

# HOUSE BILL No. 4602

March 17, 2009, Introduced by Reps. Jackson, Tlaib and Womack and referred to the Committee on Intergovernmental and Regional Affairs.

A bill to amend 2008 PA 554, entitled  
"Regional convention facility authority act,"  
by amending sections 9 and 19 (MCL 141.1359 and 141.1369).

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 9. (1) An authority created under this act shall be  
2       directed and governed by a board of directors consisting of 5—7  
3       members. The members of an authority board shall include all of the  
4       following:

5       (a) One individual appointed by the governor of this state  
6       with the advice and consent of the senate.

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

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

~~1 (d) One individual appointed by the local chief executive~~  
~~2 officer of the county bordering the qualified county with the~~  
~~3 highest population according to the most recent decennial census~~  
~~4 bordering the qualified county.~~

~~5 (e) One individual appointed by the local chief executive~~  
~~6 officer of the county bordering the qualified county with the~~  
~~7 second highest population according to the most recent decennial~~  
~~8 census.~~

9 (C) ONE INDIVIDUAL APPOINTED BY THE LOCAL CHIEF EXECUTIVE  
10 OFFICER OF THE QUALIFIED CITY FROM A LIST OF 3 OR MORE INDIVIDUALS  
11 NOMINATED BY THE LOCAL CONVENTION AND VISITORS BUREAU WITH THE  
12 LARGEST NUMBER OF MEMBERS IN THE QUALIFIED CITY DURING THE  
13 IMMEDIATELY PRECEDING 3 CALENDAR YEARS.

14 (D) ONE INDIVIDUAL APPOINTED BY THE LOCAL CHIEF EXECUTIVE  
15 OFFICER OF THE QUALIFIED COUNTY.

16 (E) ONE INDIVIDUAL APPOINTED BY THE LOCAL CHIEF EXECUTIVE  
17 OFFICER OF THE QUALIFIED COUNTY FROM A LIST OF 3 OR MORE  
18 INDIVIDUALS NOMINATED BY THE ORGANIZATION SPONSORING THE EVENT AT  
19 THE QUALIFIED CONVENTION FACILITY WITH THE LARGEST NUMBER OF  
20 VISITORS DURING THE IMMEDIATELY PRECEDING 3 CALENDAR YEARS.

21 (F) ONE INDIVIDUAL APPOINTED BY THE LOCAL CHIEF EXECUTIVE  
22 OFFICER OF THE COUNTY BORDERING THE QUALIFIED COUNTY WITH THE  
23 HIGHEST POPULATION ACCORDING TO THE MOST RECENT DECENNIAL CENSUS  
24 BORDERING THE QUALIFIED COUNTY.

25 (G) ONE INDIVIDUAL APPOINTED BY THE LOCAL CHIEF EXECUTIVE  
26 OFFICER OF THE COUNTY BORDERING THE QUALIFIED COUNTY WITH THE  
27 SECOND HIGHEST POPULATION ACCORDING THE MOST RECENT DECENNIAL

1 **CENSUS.**

2 (2) Board members appointed under this section shall possess  
3 business, financial, or professional experience relevant to the  
4 operation of a corporation or a convention facility. No board  
5 member shall be an employee or officer of any local government or  
6 of this state. For purposes of this subsection, "local government"  
7 includes any county, township, city, village, or intergovernmental  
8 entity in this state.

9 (3) Except as otherwise provided in this subsection, board  
10 members shall be appointed for a term of 6 years. Initial  
11 appointments under subsection (1) shall be made within ~~30~~90 days  
12 of the creation of the authority. Of the board members initially  
13 appointed under subsection (1), the members appointed under  
14 subsection (1)(a) and (c) shall be appointed for a term expiring on  
15 the second August 31 following the creation of the authority, the  
16 members appointed under subsection (1)(b) and (d) shall be  
17 appointed for a term expiring on the third August 31 following the  
18 creation of the authority, the ~~member~~MEMBERS appointed under  
19 subsection (1)(e), (F), AND (G) shall be appointed for a term  
20 expiring on the fourth August 31 following the creation of the  
21 authority. If a vacancy occurs on the board other than by  
22 expiration of a term, the vacancy shall be filled in the same  
23 manner as the original appointment for the remainder of the term.  
24 Board members may continue to serve until a successor is appointed  
25 and qualified. **NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,**  
26 **A MEMBER OF THE BOARD APPOINTED PRIOR TO THE EFFECTIVE DATE OF THE**  
27 **AMENDATORY ACT THAT ADDED SUBSECTION (1)(F) AND (G) WHOSE**

