

SENATE BILL No. 311

April 30, 2015, Introduced by Senators HOPGOOD, GREGORY, SMITH, HERTEL, BIEDA, YOUNG and HOOD and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 502, 503, 503c, 504a, 522, 523, 523c, 525,
528, 552, 553, 553c, 557, 1311d, 1311e, and 1311h (MCL 380.502,
380.503, 380.503c, 380.504a, 380.522, 380.523, 380.523c, 380.525,
380.528, 380.552, 380.553, 380.553c, 380.557, 380.1311d, 380.1311e,
and 380.1311h), sections 502, 503, 522, 523, 528, and 553 as
amended and sections 503c, 523c, and 553c as added by 2011 PA 277,
section 504a as amended and section 525 as added by 2003 PA 179,
section 552 as amended by 2012 PA 129, section 557 as added and
section 1311e as amended by 2009 PA 205, section 1311d as added by
1999 PA 23, and section 1311h as amended by 2012 PA 620.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 502. (1) A public school academy shall be organized and
2 administered under the direction of a board of directors in

1 accordance with this part and with bylaws adopted by the board of
2 directors. A public school academy corporation shall be organized
3 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
4 450.3192, except that a public school academy corporation is not
5 required to comply with sections 170 to 177 of 1931 PA 327, MCL
6 450.170 to 450.177. To the extent disqualified under the state or
7 federal constitution, a public school academy shall not be
8 organized by a church or other religious organization and shall not
9 have any organizational or contractual affiliation with or
10 constitute a church or other religious organization.

11 (2) ~~Any~~ **SUBJECT TO SUBSECTIONS (4) TO (6), ANY** of the
12 following may act as an authorizing body to issue a contract to
13 organize and operate 1 or more public school academies under this
14 part:

15 (a) The board of a school district that operates grades K to
16 12. However, the board of a school district shall not issue a
17 contract for a public school academy to operate outside the school
18 district's boundaries, and a public school academy authorized by
19 the board of a school district shall not operate outside that
20 school district's boundaries. **FOR THE PURPOSES OF THIS SECTION,**
21 **"SCHOOL DISTRICT" EXPRESSLY DOES NOT INCLUDE THE STATE SCHOOL**
22 **REFORM/REDESIGN SCHOOL DISTRICT CREATED UNDER SECTION 1280C, THE**
23 **EDUCATION ACHIEVEMENT AUTHORITY, OR ANY OTHER STATEWIDE ENTITY.**

24 (b) An intermediate school board. However, the board of an
25 intermediate school district shall not issue a contract for a
26 public school academy to operate outside the intermediate school
27 district's boundaries, and a public school academy authorized by

1 the board of an intermediate school district shall not operate
2 outside that intermediate school district's boundaries.

3 (c) The board of a community college. However, except as
4 otherwise provided in this subdivision, the board of a community
5 college shall not issue a contract for a public school academy to
6 operate in a school district organized as a school district of the
7 first class, a public school academy authorized by the board of a
8 community college shall not operate in a school district organized
9 as a school district of the first class, the board of a community
10 college shall not issue a contract for a public school academy to
11 operate outside the boundaries of the community college district,
12 and a public school academy authorized by the board of a community
13 college shall not operate outside the boundaries of the community
14 college district. The board of a community college also may issue a
15 contract for not more than 1 public school academy to operate on
16 the grounds of an active or closed federal military installation
17 located outside the boundaries of the community college district,
18 or may operate a public school academy itself on the grounds of
19 such a federal military installation, if the federal military
20 installation is not located within the boundaries of any community
21 college district and the community college has previously offered
22 courses on the grounds of the federal military installation for at
23 least 10 years.

24 (d) The governing board of a state public university. However,
25 the combined total number of contracts for public school academies
26 issued by all state public universities shall not exceed 300
27 ~~through December 31, 2012 and shall not exceed 500 through December~~

~~31, 2014. After December 31, 2014, there is no limit on the combined total number of contracts for public school academies that may be issued by all state public universities.~~ **THE COMBINED TOTAL NUMBER OF PUBLIC SCHOOL ACADEMIES AUTHORIZED BY ALL STATE PUBLIC UNIVERSITIES THAT ARE IN OPERATION DURING THE 2014-2015 SCHOOL YEAR.**

~~—— (c) Two or more of the public agencies described in subdivisions (a) to (d) exercising power, privilege, or authority jointly pursuant to an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.~~

(3) To obtain a contract to organize and operate 1 or more public school academies, 1 or more persons or an entity may apply to an authorizing body described in subsection (2). The application shall include at least all of the following:

(a) Identification of the applicant for the contract.

(b) Subject to the resolution adopted by the authorizing body under section 503(5), a list of the proposed members of the board of directors of the public school academy and a description of the qualifications and method for appointment or election of members of the board of directors.

(c) The proposed articles of incorporation, which shall include at least all of the following:

(i) The name of the proposed public school academy.

(ii) The purposes for the public school academy corporation.

This language shall provide that the public school academy is incorporated pursuant to this part and that the public school

1 academy corporation is a governmental entity.

2 (iii) The name of the authorizing body.

3 (iv) The proposed time when the articles of incorporation will
4 be effective.

5 (v) Other matters considered expedient to be in the articles
6 of incorporation.

7 (d) A copy of the proposed bylaws of the public school
8 academy.

9 (e) Documentation meeting the application requirements of the
10 authorizing body, including at least all of the following:

11 (i) The governance structure of the public school academy.

12 (ii) A copy of the educational goals of the public school
13 academy and the curricula to be offered and methods of pupil
14 assessment to be used by the public school academy. The educational
15 goals shall include demonstrated improved pupil academic
16 achievement for all groups of pupils. To the extent applicable, the
17 progress of the pupils in the public school academy shall be
18 assessed using at least a Michigan education assessment program
19 (MEAP) test or the Michigan merit examination under section 1279g,
20 as applicable.

21 (iii) The admission policy and criteria to be maintained by the
22 public school academy. The admission policy and criteria shall
23 comply with section 504. This part of the application also shall
24 include a description of how the applicant will provide to the
25 general public adequate notice that a public school academy is
26 being created and adequate information on the admission policy,
27 criteria, and process.

1 (iv) The school calendar and school day schedule.

2 (v) The age or grade range of pupils to be enrolled.

3 (f) Descriptions of staff responsibilities and of the public
4 school academy's governance structure.

5 (g) For an application to the board of a school district, an
6 intermediate school board, or board of a community college,
7 identification of the local and intermediate school districts in
8 which the public school academy will be located.

9 (h) An agreement that the public school academy will comply
10 with the provisions of this part and, subject to the provisions of
11 this part, with all other state law applicable to public bodies and
12 with federal law applicable to public bodies or school districts.

13 (i) A description of and address for the proposed physical
14 plant in which the public school academy will be located. An
15 applicant may request the authorizing body to issue a contract
16 allowing the public school academy board of directors to operate
17 the same configuration of age or grade levels at more than 1 site.

18 **(J) THE CERTIFICATE OF NEED ISSUED BY THE STATE BOARD UNDER**
19 **SUBSECTION (4).**

20 **(4) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**
21 **ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A**
22 **CONTRACT TO ORGANIZE AND OPERATE A PUBLIC SCHOOL ACADEMY UNDER THIS**
23 **PART UNLESS THE APPLICATION IS ACCOMPANIED BY A CERTIFICATE OF NEED**
24 **ISSUED BY THE STATE BOARD UNDER THIS SUBSECTION. THE STATE BOARD**
25 **SHALL PROMULGATE RULES TO DEVELOP AND IMPLEMENT A PROCESS FOR**
26 **ISSUING A CERTIFICATE OF NEED FOR A NEW PUBLIC SCHOOL ACADEMY. THE**
27 **STANDARDS FOR ISSUING A CERTIFICATE OF NEED SHALL INCLUDE, BUT ARE**

1 NOT LIMITED TO, ALL OF THE FOLLOWING:

2 (A) THE RESOURCES AVAILABLE FOR THE PROPOSED PUBLIC SCHOOL
3 ACADEMY.

4 (B) THE POPULATION TO BE SERVED BY THE PROPOSED PUBLIC SCHOOL
5 ACADEMY.

6 (C) THE EDUCATIONAL GOALS TO BE ACHIEVED BY THE PROPOSED
7 PUBLIC SCHOOL ACADEMY.

8 (D) THE APPLICANT'S TRACK RECORD, IF ANY, IN ORGANIZING PUBLIC
9 SCHOOL ACADEMIES OR OTHER PUBLIC SCHOOLS.

10 (E) THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE
11 PROPOSED PUBLIC SCHOOL ACADEMY IS PROPOSED TO BE LOCATED.

12 (F) THE POPULATION OF A COUNTY IN WHICH THE PROPOSED PUBLIC
13 SCHOOL ACADEMY IS PROPOSED TO BE LOCATED.

14 (G) THE NUMBER OF SCHOOLS IN THE PROXIMITY OF A PROPOSED
15 LOCATION OF THE PROPOSED PUBLIC SCHOOL ACADEMY THAT ARE ON THE LIST
16 UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE
17 DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF
18 ALL PUBLIC SCHOOLS IN THIS STATE.

19 (H) THE NUMBER OF PUPILS ON WAITING LISTS OF PUBLIC SCHOOL
20 ACADEMIES IN THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED
21 PUBLIC SCHOOL ACADEMY.

22 (I) THE NUMBER OF PUBLIC SCHOOL OPTIONS ALREADY AVAILABLE IN
23 THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED PUBLIC SCHOOL
24 ACADEMY.

25 (J) THE IMPACT OF THE ISSUANCE OF THE CONTRACT ON EXISTING
26 PUBLIC SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION OF THE
27 PROPOSED PUBLIC SCHOOL ACADEMY.

