

SENATE BILL No. 681

November 30, 2017, Introduced by Senator YOUNG and referred to the Committee on Education.

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.

1 (b) Subject to **SUBSECTION (2) AND** section 503b, to acquire,
2 hold, and own in its own name real and personal property, or
3 interests in real or personal property, for educational purposes by
4 purchase, gift, grant, devise, bequest, lease, sublease,
5 installment purchase agreement, land contract, option, or
6 condemnation, and subject to mortgages, security interests, or
7 other liens; and to sell or convey the property as the interests of
8 the public school academy require.

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

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

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

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

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

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

3 (2) IF A PUBLIC SCHOOL ACADEMY LEASES OR PURCHASES REAL
4 PROPERTY, ALL OF THE FOLLOWING APPLY TO THE LEASE OR PURCHASE
5 TRANSACTION:

6 (A) THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY SHALL
7 NOT LEASE OR PURCHASE REAL PROPERTY FROM AN EDUCATIONAL MANAGEMENT
8 ORGANIZATION WITH WHICH THE PUBLIC SCHOOL ACADEMY HAS A MANAGEMENT
9 AGREEMENT, AS DESCRIBED UNDER SECTION 503C, FROM A REAL ESTATE
10 HOLDING COMPANY THAT IS AFFILIATED WITH SUCH AN EDUCATIONAL
11 MANAGEMENT ORGANIZATION, OR FROM ANY PERSON AFFILIATED WITH A REAL
12 ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH SUCH AN EDUCATIONAL
13 MANAGEMENT ORGANIZATION. AS USED IN THIS SUBDIVISION, "EDUCATIONAL
14 MANAGEMENT ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE
15 TERMS AS DEFINED IN SECTION 503C.

16 (B) THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY SHALL
17 APPROVE THE TERMS OF THE LEASE OR PURCHASE AGREEMENT FOR REAL
18 PROPERTY AND SHALL ENSURE THAT THE TERMS OF THE LEASE OR PURCHASE
19 AGREEMENT FOR REAL PROPERTY REFLECT THE MARKET CONDITIONS THAT
20 EXIST AT THE TIME OF THE LEASE OR PURCHASE TRANSACTION, AS
21 DETERMINED BY AN APPRAISAL CONDUCTED BY A LICENSED INDEPENDENT REAL
22 ESTATE APPRAISER.

23 (C) THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY SHALL
24 NOT ENTER INTO A LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY
25 UNLESS THE AGREEMENT IS REVIEWED BY THE PUBLIC SCHOOL ACADEMY'S
26 AUTHORIZING BODY. THE AUTHORIZING BODY SHALL NOTIFY THE
27 SUPERINTENDENT OF PUBLIC INSTRUCTION AND STATE BOARD IF IT HAS

1 REASON TO SUSPECT EITHER OF THE FOLLOWING:

2 (i) THE LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY IS
3 BETWEEN THE PUBLIC SCHOOL ACADEMY AND A PERSON OR ENTITY PROHIBITED
4 UNDER SUBDIVISION (A) FROM PARTICIPATING IN THE LEASE OR PURCHASE.

5 (ii) THE LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY DOES
6 NOT REFLECT MARKET CONDITIONS AS REQUIRED UNDER SUBDIVISION (B).

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

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

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

20 (c) To receive, disburse, and pledge funds for lawful
21 purposes.

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

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

26 (f) To solicit and accept any grants or gifts for educational
27 purposes and to establish or permit to be established on its behalf

1 1 or more nonprofit corporations the purpose of which is to assist
2 the urban high school academy in the furtherance of its public
3 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 an urban high school
8 academy are not subject to section 1351a(4) or section 1351(2) to
9 (4). Bonds issued under this section shall be full faith and credit
10 obligations of the urban high school academy, pledging the general
11 funds or any other money available for such a purpose. Bonds issued
12 under this section are subject to the revised municipal finance
13 act, 2001 PA 34, MCL 141.2101 to 141.2821.

14 (2) IF AN URBAN HIGH SCHOOL ACADEMY LEASES OR PURCHASES REAL
15 PROPERTY, ALL OF THE FOLLOWING APPLY TO THE LEASE OR PURCHASE
16 TRANSACTION:

17 (A) THE BOARD OF DIRECTORS OF THE URBAN HIGH SCHOOL ACADEMY
18 SHALL NOT LEASE OR PURCHASE REAL PROPERTY FROM AN EDUCATIONAL
19 MANAGEMENT ORGANIZATION WITH WHICH THE URBAN HIGH ACADEMY HAS A
20 MANAGEMENT AGREEMENT, AS DESCRIBED UNDER SECTION 523C, FROM A REAL
21 ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH SUCH AN EDUCATIONAL
22 MANAGEMENT ORGANIZATION, OR FROM ANY PERSON AFFILIATED WITH A REAL
23 ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH SUCH AN EDUCATIONAL
24 MANAGEMENT ORGANIZATION. AS USED IN THIS SUBDIVISION, "EDUCATIONAL
25 MANAGEMENT ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE
26 TERMS AS DEFINED IN SECTION 523C.