1    **APPOINTMENT IS INCONSISTENT WITH THIS SECTION IS REMOVED AS A**  
2    **MEMBER OF THE BOARD.**

3            (4) Each officer appointing a board member under this section  
4    shall file the appointment with the secretary of state and the  
5    county clerk of each county in the qualified metropolitan area.  
6    Notwithstanding any law or local charter provision to the contrary,  
7    appointments by an officer are not subject to approval or rejection  
8    by a legislative body.

9            (5) Upon appointment to a board under this section, and upon  
10   taking and filing of the oath of office required by section 1 of  
11   article XI of the state constitution of 1963, a board member shall  
12   enter office and exercise the duties of the office of board member.

13           (6) Board members shall serve without compensation but may be  
14   reimbursed for actual and necessary expenses incurred while  
15   attending board meetings or performing other authorized official  
16   business of the authority.

17           (7) An individual who is not of good moral character or who  
18   has been indicted or charged with, convicted of, pled guilty or no  
19   contest to, or forfeited bail concerning a felony under the laws of  
20   this state, any other state, or the United States shall not be  
21   appointed or remain as a member of the board.

22           Sec. 19. (1) ~~Within~~ **NOT SOONER THAN** 45 days ~~of the effective~~  
23   ~~date of this act~~ **AND NOT LATER THAN 90 DAYS AFTER JANUARY 20, 2009**  
24   or the date on which a metropolitan area becomes a qualified  
25   metropolitan area and prior to a transfer date, the legislative  
26   body of the qualified city in which a qualified convention facility  
27   is located may disapprove the transfer of the qualified convention

1 facility to the authority by adopting a resolution disapproving the  
2 transfer. If the transfer is not disapproved, the qualified  
3 convention facility is transferred to the authority on the  
4 ninetieth day after the effective date of this act or the date on  
5 which a convention facility becomes a qualified convention  
6 facility. All of the following shall occur on a transfer date:

7 (a) All right, title, and interest of a local government in  
8 and to a qualified convention facility located in a qualified  
9 metropolitan area shall by operation of this act be conveyed and  
10 transferred from the local government to the authority for the  
11 qualified metropolitan area, and the authority shall receive,  
12 succeed to, and assume the exclusive right, responsibility, and  
13 authority to own, occupy, operate, control, develop, and use the  
14 qualified convention facility from and after the transfer date,  
15 including, but not limited to, all real property, buildings,  
16 improvements, structures, easements, rights of access, and all  
17 other privileges and appurtenances pertaining to the qualified  
18 convention facility, subject only to those restrictions imposed by  
19 this act.

20 (b) All right, title, and interest in and to the fixtures,  
21 equipment, materials, furnishings, and other personal property of a  
22 local government owned or controlled and used for purposes of the  
23 qualified convention facility by the local government shall by  
24 operation of this act be conveyed and transferred from the local  
25 government to the authority for the qualified metropolitan area,  
26 and the authority shall receive, succeed to, and assume the  
27 exclusive right, responsibility, and authority to possess and

1 control the property from and after the transfer date.

2 (c) All licenses, permits, approvals, or awards of a local  
3 government related to the ownership, occupancy, operation, control,  
4 development, or use of a qualified convention facility by the local  
5 government shall by operation of this act be conveyed and  
6 transferred from the local government to the authority for the  
7 qualified metropolitan area and be assumed by the authority.

8 (d) All grant agreements, grant preapplications, grant  
9 applications, rights to receive the balance of any funds payable  
10 under the agreements or applications, the right to receive any  
11 amounts payable from and after the transfer date, and the benefits  
12 of contracts or agreements of a local government related to the  
13 ownership, occupancy, operation, control, development, or use of a  
14 qualified convention facility by the local government shall by  
15 operation of this act be conveyed and transferred from the local  
16 government to the authority for the qualified metropolitan area and  
17 be assumed by the authority.

18 (e) All of the duties, liabilities, responsibilities, and  
19 obligations of a local government related to the ownership,  
20 occupancy, operation, control, development, or use of a qualified  
21 convention facility by the local government shall by operation of  
22 this act be conveyed and transferred from the local government to  
23 the authority for the qualified metropolitan area and assumed by  
24 the authority, except for any liabilities, responsibilities, or  
25 obligations that are contested in good faith by, or, as of the  
26 transfer date, unknown to, the authority or as otherwise provided  
27 in this act.