1 (5) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
2 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW
3 CONTRACT TO ORGANIZE AND OPERATE A PUBLIC SCHOOL ACADEMY UNDER THIS
4 PART TO AN EXISTING PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL
5 ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT
6 HAS HAD ITS CONTRACT WITH ITS PREVIOUS AUTHORIZING BODY REVOKED,
7 TERMINATED, OR NOT RENEWED. THE BOARD OF DIRECTORS OF A PUBLIC
8 SCHOOL ACADEMY, URBAN HIGH SCHOOL ACADEMY, SCHOOL OF EXCELLENCE, OR
9 STRICT DISCIPLINE ACADEMY DESCRIBED IN THIS SUBSECTION SHALL NOT
10 APPLY FOR A CONTRACT THAT WOULD VIOLATE THIS SUBSECTION.

11 (6) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
12 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW
13 CONTRACT TO ORGANIZE AND OPERATE A NEW PUBLIC SCHOOL ACADEMY UNLESS
14 EACH OF THE EXISTING PUBLIC SCHOOL ACADEMIES THAT ARE OPERATING
15 UNDER A CONTRACT FROM THAT AUTHORIZING BODY HAVE DEMONSTRATED PUPIL
16 ACHIEVEMENT AS MEASURED BY APPLICABLE STATE ASSESSMENTS AT A LEVEL
17 THAT IS AT LEAST 20% HIGHER THAN THE SCHOOL DISTRICT IN WHICH THE
18 EXISTING PUBLIC SCHOOL ACADEMY IS LOCATED.

19 (7) ~~(4)~~—An authorizing body shall oversee, or shall contract
20 with an intermediate school district, community college, or state
21 public university to oversee, each public school academy operating
22 under a contract issued by the authorizing body. The authorizing
23 body is responsible for overseeing compliance by the board of
24 directors with the contract and all applicable law. This subsection
25 does not relieve any other government entity of its enforcement or
26 supervisory responsibility.

27 (8) ~~(5)~~—If the superintendent of public instruction finds that

1 an authorizing body is not engaging in appropriate continuing
2 oversight of 1 or more public school academies operating under a
3 contract issued by the authorizing body, the superintendent of
4 public instruction may suspend the power of the authorizing body to
5 issue new contracts to organize and operate public school
6 academies. A contract issued by the authorizing body during the
7 suspension is void. A contract issued by the authorizing body
8 before the suspension is not affected by the suspension. IN

9 EVALUATING WHETHER AN AUTHORIZING BODY IS ENGAGING IN APPROPRIATE
10 CONTINUING OVERSIGHT OF 1 OR MORE PUBLIC SCHOOL ACADEMIES OPERATING
11 UNDER A CONTRACT ISSUED BY THE AUTHORIZING BODY, THE SUPERINTENDENT
12 OF PUBLIC INSTRUCTION SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

13 (A) THE ACADEMIC PERFORMANCE OF THE PUBLIC SCHOOL ACADEMIES
14 AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST THE RANKING
15 OF THOSE SCHOOLS ON THE DEPARTMENT'S "TOP-TO-BOTTOM" LIST AND THE
16 MEASURES ALREADY IMPLEMENTED AT THE SCHOOL TO ADDRESS STUDENT
17 IMPROVEMENT.

18 (B) NEW OR REAUTHORIZED CONTRACTS THAT ARE SUBMITTED BY THE
19 AUTHORIZING BODY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION WITH
20 MORE THAN 2 DEFICIENCIES.

21 (C) TRANSPARENCY DEMONSTRATED BY THE PUBLIC SCHOOL ACADEMIES
22 AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST THE NUMBER
23 OF THOSE SCHOOLS' WEBSITES THAT HAVE AN INACTIVE OR OUTDATED
24 "TRANSPARENCY MITTEN" OR DO NOT HAVE AN UPDATED BUDGET.

25 (D) FISCAL RESPONSIBILITY DEMONSTRATED BY THE PUBLIC SCHOOL
26 ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST
27 THE NUMBER OF LATE AUDITS, AUDIT FINDINGS, AND DEFICITS AMONG THOSE

1 **SCHOOLS.**

2 **(E) ASSURANCES AND VERIFICATIONS, AS DEFINED BY THE**
3 **SUPERINTENDENT OF PUBLIC INSTRUCTION.**

4 **(9)** ~~(6)~~—An authorizing body shall not charge a fee, or require
5 reimbursement of expenses, for considering an application for a
6 contract, for issuing a contract, or for providing oversight of a
7 contract for a public school academy in an amount that exceeds a
8 combined total of ~~3%~~1% of the total state school aid received by
9 the public school academy in the school year in which the fees or
10 expenses are charged. An authorizing body may provide other
11 services for a public school academy and charge a fee for those
12 services, but shall not require such an arrangement as a condition
13 to issuing the contract authorizing the public school academy.

14 **(10)** ~~(7)~~—A public school academy shall be presumed to be
15 legally organized if it has exercised the franchises and privileges
16 of a public school academy for at least 2 years.

17 ~~——(8) An authorizing body may enter into an intergovernmental~~
18 ~~agreement with another authorizing body to issue public school~~
19 ~~academy contracts. At a minimum, the agreement shall further the~~
20 ~~purposes set forth in section 501, describe which authorizing body~~
21 ~~shall issue the contract, and set forth which authorizing body will~~
22 ~~be responsible for monitoring compliance by the board of directors~~
23 ~~of the public school academy with the contract and all applicable~~
24 ~~law.~~

25 Sec. 503. (1) An authorizing body is not required to issue a
26 contract to any person or entity. Subject to subsection (2), public
27 school academy contracts shall be issued on a competitive basis. In

1 deciding whether to issue a contract for a proposed public school
2 academy, an authorizing body shall consider all of the following:

3 (a) The resources available for the proposed public school
4 academy.

5 (b) The population to be served by the proposed public school
6 academy.

7 (c) The educational goals to be achieved by the proposed
8 public school academy.

9 (d) The applicant's track record, if any, in organizing public
10 school academies or other public schools.

11 (e) The graduation rate of a school district in which the
12 proposed public school academy is proposed to be located.

13 (f) The population of a county in which the proposed public
14 school academy is proposed to be located.

15 (g) The number of schools in the proximity of a proposed
16 location of the proposed public school academy that are on the list
17 under section 1280c(1) of the public schools in this state that the
18 department has determined to be among the lowest achieving 5% of
19 all public schools in this state.

20 (h) The number of pupils on waiting lists of public school
21 academies in the proximity of a proposed location of the proposed
22 public school academy.

23 **(I) THE LEVEL OF SUPPORT FOR THE PROPOSED PUBLIC SCHOOL**
24 **ACADEMY IN THE COMMUNITY IN WHICH IT IS TO BE LOCATED. BEFORE**
25 **ISSUING A CONTRACT FOR A PROPOSED PUBLIC SCHOOL ACADEMY, THE**
26 **AUTHORIZING BODY SHALL HOLD AT LEAST 1 PUBLIC MEETING IN THE**
27 **COMMUNITY IN WHICH THE PROPOSED PUBLIC SCHOOL ACADEMY IS TO BE**

1 **LOCATED IN ORDER TO GAUGE THIS LEVEL OF SUPPORT.**

2 (2) An authorizing body may give priority to a proposed public
3 school academy that is intended to replace a public school academy
4 that has been closed ~~pursuant to~~ **DUE TO ACTION TAKEN UNDER** section
5 507(5), that will operate all of the same grade levels as the
6 public school academy that has been closed, and that will work
7 toward operating all of grades 9 to 12 within 6 years after it
8 begins operations unless a matriculation agreement has been entered
9 into with another public school that provides grades 9 to 12.

10 (3) If a person or entity applies to the board of a school
11 district for a contract to organize and operate 1 or more public
12 school academies within the boundaries of the school district and
13 the board does not issue the contract, the person or entity may
14 petition the board to place the question of issuing the contract on
15 the ballot to be decided by the school electors of the school
16 district. The petition shall contain all of the information
17 required to be in the contract application under section 502 and
18 shall be signed by a number of school electors of the school
19 district equal to at least 5% of the total number of school
20 electors of that school district. The petition shall be filed with
21 the school district filing official. If the board receives a
22 petition meeting the requirements of this subsection, the board
23 shall have the question of issuing the contract placed on the
24 ballot at its next regular school election held at least 60 days
25 after receiving the petition. If a majority of the school electors
26 of the school district voting on the question vote to issue the
27 contract, the board shall issue the contract.

1 (4) Within 10 days after issuing a contract for a public
2 school academy, the authorizing body shall submit to the
3 superintendent of public instruction a copy of the contract.

4 (5) An authorizing body shall adopt a resolution establishing
5 the method of selection, length of term, **QUORUM REQUIREMENTS**, and
6 number of members of the board of directors of each public school
7 academy subject to its jurisdiction. The resolution shall be
8 written or amended as necessary to include ~~a~~**ALL OF THE FOLLOWING:**

9 **(A) A** requirement that each member of the board of directors
10 must be a citizen of the United States.

