
14 provide pensions or retiree health insurance. Upon request by the
15 authority, the local government shall provide the authority with a
16 statement of the amount of the unfunded obligations, determined by
17 a professional actuary acceptable to the authority.

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

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

4 (6) The exclusive right and authorization to own, occupy,
5 operate, control, develop, and use a qualified convention facility
6 transferred **OR LEASED** under this section shall include, but not be
7 limited to:

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

12 (b) The local government's right, title, and interest in, and
13 all of the local government's responsibilities arising under,
14 operating leases and concessions relating to a qualified convention
15 facility.

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

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

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

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

1 arising from operations of the qualified convention facility. Fund
2 transfers under this subdivision are limited to funds received
3 after the transfer date and funds necessary to pay obligations
4 related to the operation of the qualified convention facility
5 accrued before the transfer date and not paid by the local
6 government.

7 (d) All office equipment, including, but not limited to,
8 computers, records and files, software, and software licenses
9 required for financial management, personnel management, accounting
10 and inventory systems, and general administration.

11 (8) The transfer **OR LEASE** of the real and personal property
12 and operational jurisdiction over a qualified convention facility
13 to an authority may not in any way impair any contracts with
14 licensees, franchisees, vendors, tenants, bondholders, or other
15 parties in privity with the local government that owned a qualified
16 convention facility transferred **OR LEASED** to an authority under
17 this section, if the contracts were not entered into or modified in
18 violation of this act.

19 (9) From and after the transfer date, a local government from
20 which a qualified convention facility has been transferred **OR**
21 **LEASED** shall be relieved from all further costs, responsibility,
22 and liability arising from, or associated with, control, operation,
23 development, and maintenance of the qualified convention facility.
24 The local government shall continue to be responsible for all costs
25 associated with local municipal services, including ~~, but not~~
26 ~~limited to,~~ police, fire, and emergency medical services, without
27 any additional compensation from the authority. ~~The~~ **AN** authority

1 CREATED PRIOR TO THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
2 ADDED SUBSECTION (14) shall provide for the payment of compensation
3 not exceeding \$20,000,000.00 to the qualified city **AS COMPENSATION**
4 for any revenue otherwise payable to the qualified city from
5 parking facilities operated by the qualified city at the qualified
6 convention facility and for other costs incurred by the qualified
7 city associated with the transfer **OR LEASE** of the qualified
8 convention facility to the authority under this section. **IF THE**
9 **TRANSFER OR LEASE OF PARKING FACILITIES TO THE AUTHORITY WOULD**
10 **IMPAIR COVENANTS OF BONDS ISSUED BY THE LOCAL GOVERNMENT THAT OWNS**
11 **THE QUALIFIED CONVENTION FACILITY TO FINANCE THE PARKING**
12 **FACILITIES, THE AUTHORITY AND THE LOCAL GOVERNMENT MAY ENTER INTO**
13 **AN AGREEMENT PROVIDING FOR THE LOCAL GOVERNMENT TO RETAIN TITLE TO**
14 **AND CONTROL OF THE PARKING FACILITIES AND REVENUE GENERATED BY THE**
15 **PARKING FACILITIES UNTIL THE COMPENSATION IS PAID BY THE AUTHORITY**
16 **TO THE LOCAL GOVERNMENT TO AVOID A DEFAULT OF BOND COVENANTS BY THE**
17 **LOCAL GOVERNMENT. IF A QUALIFIED CONVENTION FACILITY IS LEASED TO**
18 **AN AUTHORITY UNDER SUBSECTION (1), THIS SUBSECTION SHALL APPLY**
19 **WHILE THE LEASE AGREEMENT IS EFFECTIVE.**

20 (10) A local government that owns a qualified convention
21 facility subject to transfer **OR LEASE** under this section or that
22 owned a qualified convention facility transferred to an authority
23 under this section shall comply with all of the following, before
24 and after the transfer **DATE:**

25 (a) Refrain from any action to sell, transfer, or otherwise
26 dispose of a qualified convention facility other than to the
27 authority or incur new or expanded obligations related to qualified

1 convention facility, without the consent of the authority.

2 (b) Refrain from any approval of or material modification to
3 any collective bargaining agreement applicable to local government
4 employees employed at or assigned to the qualified convention
5 facility or to terms of employment for employees at or assigned to
6 the qualified convention facility. Any approval or modification
7 subject to this subsection shall be null and void.

