

**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~~ **Subject to section 503c, to** enter into binding legal
 11 agreements with persons or entities as necessary for the operation,
 12 management, financing, and maintenance of the public school
 13 academy, **if the agreement is in compliance with sections 7 and 18**
 14 **of the state school aid act of 1979, MCL 388.1607 and 388.1618.**

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

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

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

(a) The board of directors of the public 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 are equal to or below prevailing market rates that exist at the time of the lease or purchase transaction, as determined by an appraisal conducted by a licensed independent real estate appraiser.

(b) The board of directors of the public school academy shall not enter into a lease or purchase agreement for real property unless the agreement is reviewed by the public school academy's authorizing body. The authorizing body shall notify the superintendent of public instruction and state board if it has reason to suspect that the terms of the lease or purchase agreement for real property are not equal to or below prevailing market rates as required under subdivision (a).

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

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

(b) Subject to **subsection (2) and** section 523a, to acquire, hold, and own in its own name real and personal property, or interests in real or personal property, for educational purposes by



1 purchase, gift, grant, devise, bequest, lease, sublease,
 2 installment purchase agreement, land contract, option, or
 3 condemnation, and subject to mortgages, security interests, or
 4 other liens; and to sell or convey the property as the interests of
 5 the urban high school academy require.

6 (c) To receive, disburse, and pledge funds for lawful
 7 purposes.

8 (d) ~~To~~ **Subject to section 523c, to** enter into binding legal
 9 agreements with persons or entities as necessary for the operation,
 10 management, financing, and maintenance of the urban high school
 11 academy, **if the agreement is in compliance with sections 7 and 18**
 12 **of the state school aid act of 1979, MCL 388.1607 and 388.1618.**

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 urban high 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 an urban high school
 23 academy are not subject to section 1351a(4) or section 1351(2) to
 24 (4). Bonds issued under this section ~~shall be~~ **are** full faith and
 25 credit obligations of the urban high school academy, pledging the
 26 general funds or any other money available for such a purpose.
 27 Bonds issued under this section are subject to the revised
 28 municipal finance 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 an urban high school
2 academy enters into a new lease for real property or purchases real
3 property, both of the following apply to the lease or purchase
4 transaction:

5 (a) The board of directors of the urban high school 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 are equal to or below prevailing market
9 rates that exist at the time of the lease or purchase transaction,
10 as determined by an appraisal conducted by a licensed independent
11 real estate appraiser.

12 (b) The board of directors of the urban high school academy
13 shall not enter into a lease or purchase agreement for real
14 property unless the agreement is reviewed by the urban high school
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 that the terms of the lease or purchase agreement
18 for real property are not equal to or below prevailing market rates
19 as required under subdivision (a).

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

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

25 (b) Subject to **subsection (2) and** section 555, to acquire,
26 hold, and own in its own name real and personal property, or
27 interests in real or personal property, for educational purposes by
28 purchase, gift, grant, devise, bequest, lease, sublease,
29 installment purchase agreement, land contract, option, or



1 condemnation, and subject to mortgages, security interests, or
2 other liens; and to sell or convey the property as the interests of
3 the school of excellence require.

4 (c) To receive, disburse, and pledge funds for lawful
5 purposes.

6 (d) ~~To~~ **Subject to section 553c, to** enter into binding legal
7 agreements with persons or entities as necessary for the operation,
8 management, financing, and maintenance of the school of excellence,
9 **if the agreement is in compliance with sections 7 and 18 of the**
10 **state school aid act of 1979, MCL 388.1607 and 388.1618.**

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

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

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

26 **(2) Beginning 1 year after the effective date of the**
27 **amendatory act that added this subsection, if a school of**
28 **excellence enters into a new lease for real property or purchases**
29 **real property, both of the following apply to the lease or purchase**



1 transaction:

2 (a) The board of directors of the school of excellence shall
 3 approve the terms of the lease or purchase agreement for real
 4 property and shall ensure that the terms of the lease or purchase
 5 agreement for real property are equal to or below prevailing market
 6 rates that exist at the time of the lease or purchase transaction,
 7 as determined by an appraisal conducted by a licensed independent
 8 real estate appraiser.

9 (b) The board of directors of the school of excellence shall
 10 not enter into a lease or purchase agreement for real property
 11 unless the agreement is reviewed by the school of excellence's
 12 authorizing body. The authorizing body shall notify the
 13 superintendent of public instruction and state board if it has
 14 reason to suspect that the terms of the lease or purchase agreement
 15 for real property are not equal to or below prevailing market rates
 16 as required under subdivision (a).

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

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

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



1 academy require.

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

3 (d) ~~To~~**Subject to section 1311c, to** enter into binding legal
4 agreements with persons or entities as necessary for the operation,
5 management, financing, and maintenance of the strict discipline
6 academy, **if the agreement is in compliance with sections 7 and 18**
7 **of the state school aid act of 1979, MCL 388.1607 and 388.1618.**

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

9 (f) To solicit and accept any grants or gifts for educational
10 purposes and to establish or permit to be established on its behalf
11 1 or more nonprofit corporations the purpose of which is to assist
12 the strict discipline academy in the furtherance of its public
13 purposes.

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

24 **(2) Beginning 1 year after the effective date of the**
25 **amendatory act that added this subsection, if a strict discipline**
26 **academy enters into a new lease for real property or purchases real**
27 **property, both of the following apply to the lease or purchase**
28 **transaction:**

29 **(a) The board of directors of the strict discipline academy**



1 shall approve the terms of the lease or purchase agreement for real
2 property and shall ensure that the terms of the lease or purchase
3 agreement for real property are equal to or below prevailing market
4 rates that exist at the time of the lease or purchase transaction,
5 as determined by an appraisal conducted by a licensed independent
6 real estate appraiser.

7 (b) The board of directors of the strict discipline academy
8 shall not enter into a lease or purchase agreement for real
9 property unless the agreement is reviewed by the strict discipline
10 academy's authorizing body. The authorizing body shall notify the
11 superintendent of public instruction and state board if it has
12 reason to suspect that the terms of the lease or purchase agreement
13 for real property are not equal to or below prevailing market rates
14 as required under subdivision (a).

15 Enacting section 1. This amendatory act does not take effect
16 unless Senate Bill No. 944 of the 102nd Legislature is enacted into
17 law.