11 **(B) A PROCESS AND STANDARDS FOR REMOVAL OF A MEMBER OF THE**
12 **BOARD OF DIRECTORS. THE RESOLUTION SHALL PROVIDE THAT A MEMBER OF**
13 **THE BOARD OF DIRECTORS MAY BE REMOVED ONLY FOR GROSS NEGLECT OF**
14 **DUTY OR FOR CORRUPT CONDUCT IN OFFICE, OR FOR ANY OTHER**
15 **MISFEASANCE, MALFEASANCE, OR NONFEASANCE IN OFFICE.**

16 **(C) A LIMIT ON THE TERM OF SERVICE OF A BOARD MEMBER TO A TERM**
17 **OF NOT MORE THAN 5 CONSECUTIVE YEARS, WITH AT LEAST A 10-YEAR**
18 **PERIOD BEFORE A MEMBER MAY SERVE AN ADDITIONAL TERM.**

19 **(D) A REQUIREMENT OF AT LEAST 7 MEMBERS ON A BOARD OF**
20 **DIRECTORS, WITH AT LEAST 2 MEMBERS BEING PARENTS OF PUPILS ENROLLED**
21 **IN THE PUBLIC SCHOOL ACADEMY.**

22 **(E) A REQUIREMENT OF AT LEAST 5 MEMBERS, INCLUDING THE**
23 **PRESIDENT OF THE BOARD OF DIRECTORS, FOR A QUORUM, EXCEPT IN THE**
24 **CASE OF A VACANCY.**

25 **(F) A REQUIREMENT THAT VACANCIES ON THE BOARD OF DIRECTORS**
26 **MUST BE FILLED WITHIN 90 DAYS.**

27 **(G) AN ATTENDANCE REQUIREMENT THAT PROVIDES FOR BOTH OF THE**

1 FOLLOWING:

2 (i) DURING ANY 12-MONTH PERIOD, A BOARD MEMBER MUST ATTEND AT
3 LEAST 85% OF ALL BOARD FUNCTIONS, INCLUDING, BUT NOT LIMITED TO,
4 MONTHLY BOARD MEETINGS, SCHEDULED BOARD EVENTS, AND SPECIAL AND
5 EMERGENCY BOARD MEETINGS.

6 (ii) FAILURE TO MEET THIS ATTENDANCE REQUIREMENT CONSTITUTES A
7 VACATING OF THE OFFICE OF BOARD MEMBER.

8 (6) A contract issued to organize and administer a public
9 school academy shall contain at least all of the following:

10 (a) The educational goals the public school academy is to
11 achieve and the methods by which it will be held accountable. The
12 educational goals shall include demonstrated improved pupil
13 academic achievement for all groups of pupils. To the extent
14 applicable, the pupil performance of a public school academy shall
15 be assessed using at least a Michigan education assessment program
16 (MEAP) test or the Michigan merit examination under section 1279g,
17 as applicable.

18 (b) A description of the method to be used to monitor the
19 public school academy's compliance with applicable law and its
20 performance in meeting its targeted educational objectives.

21 (c) A description of the process for amending the contract
22 during the term of the contract.

23 (d) All of the matters set forth in the application for the
24 contract.

25 (e) Procedures for revoking the contract and grounds for
26 revoking the contract, including at least the grounds listed in
27 section 507.

1 (f) A description of and address for the proposed physical
2 plant in which the public school academy will be located. An
3 authorizing body may include a provision in the contract allowing
4 the board of directors of the public school academy to operate the
5 same configuration of age or grade levels at more than 1 site if
6 each configuration of age or grade levels and each site identified
7 in the contract are under the direction and control of the board of
8 directors.

9 (g) Requirements and procedures for financial audits. The
10 financial audits shall be conducted at least annually by a
11 certified public accountant in accordance with generally accepted
12 governmental auditing principles.

13 (h) The term of the contract and a description of the process
14 and standards for renewal of the contract at the end of the term.
15 **THE TERM OF THE CONTRACT SHALL NOT EXCEED 3 YEARS.** The standards
16 for renewal shall include increases in academic achievement for all
17 groups of pupils as measured by assessments and other objective
18 criteria as the most important factor in the decision of whether or
19 not to renew the contract.

20 (i) A certification, signed by an authorized member of the
21 board of directors of the public school academy, that the public
22 school academy will comply with the contract and all applicable
23 law.

24 (j) A requirement that the board of directors of the public
25 school academy shall ensure compliance with the requirements of
26 1968 PA 317, MCL 15.321 to 15.330.

27 (k) A requirement that the board of directors of the public

1 school academy shall prohibit specifically identified family
2 relationships between members of the board of directors,
3 individuals who have an ownership interest in or who are officers
4 or employees of an educational management organization involved in
5 the operation of the public school academy, and employees of the
6 public school academy. The contract shall identify the specific
7 prohibited relationships consistent with applicable law.

8 (l) A requirement that the board of directors of the public
9 school academy shall make information concerning its operation and
10 management available to the public and to the authorizing body in
11 the same manner as is required by state law for school districts.

12 (m) A requirement that the board of directors of the public
13 school academy shall collect, maintain, and make available to the
14 public and the authorizing body, in accordance with applicable law
15 and the contract, at least all of the following information
16 concerning the operation and management of the public school
17 academy:

18 (i) A copy of the contract issued by the authorizing body for
19 the public school academy.

20 (ii) A list of currently serving members of the board of
21 directors of the public school academy, including name, address,
22 and term of office; copies of policies approved by the board of
23 directors; board meeting agendas and minutes; a copy of the budget
24 approved by the board of directors and of any amendments to the
25 budget; and copies of bills paid for amounts of \$10,000.00 or more
26 as they were submitted to the board of directors.

27 (iii) Quarterly financial reports submitted to the authorizing

1 body.

2 (iv) A current list of teachers and school administrators
3 working at the public school academy that includes their individual
4 salaries as submitted to the registry of educational personnel;
5 copies of the teaching or school administrator's certificates or
6 permits of current teaching and administrative staff; and evidence
7 of compliance with the criminal background and records checks and
8 unprofessional conduct check required under sections 1230, 1230a,
9 and 1230b for all teachers and administrators working at the public
10 school academy.

11 (v) Curriculum documents and materials given to the
12 authorizing body.

13 (vi) Proof of insurance as required by the contract.

14 (vii) Copies of facility leases or deeds, or both, and of any
15 equipment leases.

16 (viii) Copies of any management contracts or services contracts
17 approved by the board of directors.

18 (ix) All health and safety reports and certificates, including
19 those relating to fire safety, environmental matters, asbestos
20 inspection, boiler inspection, and food service.

21 (x) Any management letters issued as part of the annual
22 financial audit under subdivision (g).

23 (xi) Any other information specifically required under this
24 act.

25 (n) A requirement that the authorizing body must review and
26 may disapprove any agreement between the board of directors of the
27 public school academy and an educational management organization

1 before the agreement is final and valid. An authorizing body may
2 disapprove an agreement described in this subdivision only if the
3 agreement is contrary to the contract or applicable law.

4 (o) A requirement that the board of directors of the public
5 school academy shall demonstrate all of the following to the
6 satisfaction of the authorizing body with regard to its pupil
7 admission process:

8 (i) That the public school academy has made a reasonable effort
9 to advertise its enrollment openings.

10 (ii) That the open enrollment period for the public school
11 academy is for a duration of at least 2 weeks and that the
12 enrollment times include some evening and weekend times.

13 (p) A requirement that the board of directors of the public
14 school academy shall prohibit any individual from being employed by
15 the public school academy in more than 1 full-time position and
16 simultaneously being compensated at a full-time rate for each of
17 those positions.

18 (7) A public school academy shall comply with all applicable
19 law, including all of the following:

20 (a) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

21 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
22 15.246.

23 (c) 1947 PA 336, MCL 423.201 to 423.217.

24 (d) 1965 PA 166, MCL 408.551 to 408.558.

25 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

26 (f) Laws concerning participation in state assessments, data
27 collection systems, state level student growth models, state

1 accountability and accreditation systems, and other public
2 comparative data collection required for public schools.

3 (8) A public school academy and its incorporators, board
4 members, officers, employees, and volunteers have governmental
5 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
6 authorizing body and its board members, officers, and employees are
7 immune from civil liability, both personally and professionally,
8 for an act or omission in authorizing a public school academy if
9 the authorizing body or the person acted or reasonably believed he
10 or she acted within the authorizing body's or the person's scope of
11 authority.

12 (9) A public school academy is exempt from all taxation on its
13 earnings and property. Instruments of conveyance to or from a
14 public school academy are exempt from all taxation including taxes
15 imposed by 1966 PA 134, MCL 207.501 to 207.513. ~~Unless the property~~
16 ~~is already fully exempt from real and personal property taxes under~~
17 ~~the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,~~
18 ~~property occupied by a public school academy and used exclusively~~
19 ~~for educational purposes is exempt from real and personal property~~
20 ~~taxes levied for school operating purposes under section 1211, to~~
21 ~~the extent exempted under that section, and from real and personal~~
22 ~~property taxes levied under the state education tax act, 1993 PA~~
23 ~~331, MCL 211.901 to 211.906.~~ A public school academy may not levy
24 ad valorem property taxes or another tax for any purpose. However,
25 operation of 1 or more public school academies by a school district
26 or intermediate school district does not affect the ability of the
27 school district or intermediate school district to levy ad valorem

1 property taxes or another tax.

2 (10) A public school academy may acquire by purchase, gift,
3 devise, lease, sublease, installment purchase agreement, land
4 contract, option, or by any other means, hold and own in its own
5 name buildings and other property for school purposes, and
6 interests therein, and other real and personal property, including,
7 but not limited to, interests in property subject to mortgages,
8 security interests, or other liens, necessary or convenient to
9 fulfill its purposes. For the purposes of condemnation, a public
10 school academy may proceed under the uniform condemnation
11 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding
12 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other
13 applicable statutes, but only with the express, written permission
14 of the authorizing body in each instance of condemnation and only
15 after just compensation has been determined and paid.

16 (11) A member of the board of directors of a public school
17 academy is a public officer and shall, before entering upon the
18 duties of the office, take the constitutional oath of office for
19 public officers under section 1 of article XI of the state
20 constitution of 1963.

