

**SUBSTITUTE FOR
SENATE BILL NO. 947**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 504a, 525, 557, and 1311h (MCL 380.504a,
380.525, 380.557, and 380.1311h), section 504a as amended and
section 525 as added by 2003 PA 179, section 557 as added by 2009
PA 205, and section 1311h as amended by 2012 PA 620.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 504a. **(1)** In addition to other powers set forth in this
2 part, a public school academy may take action to carry out the
3 purposes for which it was incorporated under this part, including,
4 but not limited to, all of the following:
- 5 (a) To sue and be sued in its name.
- 6 (b) Subject to **subsection (2) and** section 503b, to acquire,



1 hold, and own in its own name real and personal property, or
2 interests in real or personal property, for educational purposes by
3 purchase, gift, grant, devise, bequest, lease, sublease,
4 installment purchase agreement, land contract, option, or
5 condemnation, and subject to mortgages, security interests, or
6 other liens; and to sell or convey the property as the interests of
7 the public school academy require.

8 (c) To receive, disburse, and pledge funds for lawful
9 purposes.

10 (d) To enter into binding legal agreements with persons or
11 entities as necessary for the operation, management, financing, and
12 maintenance of the public school academy.

13 (e) To incur temporary debt in accordance with section 1225.

14 (f) To solicit and accept any grants or gifts for educational
15 purposes and to establish or permit to be established on its behalf
16 1 or more nonprofit corporations the purpose of which is to assist
17 the public school academy in the furtherance of its public
18 purposes.

19 (g) To borrow money and issue bonds in accordance with section
20 1351a and in accordance with part VI of the revised municipal
21 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
22 borrowing of money and issuance of bonds by a public school academy
23 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds
24 issued under this section ~~shall be~~ **are** full faith and credit
25 obligations of the public school academy, pledging the general
26 funds or any other money available for such a purpose. Bonds issued
27 under this section are subject to the revised municipal finance
28 act, 2001 PA 34, MCL 141.2101 to 141.2821.

29 **(2) Beginning 1 year after the effective date of the**



1 amendatory act that added this subsection, if a public school
2 academy leases or purchases real property, all of the following
3 apply to the lease or purchase transaction:

4 (a) The board of directors of the public school academy shall
5 not lease or purchase real property from an educational management
6 organization with which the public school academy has a management
7 agreement, from a real estate holding company that is affiliated
8 with such an educational management organization, or from any
9 person affiliated with a real estate holding company that is
10 affiliated with such an educational management organization. As
11 used in this subdivision, "educational management organization" and
12 "management agreement" mean those terms as defined in section 503c.

13 (b) The board of directors of the public school academy shall
14 approve the terms of the lease or purchase agreement for real
15 property and shall ensure that the terms of the lease or purchase
16 agreement for real property reflect the market conditions that
17 exist at the time of the lease or purchase transaction, as
18 determined by an appraisal conducted by a licensed independent real
19 estate appraiser.

20 (c) The board of directors of the public school academy shall
21 not enter into a lease or purchase agreement for real property
22 unless the agreement is reviewed by the public school academy's
23 authorizing body. The authorizing body shall notify the
24 superintendent of public instruction and state board if it has
25 reason to suspect either of the following:

26 (i) The lease or purchase agreement for real property is
27 between the public school academy and a person or entity prohibited
28 under subdivision (a) from participating in the lease or purchase.

29 (ii) The lease or purchase agreement for real property does not



1 **reflect market conditions as required under subdivision (b) .**

2 Sec. 525. **(1)** In addition to other powers set forth in this
3 part, an urban high school academy may take action to carry out the
4 purposes for which it was incorporated under this part, including,
5 but not limited to, all of the following:

6 (a) To sue and be sued in its name.

7 (b) Subject to **subsection (2) and** section 523a, to acquire,
8 hold, and own in its own name real and personal property, or
9 interests in real or personal property, for educational purposes by
10 purchase, gift, grant, devise, bequest, lease, sublease,
11 installment purchase agreement, land contract, option, or
12 condemnation, and subject to mortgages, security interests, or
13 other liens; and to sell or convey the property as the interests of
14 the urban high school academy require.

15 (c) To receive, disburse, and pledge funds for lawful
16 purposes.

17 (d) To enter into binding legal agreements with persons or
18 entities as necessary for the operation, management, financing, and
19 maintenance of the urban high school academy.

