

# HOUSE BILL No. 5023

May 28, 2009, Introduced by Reps. Daley, Kowall, Rogers, Crawford, Haines, Marleau, Opsommer and Caul and referred to the Committee on Commerce.

A bill to amend 2008 PA 554, entitled  
"Regional convention facility authority act,"  
by amending sections 5 and 19 (MCL 141.1355 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,  
10 together with real or personal property, and easements above, on,  
11 or under the surface of real or personal property, used or intended

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

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

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

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

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

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

26 (i) "Qualified city" means a city with a population of more  
27 than 700,000 according to the most recent decennial census that

1 contains a qualified convention facility.

2 (j) "Qualified county" means a county that contains a  
3 qualified city.

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

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

11 (m) "Transfer date" means **JULY 1, 2009**, the date ~~90 days after~~  
12 ~~the creation of an authority under section 7~~ on which the right,  
13 title, interest, ownership, and control of a qualified convention  
14 facility are conveyed and transferred from a qualified city to an  
15 authority. ~~if the transfer is not disapproved as provided under~~  
16 ~~section 19(1).~~

17 Sec. 19. (1) ~~Within 45 days of the effective date of this act~~  
18 ~~or the date on which a metropolitan area becomes a qualified~~  
19 ~~metropolitan area and prior to a transfer date,~~ **AFTER MAY 1, 2009**  
20 **AND BEFORE JULY 1, 2009**, the legislative body of the qualified city  
21 in which a qualified convention facility is located may disapprove  
22 the transfer of the qualified convention facility to the authority  
23 by adopting a resolution disapproving the transfer. **IF THE TRANSFER**  
24 **OF THE QUALIFIED CONVENTION FACILITY TO THE AUTHORITY IS**  
25 **DISAPPROVED AFTER MAY 1, 2009 AND BEFORE JULY 1, 2009, THE**  
26 **AUTHORITY CREATED UNDER SECTION 7(1) IS HEREBY DISSOLVED.** If the  
27 transfer is not disapproved, the qualified convention facility is

1 transferred to the authority on the ~~ninetieth~~**THIRTIETH** day after  
2 the effective date of this act or the date on which a convention  
3 facility becomes a qualified convention facility. All of the  
4 following shall occur on a transfer date:

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

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

27 (c) All licenses, permits, approvals, or awards of a local

1 government related to the ownership, occupancy, operation, control,  
2 development, or use of a qualified convention facility by the local  
3 government shall by operation of this act be conveyed and  
4 transferred from the local government to the authority for the  
5 qualified metropolitan area and be assumed by the authority.

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

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.

26 (f) An authority for a qualified metropolitan area shall  
27 assume all of the outstanding securities of the local government

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

13 (2) An authority shall assume, accept, or become liable for  
14 lawful agreements, obligations, promises, covenants, commitments,  
15 and other requirements of a local government relating to operating  
16 a qualified convention facility conveyed and transferred under this  
17 section, except as provided in subsection (4). An authority shall  
18 perform all of the duties and obligations and shall be entitled to  
19 all of the rights of a local government and under any agreements  
20 expressly assumed and accepted by the authority related to the  
21 transfer of a qualified convention facility from the local  
22 government to the authority under this section.

23 (3) The local chief executive officer of a local government  
24 from which the rights, responsibility, and authority to own,  
25 occupy, operate, control, develop, and use a qualified convention  
26 facility are conveyed and transferred from the local government to  
27 an authority for a qualified metropolitan area under this section

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

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

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

27 (6) The exclusive right and authorization to own, occupy,

1 operate, control, develop, and use a qualified convention facility  
2 transferred under this section shall include, but not be limited  
3 to:

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

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

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

14 (a) All contracts with licensees, franchisees, tenants,  
15 concessionaires, and leaseholders.

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

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



1 accrued before the transfer date and not paid by the local  
2 government.

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

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

15 (9) From and after the transfer date, a local government from  
16 which a qualified convention facility has been transferred shall be  
17 relieved from all further costs, responsibility, and liability  
18 arising from, or associated with, control, operation, development,  
19 and maintenance of the qualified convention facility. The local  
20 government shall continue to be responsible for all costs  
21 associated with local municipal services, including, but not  
22 limited to, police, fire, and emergency medical services, without  
23 any additional compensation from the authority. The authority shall  
24 provide for the payment of compensation not exceeding  
25 \$20,000,000.00 to the qualified city for any revenue otherwise  
26 payable to the qualified city from parking facilities operated by  
27 the qualified city at the qualified convention facility and for

1 other costs incurred by the qualified city associated with the  
2 transfer of the qualified convention facility to the authority  
3 under this section. **THIS PAYMENT SHALL BE MADE NOT MORE THAN 90**  
4 **DAYS AFTER THE TRANSFER DATE.**

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

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

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

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

25 (d) Take all actions reasonably necessary to cure any defects  
26 in title to the qualified convention facility and related property  
27 transferred under this section, including, but not limited to,

1 providing documents, records, and proceedings in respect of title.

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

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

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

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

27 (a) The agreement relates to the qualified convention facility

1 and the authority has not expressly assumed or accepted the  
2 agreement under subsection (2).

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

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

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