21 Sec. 503c. (1) ~~Beginning with management agreements described~~
22 ~~in this section that are entered into or renewed after the~~
23 ~~effective date of this section, if~~ **IF** the board of directors of a
24 public school academy enters into or renews a management agreement
25 with an educational management organization to carry out the
26 operations of the public school academy, ~~both~~ **ALL** of the following
27 apply:

1 (A) THE BOARD OF DIRECTORS SHALL POST A COPY OF THE MANAGEMENT
2 AGREEMENT ON THE PUBLIC SCHOOL ACADEMY'S WEBSITE, WITH A LINK ON
3 THE PUBLIC SCHOOL ACADEMY'S WEBSITE HOMEPAGE, IN A FORM AND MANNER
4 PRESCRIBED BY THE DEPARTMENT.

5 (B) ~~(a)~~—The management agreement shall require the educational
6 management organization to provide to the board of directors at
7 least annually all of the same information that a school district
8 is required to disclose under section 18(2) of the state school aid
9 act of 1979, MCL 388.1618, for the most recent school fiscal year
10 for which that information is available.

11 (C) ~~(b)~~—Within ~~30~~ 15 days after receiving the information
12 under subdivision ~~(a)~~, ~~(B)~~, the board of directors shall make all
13 of the information it receives under subdivision ~~(a)~~ ~~(B)~~ available
14 through a link on the public school academy's website homepage, in
15 a form and manner prescribed by the department.

16 (2) BEGINNING WITH MANAGEMENT AGREEMENTS THAT ARE ENTERED INTO
17 OR RENEWED AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
18 ADDED THIS SUBSECTION, IF THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL
19 ACADEMY ENTERS INTO OR RENEWS A MANAGEMENT AGREEMENT WITH AN
20 EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT THE OPERATIONS OF
21 THE PUBLIC SCHOOL ACADEMY, BOTH OF THE FOLLOWING APPLY:

22 (A) THE MANAGEMENT AGREEMENT SHALL NOT INCLUDE THE PROVISION
23 OF SERVICES THAT REQUIRE COMPETITIVE BIDDING UNDER SECTION 1267 OR
24 THE PROCUREMENT OF SUPPLIES, MATERIALS, AND EQUIPMENT THAT REQUIRE
25 COMPETITIVE BIDDING UNDER SECTION 1274.

26 (B) THE PUBLIC SCHOOL ACADEMY SHALL NOT ALSO ENTER INTO AN
27 AGREEMENT WITH THAT EDUCATIONAL MANAGEMENT ORGANIZATION FOR

1 MATERIAL AND LABOR DESCRIBED IN SECTION 1267 OR FOR THE PROCUREMENT
2 OF SUPPLIES, MATERIALS, AND EQUIPMENT DESCRIBED IN SECTION 1274
3 WITHOUT FIRST OBTAINING COMPETITIVE BIDS AS PRESCRIBED UNDER THOSE
4 SECTIONS, AS APPLICABLE.

5 (3) ~~(2)~~—As used in this section:

6 (a) "Educational management organization" means an entity that
7 enters into a management agreement with a public school academy.

8 (b) "Entity" means a partnership, nonprofit or business
9 corporation, or any other association, corporation, trust, or other
10 legal entity.

11 (c) "Management agreement" means an agreement to provide
12 comprehensive educational, administrative, management, or
13 instructional services or staff to a public school academy.

14 (d) "School fiscal year" means the period that begins July 1
15 and ends June 30.

16 Sec. 504a. (1) In addition to other powers set forth in this
17 part, a public school academy may take action to carry out the
18 purposes for which it was incorporated under this part, including,
19 but not limited to, all of the following:

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

21 (b) Subject to **SUBSECTION (2) AND** section 503b, to acquire,
22 hold, and own in its own name real and personal property, or
23 interests in real or personal property, for educational purposes by
24 purchase, gift, grant, devise, bequest, lease, sublease,
25 installment purchase agreement, land contract, option, or
26 condemnation, and subject to mortgages, security interests, or
27 other liens; and to sell or convey the property as the interests of

1 the public school academy require.

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

4 (d) To enter into binding legal agreements with persons or
5 entities as necessary for the operation, management, financing, and
6 maintenance of the public school academy. **HOWEVER, A PUBLIC SCHOOL
7 ACADEMY SHALL NOT ENTER INTO A MANAGEMENT AGREEMENT WITH AN
8 EDUCATIONAL MANAGEMENT ORGANIZATION THAT OPERATES ON A FOR-PROFIT
9 BASIS.**

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 public school academy in the furtherance of its public
15 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 public school academy
20 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds
21 issued under this section shall be full faith and credit
22 obligations of the public school academy, pledging the general
23 funds or any other money available for such a purpose. Bonds issued
24 under this section are subject to the revised municipal finance
25 act, 2001 PA 34, MCL 141.2101 to 141.2821.

26 **(2) IF A PUBLIC SCHOOL ACADEMY LEASES REAL PROPERTY, THE BOARD**
27 **OF DIRECTORS SHALL NOT LEASE REAL PROPERTY FROM AN EDUCATIONAL**

1 MANAGEMENT ORGANIZATION WITH WHICH THE PUBLIC SCHOOL ACADEMY HAS A
2 MANAGEMENT AGREEMENT AS DESCRIBED IN SECTION 503C OR FROM A REAL
3 ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH THAT EDUCATIONAL
4 MANAGEMENT ORGANIZATION.

5 (3) AS USED IN THIS SECTION, "EDUCATIONAL MANAGEMENT
6 ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS
7 DEFINED IN SECTION 503C.

8 Sec. 522. (1) An urban high school academy shall be organized
9 and administered under the direction of a board of directors in
10 accordance with this part and with bylaws adopted by the board of
11 directors. An urban high school academy corporation shall be
12 organized under the nonprofit corporation act, 1982 PA 162, MCL
13 450.2101 to 450.3192, except that an urban high school academy
14 corporation is not required to comply with sections 170 to 177 of
15 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
16 under the state or federal constitution, an urban high school
17 academy shall not be organized by a church or other religious
18 organization and shall not have any organizational or contractual
19 affiliation with or constitute a church or other religious
20 organization.

21 (2) ~~The~~ **SUBJECT TO SUBSECTIONS (5) TO (7),** THE governing board
22 of a state public university may act as an authorizing body to
23 issue a contract for the organization and operation of an urban
24 high school academy under this part.

25 (3) A contract issued under this part shall be issued for an
26 initial term of 10 years. If the urban high school academy meets
27 the educational goals set forth in the contract and operates in

1 substantial compliance with this part, the authorizing body shall
2 automatically renew the contract for a subsequent 10-year term.

3 (4) To obtain a contract to organize and operate 1 or more
4 urban high school academies, an entity may apply to an authorizing
5 body described in subsection (2). The contract shall be issued to
6 an urban high school academy corporation designated by the entity
7 applying for the contract. The application shall include at least
8 all of the following:

9 (a) Name of the entity applying for the contract.

10 (b) Subject to the resolution adopted by the authorizing body
11 under section 528, a list of the proposed members of the board of
12 directors of the urban high school academy and a description of the
13 qualifications and method for appointment or election of members of
14 the board of directors.

15 (c) The proposed articles of incorporation, which shall
16 include at least all of the following:

17 (i) The name of the proposed urban high school academy to which
18 the contract will be issued.

19 (ii) The purposes for the urban high school academy
20 corporation. This language shall provide that the urban high school
21 academy is incorporated pursuant to this part and that the urban
22 high school academy corporation is a governmental entity and
23 political subdivision of this state.

24 (iii) The name of the authorizing body.

25 (iv) The proposed time when the articles of incorporation will
26 be effective.

27 (v) Other matters considered expedient to be in the articles

1 of incorporation.

2 (d) A copy of the proposed bylaws of the urban high school
3 academy.

4 (e) Documentation meeting the application requirements of the
5 authorizing body, including at least all of the following:

6 (i) The governance structure of the urban high school academy.

7 (ii) A copy of the educational goals of the urban high school
8 academy and the curricula to be offered and methods of pupil
9 assessment to be used by the urban high school academy. The
10 educational goals shall include demonstrated improved pupil
11 academic achievement for all groups of pupils. To the extent
12 applicable, the progress of the pupils in the urban high school
13 academy shall be assessed using at least a Michigan education
14 assessment program (MEAP) test or the Michigan merit examination
15 under section 1279g, as applicable.

16 (iii) The admission policy and criteria to be maintained by the
17 urban high school academy. The admission policy and criteria shall
18 comply with section 524. This part of the application also shall
19 include a description of how the applicant will provide to the
20 general public adequate notice that an urban high school academy is
21 being created and adequate information on the admission policy,
22 criteria, and process.

23 (iv) The school calendar and school day schedule.

24 (v) The age or grade range of pupils to be enrolled.

25 (f) Descriptions of staff responsibilities and of the urban
26 high school academy's governance structure.

27 (g) A description of and address for the proposed building or

1 buildings in which the urban high school academy will be located,
2 and a financial commitment by the entity applying for the contract
3 to construct or renovate the building or buildings that will be
4 occupied by the urban high school academy that is issued the
5 contract.

6 (H) THE CERTIFICATE OF NEED ISSUED BY THE STATE BOARD UNDER
7 SUBSECTION (5).