8 (c) Refrain from any action that ~~, in the authority's~~
9 ~~judgment,~~ would impair the authority's exercise of the powers
10 granted to the authority under this act or that would impair the
11 efficient operation and management of the qualified convention
12 facility by the authority.

13 (d) Take all actions reasonably necessary to cure any defects
14 in title to the qualified convention facility and related property
15 transferred **OR LEASED** under this section, including, but not
16 limited to, providing documents, records, and proceedings in
17 respect of title.

18 (e) At the request of an authority, grant any license,
19 easement, or right-of-way in connection with the qualified
20 convention facility to the extent the authority has not been
21 empowered to take these actions.

22 (f) Upon creation ~~, OF~~ an authority for the qualified
23 metropolitan area in which the local government is located and
24 before the transfer date, ~~may~~ **THE LOCAL GOVERNMENT SHALL** conduct
25 operations, maintenance, and repair of the convention facility in
26 the ordinary and usual course of business.

27 (11) Any contract, agreement, lease, sale, disposition,

1 transfer, or other conveyance, easement, license, right,
2 obligation, debt, or liability assumed, approved, entered into,
3 amended, or modified in violation of this section shall be voidable
4 as a matter of law to the extent that the authority would otherwise
5 assume, become party to or transferee of, or otherwise be obligated
6 under the contract, agreement, lease, sale, disposition, transfer,
7 conveyance, easement, license, right, obligation, debt, or
8 liability.

9 (12) Unless otherwise provided in this act, the local chief
10 executive officer of a local government that owns a qualified
11 convention facility subject to transfer **OR LEASE** under this section
12 is authorized and shall take all reasonable steps to cancel or
13 terminate any agreement to which the local government is a party
14 that relates to the qualified convention facility and meets all the
15 following criteria:

16 (a) The agreement relates to the qualified convention facility
17 and the authority has not expressly assumed or accepted the
18 agreement under subsection (2).

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

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

23 (13) If real property transferred from a qualified city to an
24 authority under this section is no longer used by the authority for
25 the purpose of maintaining or operating a convention facility as
26 determined by a vote of the board **OR A LEASE AGREEMENT PROVIDING**
27 **FOR THE LEASE OF THE QUALIFIED CONVENTION FACILITY IS NO LONGER**

1 **EFFECTIVE**, all right, title, and interest of the authority in the
2 real property shall revert from the authority to the qualified city
3 ~~with the consent of the qualified city and upon payment by the~~
4 qualified city to the authority of an amount equal to the
5 compensation paid to the qualified city under ~~section 19(9)~~
6 **SUBSECTION (9)**.

7 (14) **AFTER THE CREATION OF AN AUTHORITY FOR A QUALIFIED**
8 **METROPOLITAN AREA AND BEFORE THE TRANSFER DATE, THE LOCAL CHIEF**
9 **EXECUTIVE OFFICER OF THE QUALIFIED CITY THAT OWNS OR OPERATES A**
10 **QUALIFIED CONVENTION FACILITY AND THE AUTHORITY MAY ENTER INTO AN**
11 **AGREEMENT AUTHORIZING THE QUALIFIED CITY TO MAKE ELECTRICAL SYSTEM**
12 **IMPROVEMENTS TO THE QUALIFIED CONVENTION FACILITY, WITH COSTS OF**
13 **THE MANAGEMENT, DESIGN, AND CONSTRUCTION OF ELECTRICAL SYSTEM**
14 **IMPROVEMENTS INCURRED BY THE QUALIFIED CITY TO BE REIMBURSED BY THE**
15 **AUTHORITY WITH THE PROCEEDS OF BONDS ISSUED BY THE AUTHORITY AS**
16 **PROVIDED IN THE AGREEMENT. ANY REIMBURSEMENT FOR ELECTRICAL SYSTEM**
17 **IMPROVEMENTS AGREED TO BY THE LOCAL CHIEF EXECUTIVE OFFICER AND THE**
18 **AUTHORITY UNDER THIS SUBSECTION SHALL BE IN ADDITION TO ANY**
19 **COMPENSATION PAID TO THE QUALIFIED CITY UNDER SUBSECTION (9).**

20 Enacting section 1. This amendatory act does not take effect
21 unless all of the following bills of the 95th Legislature are
22 enacted into law:

23 (a) Senate Bill No. 586.

24 (b) Senate Bill No. 587.

25 (c) Senate Bill No. 588.