20 (e) To incur temporary debt in accordance with section 1225.

21 (f) To solicit and accept any grants or gifts for educational
22 purposes and to establish or permit to be established on its behalf
23 1 or more nonprofit corporations the purpose of which is to assist
24 the urban high school academy in the furtherance of its public
25 purposes.

26 (g) To borrow money and issue bonds in accordance with section
27 1351a and in accordance with part VI of the revised municipal
28 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
29 borrowing of money and issuance of bonds by an urban high school



academy are not subject to section 1351a(4) or section 1351(2) to (4). Bonds issued under this section ~~shall be~~ **are** full faith and credit obligations of the urban high school academy, pledging the general funds or any other money available for such a purpose.

Bonds issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) Beginning 1 year after the effective date of the amendatory act that added this subsection, if an urban high school academy leases or purchases real property, all of the following apply to the lease or purchase transaction:

(a) The board of directors of the urban high school academy shall not lease or purchase real property from an educational management organization with which the urban high school academy has a management agreement, from a real estate holding company that is affiliated with such an educational management organization, or from any person affiliated with a real estate holding company that is affiliated with such an educational management organization. As used in this subdivision, "educational management organization" and "management agreement" mean those terms as defined in section 523c.

(b) The board of directors of the urban high school academy shall approve the terms of the lease or purchase agreement for real property and shall ensure that the terms of the lease or purchase agreement for real property reflect the market conditions that exist at the time of the lease or purchase transaction, as determined by an appraisal conducted by a licensed independent real estate appraiser.

(c) The board of directors of the urban high school academy shall not enter into a lease or purchase agreement for real property unless the agreement is reviewed by the urban high school



1 academy's authorizing body. The authorizing body shall notify the
2 superintendent of public instruction and state board if it has
3 reason to suspect either of the following:

4 (i) The lease or purchase agreement for real property is
5 between the urban high school academy and a person or entity
6 prohibited under subdivision (a) from participating in the lease or
7 purchase.

8 (ii) The lease or purchase agreement for real property does not
9 reflect market conditions as required under subdivision (b).

10 Sec. 557. (1) In addition to other powers set forth in this
11 part, a school of excellence may take action to carry out the
12 purposes for which it was incorporated under this part, including,
13 but not limited to, all of the following:

14 (a) To sue and be sued in its name.

15 (b) Subject to **subsection (2) and** section 555, to acquire,
16 hold, and own in its own name real and personal property, or
17 interests in real or personal property, for educational purposes by
18 purchase, gift, grant, devise, bequest, lease, sublease,
19 installment purchase agreement, land contract, option, or
20 condemnation, and subject to mortgages, security interests, or
21 other liens; and to sell or convey the property as the interests of
22 the school of excellence require.

23 (c) To receive, disburse, and pledge funds for lawful
24 purposes.

25 (d) To enter into binding legal agreements with persons or
26 entities as necessary for the operation, management, financing, and
27 maintenance of the school of excellence.

28 (e) To incur temporary debt in accordance with section 1225.

29 (f) To solicit and accept any grants or gifts for educational



1 purposes and to establish or permit to be established on its behalf
2 1 or more nonprofit corporations the purpose of which is to assist
3 the school of excellence in the furtherance of its public purposes.

4 (g) To borrow money and issue bonds in accordance with section
5 1351a and in accordance with part VI of the revised municipal
6 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
7 borrowing of money and issuance of bonds by a school of excellence
8 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds
9 issued under this section ~~shall be~~ **are** full faith and credit
10 obligations of the school of excellence, pledging the general funds
11 or any other money available for such a purpose. Bonds issued under
12 this section are subject to the revised municipal finance act, 2001
13 PA 34, MCL 141.2101 to 141.2821.

14 (2) Beginning 1 year after the effective date of the
15 amendatory act that added this subsection, if a school of
16 excellence leases or purchases real property, all of the following
17 apply to the lease or purchase transaction:

18 (a) The board of directors of the school of excellence shall
19 not lease or purchase real property from an educational management
20 organization with which the school of excellence has a management
21 agreement, from a real estate holding company that is affiliated
22 with such an educational management organization, or from any
23 person affiliated with a real estate holding company that is
24 affiliated with such an educational management organization. As
25 used in this subdivision, "educational management organization" and
26 "management agreement" mean those terms as defined in section 553c.