8 (5) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
9 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A
10 CONTRACT TO ORGANIZE AND OPERATE AN URBAN HIGH SCHOOL ACADEMY UNDER
11 THIS PART UNLESS THE APPLICATION IS ACCOMPANIED BY A CERTIFICATE OF
12 NEED ISSUED BY THE STATE BOARD UNDER THIS SUBSECTION. THE STATE
13 BOARD SHALL PROMULGATE RULES TO DEVELOP AND IMPLEMENT A PROCESS FOR
14 ISSUING A CERTIFICATE OF NEED FOR A NEW URBAN HIGH SCHOOL ACADEMY.
15 THE STANDARDS FOR ISSUING A CERTIFICATE OF NEED SHALL INCLUDE, BUT
16 ARE NOT LIMITED TO, ALL OF THE FOLLOWING:

17 (A) THE RESOURCES AVAILABLE FOR THE PROPOSED URBAN HIGH SCHOOL
18 ACADEMY.

19 (B) THE POPULATION TO BE SERVED BY THE PROPOSED URBAN HIGH
20 SCHOOL ACADEMY.

21 (C) THE EDUCATIONAL GOALS TO BE ACHIEVED BY THE PROPOSED URBAN
22 HIGH SCHOOL ACADEMY.

23 (D) THE APPLICANT'S TRACK RECORD, IF ANY, IN ORGANIZING URBAN
24 HIGH SCHOOL ACADEMIES OR OTHER PUBLIC SCHOOLS.

25 (E) THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE
26 PROPOSED URBAN HIGH SCHOOL ACADEMY IS PROPOSED TO BE LOCATED.

27 (F) THE POPULATION OF A COUNTY IN WHICH THE PROPOSED URBAN

1 HIGH SCHOOL ACADEMY IS PROPOSED TO BE LOCATED.

2 (G) THE NUMBER OF SCHOOLS IN THE PROXIMITY OF A PROPOSED
3 LOCATION OF THE PROPOSED URBAN HIGH SCHOOL ACADEMY THAT ARE ON THE
4 LIST UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE
5 THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING
6 5% OF ALL PUBLIC SCHOOLS IN THIS STATE.

7 (H) THE NUMBER OF PUPILS ON WAITING LISTS OF URBAN HIGH SCHOOL
8 ACADEMIES IN THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED
9 URBAN HIGH SCHOOL ACADEMY.

10 (I) THE NUMBER OF PUBLIC SCHOOL OPTIONS ALREADY AVAILABLE IN
11 THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED URBAN HIGH
12 SCHOOL ACADEMY.

13 (J) THE IMPACT OF THE ISSUANCE OF THE CONTRACT ON EXISTING
14 PUBLIC SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION OF THE
15 PROPOSED URBAN HIGH SCHOOL ACADEMY.

16 (6) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
17 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW
18 CONTRACT TO ORGANIZE AND OPERATE AN URBAN HIGH SCHOOL ACADEMY UNDER
19 THIS PART TO AN EXISTING PUBLIC SCHOOL ACADEMY THAT HAS HAD ITS
20 CONTRACT WITH ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR
21 NOT RENEWED. THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY
22 DESCRIBED IN THIS SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT
23 WOULD VIOLATE THIS SUBSECTION.

24 (7) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
25 ADDED THIS SUBSECTION, A STATE PUBLIC UNIVERSITY SHALL NOT ISSUE A
26 NEW CONTRACT TO ORGANIZE AND OPERATE A NEW URBAN HIGH SCHOOL
27 ACADEMY UNLESS EACH OF THE EXISTING PUBLIC SCHOOL ACADEMIES THAT

1 ARE OPERATING UNDER A CONTRACT FROM THAT STATE PUBLIC UNIVERSITY
2 HAVE DEMONSTRATED PUPIL ACHIEVEMENT AS MEASURED BY APPLICABLE STATE
3 ASSESSMENTS AT A LEVEL THAT IS AT LEAST 20% HIGHER THAN THE SCHOOL
4 DISTRICT IN WHICH THE EXISTING PUBLIC SCHOOL ACADEMY IS LOCATED.

5 (8) ~~(5)~~—If a particular state public university issues a
6 contract that allows an urban high school academy to operate the
7 same configuration of grades at more than 1 site, as provided in
8 section 524(1), each of those sites shall be under the direction of
9 the board of directors that is a party to the contract.

10 (9) ~~(6)~~—If the superintendent of public instruction finds that
11 an authorizing body is not engaging in appropriate continuing
12 oversight of 1 or more urban high school academies operating under
13 a contract issued by the authorizing body, the superintendent of
14 public instruction may suspend the power of the authorizing body to
15 issue new contracts to organize and operate urban high school
16 academies. A contract issued by the authorizing body during the
17 suspension is void. A contract issued by the authorizing body
18 before the suspension is not affected by the suspension. IN
19 EVALUATING WHETHER AN AUTHORIZING BODY IS ENGAGING IN APPROPRIATE
20 CONTINUING OVERSIGHT OF 1 OR MORE URBAN HIGH SCHOOL ACADEMIES
21 OPERATING UNDER A CONTRACT ISSUED BY THE AUTHORIZING BODY, THE
22 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL TAKE INTO ACCOUNT ALL OF
23 THE FOLLOWING:

24 (A) THE ACADEMIC PERFORMANCE OF THE URBAN HIGH SCHOOL
25 ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST
26 THE RANKING OF THOSE SCHOOLS ON THE DEPARTMENT'S "TOP-TO-BOTTOM"
27 LIST AND THE MEASURES ALREADY IMPLEMENTED AT THE SCHOOL TO ADDRESS

1 STUDENT IMPROVEMENT.

2 (B) NEW OR REAUTHORIZED CONTRACTS THAT ARE SUBMITTED BY THE
3 AUTHORIZING BODY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION WITH
4 MORE THAN 2 DEFICIENCIES.

5 (C) TRANSPARENCY DEMONSTRATED BY THE URBAN HIGH SCHOOL
6 ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT LEAST
7 THE NUMBER OF THOSE SCHOOLS' WEBSITES THAT HAVE AN INACTIVE OR
8 OUTDATED "TRANSPARENCY MITTEN" OR DO NOT HAVE AN UPDATED BUDGET.

9 (D) FISCAL RESPONSIBILITY DEMONSTRATED BY THE URBAN HIGH
10 SCHOOL ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY, INCLUDING AT
11 LEAST THE NUMBER OF LATE AUDITS, AUDIT FINDINGS, AND DEFICITS AMONG
12 THOSE SCHOOLS.

13 (E) ASSURANCES AND VERIFICATIONS, AS DEFINED BY THE
14 SUPERINTENDENT OF PUBLIC INSTRUCTION.

15 (10) ~~(7)~~—An authorizing body shall not charge a fee, or
16 require reimbursement of expenses, for considering an application
17 for a contract, for issuing a contract, or for providing oversight
18 of a contract for an urban high school academy in an amount that
19 exceeds a combined total of ~~3%~~ 1% of the total state school aid
20 received by the urban high school academy in the school year in
21 which the fees or expenses are charged. All of the following apply
22 to this fee:

23 (a) An authorizing body may use this fee only for the
24 following purposes:

25 (i) Considering applications and issuing or administering
26 contracts.

27 (ii) Compliance monitoring and oversight of urban high school

1 academies.

2 (iii) Training for urban high school academy applicants,
3 administrators, and boards of directors.

4 (iv) Technical assistance to urban high school academies.

5 (v) Academic support to urban high school academies or to
6 pupils or graduates of urban high school academies.

7 (vi) Evaluation of urban high school academy performance.

8 (vii) Training of teachers, including supervision of teacher
9 interns.

10 (viii) Other purposes that assist the urban high school
11 academies or traditional public schools in achieving improved
12 academic performance.

13 (b) An authorizing body may provide other services for an
14 urban high school academy and charge a fee for those services, but
15 shall not require such an arrangement as a condition to issuing the
16 contract authorizing the urban high school academy.

17 (11) ~~(8)~~—An urban high school academy shall be presumed to be
18 legally organized if it has exercised the franchises and privileges
19 of an urban high school academy for at least 2 years.

20 Sec. 523. (1) An authorizing body is not required to issue a
21 contract to any entity. Urban high school academy contracts shall
22 be issued on a competitive basis taking into consideration the
23 resources available for the proposed urban high school academy, the
24 population to be served by the proposed urban high school academy,
25 ~~and~~ the educational goals to be achieved by the proposed urban high
26 school academy, **AND THE LEVEL OF SUPPORT FOR THE PROPOSED URBAN**
27 **HIGH SCHOOL ACADEMY IN THE COMMUNITY IN WHICH IT IS TO BE LOCATED.**

1 BEFORE ISSUING A CONTRACT FOR A PROPOSED URBAN HIGH SCHOOL ACADEMY,
2 THE AUTHORIZING BODY SHALL HOLD AT LEAST 1 PUBLIC MEETING IN THE
3 COMMUNITY IN WHICH THE PROPOSED URBAN HIGH SCHOOL ACADEMY IS TO BE
4 LOCATED IN ORDER TO GAUGE THIS LEVEL OF SUPPORT. In evaluating if
5 an applicant is qualified, the authorizing body shall examine the
6 proposed performance standards, proposed academic program,
7 financial viability of the applicant, and the ability of the
8 proposed board of directors to meet the contract goals and
9 objectives. An authorizing body shall give priority to applicants
10 that demonstrate all of the following:

11 (a) The proposed school will operate at least all of grades 9
12 through 12 within 5 years after beginning operation.

13 (b) The proposed school will occupy a building or buildings
14 that are newly constructed or renovated after January 1, 2003.

15 (c) The proposed school has a stated goal of increasing high
16 school graduation rates.

17 (d) The proposed school has received commitments for financial
18 and educational support from the entity applying for the contract.

19 (e) The entity that submits the application for a contract has
20 net assets of at least \$50,000,000.00.