27 (B) THE BOARD OF DIRECTORS OF THE URBAN HIGH SCHOOL 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 REFLECT THE MARKET CONDITIONS THAT
4 EXIST AT THE TIME OF THE LEASE OR PURCHASE TRANSACTION, AS
5 DETERMINED BY AN APPRAISAL CONDUCTED BY A LICENSED INDEPENDENT REAL
6 ESTATE APPRAISER.

7 (C) THE BOARD OF DIRECTORS OF THE URBAN HIGH SCHOOL ACADEMY
8 SHALL NOT ENTER INTO A LEASE OR PURCHASE AGREEMENT FOR REAL
9 PROPERTY UNLESS THE AGREEMENT IS REVIEWED BY THE URBAN HIGH SCHOOL
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 EITHER OF THE FOLLOWING:

13 (i) THE LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY IS
14 BETWEEN THE URBAN HIGH SCHOOL ACADEMY AND A PERSON OR ENTITY
15 PROHIBITED UNDER SUBDIVISION (A) FROM PARTICIPATING IN THE LEASE OR
16 PURCHASE.

17 (ii) THE LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY DOES
18 NOT REFLECT MARKET CONDITIONS AS REQUIRED UNDER SUBDIVISION (B).

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

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

24 (b) Subject to **SUBSECTION (2) AND** section 555, to acquire,
25 hold, and own in its own name real and personal property, or
26 interests in real or personal property, for educational purposes by
27 purchase, gift, grant, devise, bequest, lease, sublease,

1 installment purchase agreement, land contract, option, or
2 condemnation, and subject to mortgages, security interests, or
3 other liens; and to sell or convey the property as the interests of
4 the school of excellence require.

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

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

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

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

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

25 **(2) IF A SCHOOL OF EXCELLENCE LEASES OR PURCHASES REAL**
26 **PROPERTY, ALL OF THE FOLLOWING APPLY TO THE LEASE OR PURCHASE**
27 **TRANSACTION:**

1 (A) THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE SHALL
2 NOT LEASE OR PURCHASE REAL PROPERTY FROM AN EDUCATIONAL MANAGEMENT
3 ORGANIZATION WITH WHICH THE SCHOOL OF EXCELLENCE HAS A MANAGEMENT
4 AGREEMENT, AS DESCRIBED UNDER SECTION 553C, FROM A REAL ESTATE
5 HOLDING COMPANY THAT IS AFFILIATED WITH SUCH AN EDUCATIONAL
6 MANAGEMENT ORGANIZATION, OR FROM ANY PERSON AFFILIATED WITH A REAL
7 ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH SUCH AN EDUCATIONAL
8 MANAGEMENT ORGANIZATION. AS USED IN THIS SUBDIVISION, "EDUCATIONAL
9 MANAGEMENT ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE
10 TERMS AS DEFINED IN SECTION 553C.

11 (B) THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE SHALL
12 APPROVE THE TERMS OF THE LEASE OR PURCHASE AGREEMENT FOR REAL
13 PROPERTY AND SHALL ENSURE THAT THE TERMS OF THE LEASE OR PURCHASE
14 AGREEMENT FOR REAL PROPERTY REFLECT THE MARKET CONDITIONS THAT
15 EXIST AT THE TIME OF THE LEASE OR PURCHASE TRANSACTION, AS
16 DETERMINED BY AN APPRAISAL CONDUCTED BY A LICENSED INDEPENDENT REAL
17 ESTATE APPRAISER.

18 (C) THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE SHALL
19 NOT ENTER INTO A LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY
20 UNLESS THE AGREEMENT IS REVIEWED BY THE SCHOOL OF EXCELLENCE'S
21 AUTHORIZING BODY. THE AUTHORIZING BODY SHALL NOTIFY THE
22 SUPERINTENDENT OF PUBLIC INSTRUCTION AND STATE BOARD IF IT HAS
23 REASON TO SUSPECT EITHER OF THE FOLLOWING:

24 (i) THE LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY IS
25 BETWEEN THE PUBLIC SCHOOL ACADEMY AND A PERSON OR ENTITY PROHIBITED
26 UNDER SUBDIVISION (A) FROM PARTICIPATING IN THE LEASE OR PURCHASE.

