

**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

1 act, 2001 PA 34, MCL 141.2101 to 141.2821.

2 (2) Beginning 1 year after the effective date of the
3 amendatory act that added this subsection, if a public school
4 academy enters into a new lease for real property or purchases real
5 property, both of the following apply to the lease or purchase
6 transaction:

7 (a) The board of directors of the public school academy shall
8 approve the terms of the lease or purchase agreement for real
9 property and shall ensure that the terms of the lease or purchase
10 agreement for real property are equal to or below prevailing market
11 rates that exist at the time of the lease or purchase transaction,
12 as determined by an appraisal conducted by a licensed independent
13 real estate appraiser.

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

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

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

27 (b) Subject to **subsection (2) and** section 523a, to acquire,
28 hold, and own in its own name real and personal property, or
29 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.