27 (b) The board of directors of the school of excellence shall
28 approve the terms of the lease or purchase agreement for real
29 property and shall ensure that the terms of the lease or purchase



1 agreement for real property reflect the market conditions that
 2 exist at the time of the lease or purchase transaction, as
 3 determined by an appraisal conducted by a licensed independent real
 4 estate appraiser.

5 (c) The board of directors of the school of excellence shall
 6 not enter into a lease or purchase agreement for real property
 7 unless the agreement is reviewed by the school of excellence's
 8 authorizing body. The authorizing body shall notify the
 9 superintendent of public instruction and state board if it has
 10 reason to suspect either of the following:

11 (i) The lease or purchase agreement for real property is
 12 between the school of excellence and a person or entity prohibited
 13 under subdivision (a) from participating in the lease or purchase.

14 (ii) The lease or purchase agreement for real property does not
 15 reflect market conditions as required under subdivision (b).

16 Sec. 1311h. (1) In addition to other powers set forth in
 17 sections 1311b to ~~1311l~~, **1311m**, a strict discipline academy may take
 18 action to carry out the purposes for which it was incorporated
 19 under sections 1311b to ~~1311l~~, **1311m**, including, but not limited to,
 20 all of the following:

21 (a) To sue and be sued in its name.

22 (b) ~~To~~ **Subject to subsection (2)**, to acquire, hold, and own in
 23 its own name real and personal property, or interests in real or
 24 personal property, for educational purposes by purchase, gift,
 25 grant, devise, bequest, lease, sublease, installment purchase
 26 agreement, land contract, option, or condemnation, and subject to
 27 mortgages, security interests, or other liens; and to sell or
 28 convey the property as the interests of the strict discipline
 29 academy require.



1 (c) To receive and disburse funds for lawful purposes.

2 (d) To enter into binding legal agreements with persons or
3 entities as necessary for the operation, management, financing, and
4 maintenance of the strict discipline academy.

5 (e) To incur temporary debt in accordance with section 1225.

6 (f) To solicit and accept any grants or gifts for educational
7 purposes and to establish or permit to be established on its behalf
8 1 or more nonprofit corporations the purpose of which is to assist
9 the strict discipline academy in the furtherance of its public
10 purposes.

11 (g) To borrow money and issue bonds in accordance with section
12 1351a and in accordance with part VI of the revised municipal
13 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
14 borrowing of money and issuance of bonds by a strict discipline
15 academy is not subject to section 1351a(4) or section 1351(2) to
16 (4). Bonds issued under this section ~~shall be~~ **are** full faith and
17 credit obligations of the strict discipline academy, pledging the
18 general funds or any other money available for such a purpose.
19 Bonds issued under this section are subject to the revised
20 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

21 **(2) Beginning 1 year after the effective date of the**
22 **amendatory act that added this subsection, if a strict discipline**
23 **academy leases or purchases real property, all of the following**
24 **apply to the lease or purchase transaction:**

25 **(a) The board of directors of the strict discipline academy**
26 **shall not lease or purchase real property from an educational**
27 **management organization with which the strict discipline academy**
28 **has a management agreement, from a real estate holding company that**
29 **is affiliated with such an educational management organization, or**



1 from any person affiliated with a real estate holding company that
2 is affiliated with such an educational management organization. As
3 used in this subdivision, "educational management organization" and
4 "management agreement" mean those terms as defined in section 503c.

5 (b) The board of directors of the strict discipline academy
6 shall approve the terms of the lease or purchase agreement for real
7 property and shall ensure that the terms of the lease or purchase
8 agreement for real property reflect the market conditions that
9 exist at the time of the lease or purchase transaction, as
10 determined by an appraisal conducted by a licensed independent real
11 estate appraiser.

12 (c) The board of directors of the strict discipline academy
13 shall not enter into a lease or purchase agreement for real
14 property unless the agreement is reviewed by the strict discipline
15 academy's authorizing body. The authorizing body shall notify the
16 superintendent of public instruction and state board if it has
17 reason to suspect either of the following:

18 (i) The lease or purchase agreement for real property is
19 between the strict discipline academy and a person or entity
20 prohibited under subdivision (a) from participating in the lease or
21 purchase.

22 (ii) The lease or purchase agreement for real property does not
23 reflect market conditions as required under subdivision (b).