21 (2) A contract issued to organize and administer an urban high
22 school academy shall contain at least all of the following:

23 (a) The educational goals the urban high school academy is to
24 achieve and the methods by which it will be held accountable. The
25 educational goals shall include demonstrated improved pupil
26 academic achievement for all groups of pupils. To the extent
27 applicable, the pupil performance of an urban high school academy

1 shall be assessed using at least a Michigan education assessment
2 program (MEAP) test or the Michigan merit examination developed
3 under section 1279g, as applicable.

4 (b) A description of the method to be used to monitor the
5 urban high school academy's compliance with applicable law and its
6 performance in meeting its targeted educational objectives.

7 (c) A description of the process for amending the contract
8 during the term of the contract. An authorizing body may approve
9 amendment of the contract with respect to any provision contained
10 in the contract.

11 (d) A certification, signed by an authorized member of the
12 urban high school academy board of directors, that the urban high
13 school academy will comply with the contract and all applicable
14 law.

15 (e) Procedures for revoking the contract and grounds for
16 revoking the contract.

17 (f) A description of and address for the proposed building or
18 buildings in which the urban high school academy will be located.

19 (g) Requirements and procedures for financial audits. The
20 financial audits shall be conducted at least annually by an
21 independent certified public accountant in accordance with
22 generally accepted governmental auditing principles.

23 (h) A requirement that the board of directors shall ensure
24 compliance with the requirements of 1968 PA 317, MCL 15.321 to
25 15.330.

26 (i) A requirement that the board of directors shall prohibit
27 specifically identified family relationships between members of the

1 board of directors, individuals who have an ownership interest in
2 or who are officers or employees of an educational management
3 company involved in the operation of the urban high school academy,
4 and employees of the urban high school academy. The contract shall
5 identify the specific prohibited relationships consistent with
6 applicable law.

7 (j) A requirement that the board of directors of the urban
8 high school academy shall make information concerning its operation
9 and management available to the public and to the authorizing body
10 in the same manner as is required by state law for school
11 districts.

12 (k) A requirement that the board of directors of the urban
13 high school academy shall collect, maintain, and make available to
14 the public and the authorizing body, in accordance with applicable
15 law and the contract, at least all of the following information
16 concerning the operation and management of the urban high school
17 academy:

18 (i) A copy of the contract issued by the authorizing body for
19 the urban high school academy.

20 (ii) A list of currently serving members of the board of
21 directors of the urban high school academy, including name,
22 address, and term of office; copies of policies approved by the
23 board of directors; board meeting agendas and minutes; copy of the
24 budget approved by the board of directors and of any amendments to
25 the budget; and copies of bills paid for amounts of \$10,000.00 or
26 more as they were submitted to the board of directors.

27 (iii) Quarterly financial reports submitted to the authorizing

1 body.

2 (iv) A current list of teachers working at the urban high
3 school academy that includes their individual salaries as submitted
4 to the registry of educational personnel; copies of the teaching
5 certificates or permits of current teaching staff; and evidence of
6 compliance with the criminal background and records checks and
7 unprofessional conduct check required under sections 1230, 1230a,
8 and 1230b for all teachers and administrators working at the urban
9 high school academy.

10 (v) Curriculum documents and materials given to the
11 authorizing body.

12 (vi) Proof of insurance as required by the contract.

13 (vii) Copies of facility leases or deeds, or both, and of any
14 equipment leases.

15 (viii) Copies of any management contracts or services contracts
16 approved by the board of directors.

17 (ix) All health and safety reports and certificates, including
18 those relating to fire safety, environmental matters, asbestos
19 inspection, boiler inspection, and food service.

20 (x) Any management letters issued as part of the annual
21 financial audit under subdivision (g).

22 (xi) Any other information specifically required under this
23 act.

24 (l) A requirement that the authorizing body must review and may
25 disapprove any agreement between the board of directors and an
26 educational management company before the agreement is final and
27 valid. An authorizing body may disapprove an agreement described in

1 this subdivision only if the agreement is contrary to the contract
2 or applicable law.

3 (m) A requirement that the board of directors shall
4 demonstrate all of the following to the satisfaction of the
5 authorizing body with regard to its pupil admission process:

6 (i) That the urban high school academy has made a reasonable
7 effort to advertise its enrollment openings.

8 (ii) That the urban high school academy has made the following
9 additional efforts to recruit pupils who are eligible for special
10 education programs and services to apply for admission:

11 (A) Reasonable efforts to advertise all enrollment openings to
12 organizations and media that regularly serve and advocate for
13 individuals with disabilities within the boundaries of the
14 intermediate school district in which the urban high school academy
15 is located.

16 (B) Inclusion in all pupil recruitment materials of a
17 statement that appropriate special education services will be made
18 available to pupils attending the school as required by law.

19 (iii) That the open enrollment period for the urban high school
20 academy is for a duration of at least 2 weeks and that the
21 enrollment times include some evening and weekend times.

22 (n) A requirement that the board of directors shall prohibit
23 any individual from being employed by the urban high school academy
24 in more than 1 full-time position and simultaneously being
25 compensated at a full-time rate for each of those positions.

26 (o) A requirement that, if requested, the board of directors
27 shall report to the authorizing body the total compensation for

1 each individual working at the urban high school academy.

2 (p) The term of the contract and a description of the process
3 and standards for renewal of the contract at the end of the term.

4 **THE TERM OF THE CONTRACT SHALL NOT EXCEED 3 YEARS.** The standards
5 for renewal shall include increases in academic achievement for all
6 groups of pupils as measured by assessments and other objective
7 criteria as the most important factor in the decision of whether or
8 not to renew the contract.

9 (3) An urban high school academy shall comply with all
10 applicable law, including all of the following:

11 (a) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

12 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
13 15.246.

14 (c) 1947 PA 336, MCL 423.201 to 423.217.

15 (d) 1965 PA 166, MCL 408.551 to 408.558.

16 (e) 1978 PA 566, MCL 15.181 to 15.185.

17 (f) 1968 PA 317, MCL 15.321 to 15.330.

18 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
19 141.421 to 141.440a.

20 (h) The revised municipal finance act, 2001 PA 34, MCL
21 141.2101 to 141.2821.

22 (i) The ~~federal~~-no child left behind act of 2001, Public Law
23 107-110, 115 Stat. 1425.

24 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
25 1280.

26 (k) Laws concerning participation in state assessments, data
27 collection systems, state level student growth models, state

1 accountability and accreditation systems, and other public
2 comparative data collection required for public schools.

3 (4) An urban high school academy and its incorporators, board
4 members, officers, employees, and volunteers have governmental
5 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
6 authorizing body and its board members, officers, and employees are
7 immune from civil liability, both personally and professionally,
8 for any acts or omissions in authorizing or oversight of an urban
9 high school academy if the authorizing body or the person acted or
10 reasonably believed he or she acted within the authorizing body's
11 or the person's scope of authority.

12 (5) An urban high school academy is exempt from all taxation
13 on its earnings and property. ~~Unless the property is already fully~~
14 ~~exempt from real and personal property taxes under the general~~
15 ~~property tax act, 1893 PA 206, MCL 211.1 to 211.155, property~~
16 ~~occupied by an urban high school academy and used exclusively for~~
17 ~~educational purposes is exempt from real and personal property~~
18 ~~taxes levied for school operating purposes under section 1211, to~~
19 ~~the extent exempted under that section, and from real and personal~~
20 ~~property taxes levied under the state education tax act, 1993 PA~~
21 ~~331, MCL 211.901 to 211.906.~~ Instruments of conveyance to or from
22 an urban high school academy are exempt from all taxation,
23 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
24 urban high school academy may not levy ad valorem property taxes or
25 any other tax for any purpose.

26 (6) An urban high school academy may acquire by purchase,
27 gift, devise, lease, sublease, installment purchase agreement, land

1 contract, option, or any other means, hold, and own in its own name
 2 buildings and other property for school purposes, and interests
 3 therein, and other real and personal property, including, but not
 4 limited to, interests in property subject to mortgages, security
 5 interests, or other liens, necessary or convenient to fulfill its
 6 purposes. For the purposes of condemnation, an urban high school
 7 academy may proceed under the uniform condemnation procedures act,
 8 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of that
 9 act, MCL 213.56 to 213.59, or other applicable statutes, but only
 10 with the express, written permission of the authorizing body in
 11 each instance of condemnation and only after just compensation has
 12 been determined and paid.

13 Sec. 523c. (1) ~~Beginning with management agreements described~~
 14 ~~in this section that are entered into or renewed after the~~
 15 ~~effective date of this section, if~~ **IF** the board of directors of an
 16 urban high school academy enters into or renews a management
 17 agreement with an educational management organization to carry out
 18 the operations of the urban high school academy, ~~both~~ **ALL** of the
 19 following apply:

20 **(A) THE BOARD OF DIRECTORS SHALL POST A COPY OF THE MANAGEMENT**
 21 **AGREEMENT ON THE URBAN HIGH SCHOOL ACADEMY'S WEBSITE, WITH A LINK**
 22 **ON THE URBAN HIGH SCHOOL ACADEMY'S WEBSITE HOMEPAGE, IN A FORM AND**
 23 **MANNER PRESCRIBED BY THE DEPARTMENT.**

24 **(B)** ~~(a)~~ The management agreement shall require the educational
 25 management organization to provide to the board of directors at
 26 least annually all of the same information that a school district
 27 is required to disclose under section 18(2) of the state school aid

1 act of 1979, MCL 388.1618, for the most recent school fiscal year
2 for which that information is available.

3 (C) ~~(b)~~ Within ~~30~~ 15 days after receiving the information
4 under subdivision ~~(a)~~, ~~(B)~~, the board of directors shall make all
5 of the information it receives under subdivision ~~(a)~~ ~~(B)~~ available
6 through a link on the urban high school academy's website homepage,
7 in a form and manner prescribed by the department.