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.

25 (3) The local chief executive officer of a local government  
26 from which the rights, responsibility, and authority to own,  
27 occupy, operate, control, develop, and use a qualified convention

1 facility are conveyed and transferred from the local government to  
2 an authority for a qualified metropolitan area under this section  
3 shall execute the instruments of conveyance, assignment, and  
4 transfer or other documents as may, in the authority's and the  
5 officer's reasonable judgment, as necessary or appropriate to  
6 recognize, facilitate, or accomplish the transfer of the qualified  
7 convention facility from the local government to the authority  
8 under this section.

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

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



1 authority under this section.

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

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

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

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

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

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

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

1 after the transfer date and funds necessary to pay obligations  
2 related to the operation of the qualified convention facility  
3 accrued before the transfer date and not paid by the local  
4 government.

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

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

17 (9) From and after the transfer date, a local government from  
18 which a qualified convention facility has been transferred shall be  
19 relieved from all further costs, responsibility, and liability  
20 arising from, or associated with, control, operation, development,  
21 and maintenance of the qualified convention facility. The local  
22 government shall continue to be responsible for all costs  
23 associated with local municipal services, including, but not  
24 limited to, police, fire, and emergency medical services, **EXCEPT AS**  
25 **OTHERWISE PROVIDED IN SUBSECTION (14)**, without any additional  
26 compensation from the authority. The authority shall provide for  
27 the payment of compensation not exceeding ~~\$20,000,000.00~~

1   \$35,000,000.00 to the qualified city for any revenue otherwise  
2   payable to the qualified city from parking facilities operated by  
3   the qualified city at the qualified convention facility and for  
4   other costs incurred by the qualified city associated with the  
5   transfer of the qualified convention facility to the authority  
6   under this section.

7       (10) A local government that owns a qualified convention  
8   facility subject to transfer under this section or that owned a  
9   qualified convention facility transferred to an authority under  
10   this section shall comply with all of the following, before and  
11   after the transfer:

12       (a) Refrain from any action to sell, transfer, or otherwise  
13   dispose of a qualified convention facility other than to the  
14   authority or incur new or expanded obligations related to qualified  
15   convention facility, without the consent of the authority.

16       (b) Refrain from any approval of or material modification to  
17   any collective bargaining agreement applicable to local government  
18   employees employed at or assigned to the qualified convention  
19   facility or to terms of employment for employees at or assigned to  
20   the qualified convention facility. Any approval or modification  
21   subject to this subsection shall be null and void.

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

27       (d) Take all actions reasonably necessary to cure any defects

1 in title to the qualified convention facility and related property  
2 transferred under this section, including, but not limited to,  
3 providing documents, records, and proceedings in respect of title.

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

8 (f) Upon creation, an authority for the qualified metropolitan  
9 area in which the local government is located and before the  
10 transfer date may conduct operations, maintenance, and repair of  
11 the convention facility in the ordinary and usual course of  
12 business.

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

22 (12) Unless otherwise provided in this act, the local chief  
23 executive officer of a local government that owns a qualified  
24 convention facility subject to transfer under this section is  
25 authorized and shall take all reasonable steps to cancel or  
26 terminate any agreement to which the local government is a party  
27 that relates to the qualified convention facility and meets all the

1 following criteria:

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

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

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

9 (13) If real property transferred from a qualified city to an  
10 authority under this section is no longer used by the authority for  
11 the purpose of maintaining or operating a convention facility as  
12 determined by a vote of the board, all right, title, and interest  
13 of the authority in the real property shall revert from the  
14 authority to the qualified city with the consent of the qualified  
15 city and upon payment by the qualified city to the authority of an  
16 amount equal to the compensation paid to the qualified city under  
17 section 19(9).

18 (14) EACH YEAR, THE AUTHORITY SHALL PAY THE QUALIFIED CITY IN  
19 WHICH THAT CONVENTION FACILITY IS LOCATED AN AMOUNT EQUAL TO  
20 \$500,000.00 FOR COSTS ASSOCIATED WITH PROVIDING POLICE, FIRE, AND  
21 EMERGENCY MEDICAL SERVICES.