27 (ii) THE LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY DOES

1 NOT REFLECT MARKET CONDITIONS AS REQUIRED UNDER SUBDIVISION (B).

2 Sec. 1311h. (1) In addition to other powers set forth in
3 sections 1311b to ~~1311f~~, **1311M**, a strict discipline academy may
4 take action to carry out the purposes for which it was incorporated
5 under sections 1311b to ~~1311f~~, **1311M**, including, but not limited
6 to, all of the following:

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

8 (b) ~~To~~ **SUBJECT TO SUBSECTION (2)**, TO acquire, hold, and own in
9 its own name real and personal property, or interests in real or
10 personal property, for educational purposes by purchase, gift,
11 grant, devise, bequest, lease, sublease, installment purchase
12 agreement, land contract, option, or condemnation, and subject to
13 mortgages, security interests, or other liens; and to sell or
14 convey the property as the interests of the strict discipline
15 academy require.

16 (c) To receive and disburse funds for lawful 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 strict discipline 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 strict discipline 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

1 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the
2 borrowing of money and issuance of bonds by a strict discipline
3 academy is not subject to section 1351a(4) or section 1351(2) to
4 (4). Bonds issued under this section shall be full faith and credit
5 obligations of the strict discipline academy, pledging the general
6 funds or any other money available for such a purpose. Bonds issued
7 under this section are subject to the revised municipal finance
8 act, 2001 PA 34, MCL 141.2101 to 141.2821.

9 (2) IF A STRICT DISCIPLINE ACADEMY LEASES OR PURCHASES REAL
10 PROPERTY, ALL OF THE FOLLOWING APPLY TO THE LEASE OR PURCHASE
11 TRANSACTION:

12 (A) THE BOARD OF DIRECTORS OF THE STRICT DISCIPLINE ACADEMY
13 SHALL NOT LEASE OR PURCHASE REAL PROPERTY FROM AN EDUCATIONAL
14 MANAGEMENT ORGANIZATION WITH WHICH THE STRICT DISCIPLINE ACADEMY
15 HAS A MANAGEMENT AGREEMENT, AS DESCRIBED UNDER SECTION 503C, FROM A
16 REAL ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH SUCH AN
17 EDUCATIONAL MANAGEMENT ORGANIZATION, OR FROM ANY PERSON AFFILIATED
18 WITH A REAL ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH SUCH AN
19 EDUCATIONAL MANAGEMENT ORGANIZATION. AS USED IN THIS SUBDIVISION,
20 "EDUCATIONAL MANAGEMENT ORGANIZATION" AND "MANAGEMENT AGREEMENT"
21 MEAN THOSE TERMS AS DESCRIBED IN SECTION 503C.

22 (B) THE BOARD OF DIRECTORS OF THE STRICT DISCIPLINE ACADEMY
23 SHALL APPROVE THE TERMS OF THE LEASE OR PURCHASE AGREEMENT FOR REAL
24 PROPERTY AND SHALL ENSURE THAT THE TERMS OF THE LEASE OR PURCHASE
25 AGREEMENT FOR REAL PROPERTY REFLECT THE MARKET CONDITIONS THAT
26 EXIST AT THE TIME OF THE LEASE OR PURCHASE TRANSACTION, AS
27 DETERMINED BY AN APPRAISAL CONDUCTED BY A LICENSED INDEPENDENT REAL

1 ESTATE APPRAISER.

2 (C) THE BOARD OF DIRECTORS OF THE STRICT DISCIPLINE ACADEMY
3 SHALL NOT ENTER INTO A LEASE OR PURCHASE AGREEMENT FOR REAL
4 PROPERTY UNLESS THE AGREEMENT IS REVIEWED BY THE STRICT DISCIPLINE
5 ACADEMY'S AUTHORIZING BODY. THE AUTHORIZING BODY SHALL NOTIFY THE
6 SUPERINTENDENT OF PUBLIC INSTRUCTION AND STATE BOARD IF IT HAS
7 REASON TO SUSPECT EITHER OF THE FOLLOWING:

8 (i) THE LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY IS
9 BETWEEN THE PUBLIC SCHOOL ACADEMY AND A PERSON OR ENTITY PROHIBITED
10 UNDER SUBDIVISION (A) FROM PARTICIPATING IN THE LEASE OR PURCHASE.

11 (ii) THE LEASE OR PURCHASE AGREEMENT FOR REAL PROPERTY DOES
12 NOT REFLECT MARKET CONDITIONS AS REQUIRED UNDER SUBDIVISION (B).