8 (2) BEGINNING WITH MANAGEMENT AGREEMENTS THAT ARE ENTERED INTO
9 OR RENEWED AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
10 ADDED THIS SUBSECTION, IF THE BOARD OF DIRECTORS OF AN URBAN HIGH
11 SCHOOL ACADEMY ENTERS INTO OR RENEWS A MANAGEMENT AGREEMENT WITH AN
12 EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT THE OPERATIONS OF
13 THE PUBLIC SCHOOL ACADEMY, BOTH OF THE FOLLOWING APPLY:

14 (A) THE MANAGEMENT AGREEMENT SHALL NOT INCLUDE THE PROVISION
15 OF SERVICES THAT REQUIRE COMPETITIVE BIDDING UNDER SECTION 1267 OR
16 THE PROCUREMENT OF SUPPLIES, MATERIALS, AND EQUIPMENT THAT REQUIRE
17 COMPETITIVE BIDDING UNDER SECTION 1274.

18 (B) THE URBAN HIGH SCHOOL ACADEMY SHALL NOT ALSO ENTER INTO AN
19 AGREEMENT WITH THE EDUCATIONAL MANAGEMENT ORGANIZATION FOR MATERIAL
20 AND LABOR DESCRIBED IN SECTION 1267 OR FOR THE PROCUREMENT OF
21 SUPPLIES, MATERIALS, AND EQUIPMENT DESCRIBED IN SECTION 1274
22 WITHOUT FIRST OBTAINING COMPETITIVE BIDS AS PRESCRIBED UNDER THOSE
23 SECTIONS, AS APPLICABLE.

24 (3) ~~(2)~~ As used in this section:

25 (a) "Educational management organization" means an entity that
26 enters into a management agreement with an urban high school
27 academy.

1 (b) "Entity" means a partnership, nonprofit or business
2 corporation, or any other association, corporation, trust, or other
3 legal entity.

4 (c) "Management agreement" means an agreement to provide
5 comprehensive educational, administrative, management, or
6 instructional services or staff to an urban high school academy.

7 (d) "School fiscal year" means the period that begins July 1
8 and ends June 30.

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

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

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

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

24 (d) To enter into binding legal agreements with persons or
25 entities as necessary for the operation, management, financing, and
26 maintenance of the urban high school academy. **HOWEVER, AN URBAN**
27 **HIGH SCHOOL ACADEMY SHALL NOT ENTER INTO A MANAGEMENT AGREEMENT**

1 WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION THAT OPERATES ON A FOR-
2 PROFIT BASIS.

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

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

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

19 (2) IF AN URBAN HIGH SCHOOL ACADEMY LEASES REAL PROPERTY, THE
20 BOARD OF DIRECTORS SHALL NOT LEASE REAL PROPERTY FROM AN
21 EDUCATIONAL MANAGEMENT ORGANIZATION WITH WHICH THE URBAN HIGH
22 SCHOOL ACADEMY HAS A MANAGEMENT AGREEMENT AS DESCRIBED IN SECTION
23 523C OR FROM A REAL ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH
24 THAT EDUCATIONAL MANAGEMENT ORGANIZATION.

25 (3) AS USED IN THIS SECTION, "EDUCATIONAL MANAGEMENT
26 ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS
27 DEFINED IN SECTION 523C.

1 Sec. 528. (1) An authorizing body that issues a contract for
2 an urban high school academy under this part shall do all of the
3 following:

4 (a) Ensure that the contract and the application for the
5 contract comply with the requirements of this part.

6 (b) Within 10 days after issuing the contract, submit to the
7 department a copy of the contract.

8 (c) Adopt a resolution establishing the method of selection,
9 length of term, **QUORUM REQUIREMENTS**, and number of members of the
10 board of directors of each urban high school academy that it
11 authorizes. The resolution shall be written or amended as necessary
12 to include ~~a~~**ALL OF THE FOLLOWING**:

13 (i) **A** requirement that each member of the board of directors
14 must be a citizen of the United States.

15 (ii) **A PROCESS AND STANDARDS FOR REMOVAL OF A MEMBER OF THE**
16 **BOARD OF DIRECTORS. THE RESOLUTION SHALL PROVIDE THAT A MEMBER OF**
17 **THE BOARD OF DIRECTORS MAY BE REMOVED ONLY FOR GROSS NEGLECT OF**
18 **DUTY OR FOR CORRUPT CONDUCT IN OFFICE, OR FOR ANY OTHER**
19 **MISFEASANCE, MALFEASANCE, OR NONFEASANCE IN OFFICE.**

20 (iii) **A LIMIT ON THE TERM OF SERVICE OF A BOARD MEMBER TO A TERM**
21 **OF NOT MORE THAN 5 CONSECUTIVE YEARS, WITH AT LEAST A 10-YEAR**
22 **PERIOD BEFORE A MEMBER MAY SERVE AN ADDITIONAL TERM.**

23 (iv) **A REQUIREMENT OF AT LEAST 7 MEMBERS ON A BOARD OF**
24 **DIRECTORS, WITH AT LEAST 2 MEMBERS BEING PARENTS OF PUPILS ENROLLED**
25 **IN THE URBAN HIGH SCHOOL ACADEMY.**

26 (v) **A REQUIREMENT OF AT LEAST 5 MEMBERS, INCLUDING THE**
27 **PRESIDENT OF THE BOARD OF DIRECTORS, FOR A QUORUM, EXCEPT IN THE**

1 CASE OF A VACANCY.

2 (vi) A REQUIREMENT THAT VACANCIES ON THE BOARD OF DIRECTORS
3 MUST BE FILLED WITHIN 90 DAYS.

4 (vii) AN ATTENDANCE REQUIREMENT THAT PROVIDES FOR BOTH OF THE
5 FOLLOWING:

6 (A) DURING ANY 12-MONTH PERIOD, A BOARD MEMBER MUST ATTEND AT
7 LEAST 85% OF ALL BOARD FUNCTIONS, INCLUDING, BUT NOT LIMITED TO,
8 MONTHLY BOARD MEETINGS, SCHEDULED BOARD EVENTS, AND SPECIAL AND
9 EMERGENCY BOARD MEETINGS.

10 (B) FAILURE TO MEET THIS ATTENDANCE REQUIREMENT CONSTITUTES A
11 VACATING OF THE OFFICE OF BOARD MEMBER.

12 (d) Oversee the operations of each urban high school academy
13 operating under a contract issued by the authorizing body. The
14 oversight shall be sufficient to ensure that the urban high school
15 academy is in compliance with the terms of the contract and with
16 applicable law. An authorizing body may enter into an agreement
17 with 1 or more other authorizing bodies to oversee an urban high
18 school academy operating under a contract issued by the authorizing
19 body.

20 (e) Develop and implement a process for holding an urban high
21 school academy board of directors accountable for meeting
22 applicable academic performance standards set forth in the contract
23 and for implementing corrective action for an urban high school
24 academy that does not meet those standards.

25 (f) Take necessary measures to ensure that an urban high
26 school academy board of directors operates independently of any
27 educational management company involved in the operations of the

1 urban high school academy.

2 (g) Oversee and ensure that the pupil admission process used
3 by the urban high school academy is operated in a fair and open
4 manner and is in compliance with the contract and this part.

5 (h) Ensure that the board of directors of the urban high
6 school academy maintains and releases information as necessary to
7 comply with applicable law.

8 (2) An authorizing body may enter into an agreement with 1 or
9 more other authorizing bodies to carry out any function of an
10 authorizing body under this act.

11 (3) The authorizing body for an urban high school academy is
12 the fiscal agent for the urban high school academy. A state school
13 aid payment for an urban high school academy shall be paid to the
14 authorizing body that is the fiscal agent for that urban high
15 school academy, which shall then forward the payment to the urban
16 high school academy. Within 30 days after a contract is submitted
17 to the department by an authorizing body under subsection (1), the
18 department shall issue a district code to the urban high school
19 academy for which the contract was issued. If the department does
20 not issue a district code within 30 days after a contract is filed,
21 the state treasurer shall assign a temporary district code in order
22 for the urban high school academy to receive funding under the
23 state school aid act of 1979.

24 (4) A contract issued under this part may be revoked by the
25 authorizing body that issued the contract if the authorizing body
26 determines that 1 or more of the following have occurred:

27 (a) Failure of the urban high school academy to demonstrate

1 improved pupil academic achievement for all groups of pupils or
2 meet the educational goals set forth in the contract.

3 (b) Failure of the urban high school academy to comply with
4 all applicable law.

5 (c) Failure of the urban high school academy to meet generally
6 accepted public sector accounting principles and demonstrate sound
7 fiscal stewardship.

8 (d) The existence of 1 or more other grounds for revocation as
9 specified in the contract.

10 (5) Except for an urban high school academy that is an
11 alternative school serving a special student population, if the
12 superintendent of public instruction determines that an urban high
13 school academy site that has been operating for at least 4 years is
14 among the lowest achieving 5% of all public schools in this state,
15 as defined for the purposes of the federal incentive grant program
16 created under sections 14005 and 14006 of title XIV of the American
17 recovery and reinvestment act of 2009, Public Law 111-5, is in year
18 2 of restructuring sanctions under the no child left behind act of
19 2001, Public Law 107-110, not to include the individualized
20 education plan subgroup, and is not currently undergoing
21 reconstitution under this section, the superintendent of public
22 instruction shall notify the urban high school academy's
23 authorizing body. If an authorizing body receives notice from the
24 superintendent of public instruction under this subsection, the
25 authorizing body shall amend the urban high school academy's
26 contract to eliminate the urban high school academy's authority to
27 operate the existing age and grade levels at the site and the urban

1 high school academy shall cease operating the existing age and
2 grade levels at the site, effective at the end of the current
3 school year. If the urban high school academy operates at only 1
4 site, and the authorizing body receives notice from the
5 superintendent of public instruction under this subsection, the
6 authorizing body shall revoke the urban high school academy's
7 contract, effective at the end of the current school year.

8 (6) The decision of an authorizing body to issue, not issue,
9 or reconstitute a contract under this part, or to terminate or
10 revoke a contract under this section, is solely within the
11 discretion of the authorizing body, is final, and is not subject to
12 review by a court or any state agency. An authorizing body that
13 issues, does not issue, or reconstitutes a contract under this
14 part, or that terminates or revokes a contract under this section,
15 is not liable for that action to the urban high school academy, the
16 urban high school academy corporation, a pupil of the urban high
17 school academy, the parent or guardian of a pupil of the urban high
18 school academy, or any other person.

19 (7) Except as otherwise provided in subsection (5), before an
20 authorizing body revokes a contract, the authorizing body may
21 consider and take corrective measures to avoid revocation. An
22 authorizing body may reconstitute the urban high school academy in
23 a final attempt to improve student educational performance or to
24 avoid interruption of the educational process. An authorizing body
25 shall include a reconstituting provision in the contract that
26 identifies these corrective measures, including, but not limited
27 to, removing 1 or more members of the board of directors,

1 withdrawing approval to contract under section 527, or appointing a
2 new board of directors or a trustee to take over operation of the
3 urban high school academy.

4 (8) If an authorizing body revokes a contract, the authorizing
5 body shall work with a school district or another public school, or
6 with a combination of these entities, to ensure a smooth transition
7 for the affected pupils. If the revocation occurs during the school
8 year, the authorizing body, as the fiscal agent for the urban high
9 school academy under this part, shall return any school aid funds
10 held by the authorizing body that are attributable to the affected
11 pupils to the state treasurer for deposit into the state school aid
12 fund. The state treasurer shall distribute funds to the public
13 school in which the pupils enroll after the revocation pursuant to
14 a methodology established by the department and the center for
15 educational performance and information.

16 (9) If an authorizing body revokes a contract issued under
17 this part, the authorizing body may issue a new contract within the
18 1-year period following the revocation without the new contract
19 counting toward the maximum number of contracts that may be issued
20 under this part.

21 (10) Not more than 10 days after an urban high school
22 academy's contract terminates or is revoked, the authorizing body
23 shall notify the superintendent of public instruction in writing of
24 the name of the urban high school academy whose contract has
25 terminated or been revoked and the date of contract termination or
26 revocation.

27 (11) If an urban high school academy's contract terminates or

1 is revoked, title to all real and personal property, interest in
2 real or personal property, and other assets owned by the urban high
3 school academy shall revert to the state. This property shall be
4 distributed in accordance with the following:

5 (a) Within 30 days following the termination or revocation,
6 the board of directors of an urban high school academy shall hold a
7 public meeting to adopt a plan of distribution of assets and to
8 approve the dissolution of the urban high school academy
9 corporation, all in accordance with chapter 8 of the nonprofit
10 corporation act, 1982 PA 162, MCL 450.2801 to 450.2864.

11 (b) The urban high school academy shall file a certificate of
12 dissolution with the ~~bureau of commercial services~~ **DIRECTOR OF THE**
13 **DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS** within 10 business
14 days following board approval.

15 (c) Simultaneously with the filing of the certificate of
16 dissolution under subdivision (b), the urban high school academy
17 board of directors shall provide a copy of the board of directors'
18 plan of distribution of assets to the state treasurer for approval.
19 Within 30 days, the state treasurer, or his or her designee, shall
20 review and approve the board of directors' plan of distribution of
21 assets. If the proposed plan of distribution of assets is not
22 approved within 30 days, the state treasurer, or his or her
23 designee, shall provide the board of directors with an acceptable
24 plan of distribution of assets.

25 (d) The state treasurer, or his or her designee, shall monitor
26 the urban high school academy's winding up of the dissolved
27 corporation in accordance with the plan of distribution of assets

1 approved or provided under subdivision (c).

2 (e) As part of the plan of distribution of assets, the urban
3 high school academy board of directors shall designate the director
4 of the department of technology, management, and budget, or his or
5 her designee, to dispose of all real property of the urban high
6 school academy corporation in accordance with the directives
7 developed for disposition of surplus land and facilities under
8 section 251 of the management and budget act, 1984 PA 431, MCL
9 18.1251.

10 (f) If the board of directors of an urban high school academy
11 fails to take any necessary action under this section, the state
12 treasurer, or his or her designee, may suspend the urban high
13 school academy board of directors and appoint a trustee to carry
14 out the board's plan of distribution of assets. Upon appointment,
15 the trustee shall have all the rights, powers, and privileges under
16 law that the urban high school academy board of directors had
17 before being suspended.

18 (g) Following the sale of the real or personal property or
19 interests in the real or personal property, and after payment of
20 any urban high school academy debt secured by the property or
21 interest in property, whether real or personal, the urban high
22 school academy board of directors, or a trustee appointed under
23 this section, shall forward any remaining money to the state
24 treasurer. Following receipt, the state treasurer, or his or her
25 designee, shall deposit this remaining money in the state school
26 aid fund.

27 Sec. 552. (1) ~~An~~ **SUBJECT TO SUBSECTIONS (8) TO (10), AN**

1 authorizing body may issue contracts under this subsection to
2 organize and operate a school of excellence. All of the following
3 apply to the issuance of a contract by an authorizing body under
4 this subsection:

5 (a) The issuance of the contract must be approved by the
6 superintendent of public instruction. The superintendent of public
7 instruction shall approve issuance of a contract if he or she
8 determines that the proposed school of excellence is modeled after
9 a high-performing school or program.

10 (b) The first 5 contracts issued by all authorizing bodies
11 under this subsection shall be for schools of excellence that offer
12 1 or more of high school grades 9 to 12, or any combination of
13 those grades, as specified in the contract.

14 (c) A school of excellence authorized under this subsection
15 shall not be located in a school district that has a graduation
16 rate of over 75%, on average, for the most recent 3 school years
17 for which the data are available, as determined by the department.

18 (2) Subject to the limitations in this subsection, and
19 ~~subsection (14),~~ **SUBJECT TO SUBSECTIONS (8) TO (10),** an authorizing
20 body may issue contracts under this subsection for 1 or more
21 schools of excellence that are cyber schools. ~~Until December 31,~~
22 ~~2013, the combined total number of contracts that may be issued by~~
23 ~~all statewide authorizing bodies under this subsection for schools~~
24 ~~of excellence that are cyber schools shall not exceed 5. Until~~
25 ~~December 31, 2014, the combined total number of contracts that may~~
26 ~~be issued by all statewide authorizing bodies under this subsection~~
27 ~~for schools of excellence that are cyber schools shall not exceed~~

1 ~~10. After December 31, 2014, the~~ **THE** combined total number of
2 contracts issued by all statewide authorizing bodies under this
3 subsection for schools of excellence that are cyber schools shall
4 not exceed 15. ~~The board of a school district, an intermediate~~
5 ~~school board, the board of a community college that is not a~~
6 ~~statewide authorizing body, or 2 or more public agencies acting~~
7 ~~jointly as described in subsection (6)(e)~~ **AN AUTHORIZING BODY** may
8 not act as the authorizing body for more than 1 school of
9 excellence that is a cyber school. An authorizing body shall not
10 issue a contract for a school of excellence that is a cyber school
11 unless the school of excellence that is a cyber school meets all of
12 the following requirements:

13 (a) Is available for enrollment to all pupils in this state.

14 (b) Offers some configuration of or all of grades K to 12.

15 (c) The entity applying for the school of excellence that is a
16 cyber school demonstrates experience in delivering a quality
17 education program that improves pupil academic achievement. In
18 determining whether this requirement is met, an authorizing body
19 shall refer to the standards for quality online learning
20 established by the national association of charter school
21 authorizers or other similar nationally recognized standards for
22 quality online learning.

23 (d) The enrollment in the school of excellence that is a cyber
24 school is limited to not more than 2,500 pupils in membership for
25 the first school year of operation of the school of excellence that
26 is a cyber school, not more than 5,000 pupils in membership for the
27 second school year of operation of the school of excellence that is

1 a cyber school, and not more than 10,000 pupils in membership for
2 the third and subsequent school years of operation of the school of
3 excellence that is a cyber school. As used in this subdivision,
4 "membership" means that term as defined in section 6 of the state
5 school aid act of 1979, MCL 388.1606.

6 (e) The school of excellence that is a cyber school offers
7 each pupil's family a computer and subsidizes the cost of internet
8 access.

9 (3) For a public school academy operating under part 6a that
10 meets the requirements of subsection (4), with the approval of its
11 authorizing body, the board of directors of the public school
12 academy may adopt a resolution choosing to convert the public
13 school academy to a school of excellence under this part. If the
14 board of directors of a public school academy that meets the
15 requirements of subsection (4) is issued a contract as a school of
16 excellence under this subsection, all the following apply:

17 (a) The public school academy shall cease to operate as a
18 public school academy under part 6a and shall operate as a school
19 of excellence upon the issuance of a contract or at another time as
20 determined by the authorizing body.

21 (b) The public school academy shall be considered to be a
22 school of excellence for all purposes upon the issuance of a
23 contract or at another time as determined by the authorizing body,
24 but shall retain its corporate identity.

25 (c) The conversion of a public school academy under part 6a to
26 a school of excellence operating under this part shall not impair
27 any agreement, mortgage, loan, bond, note or other instrument of

1 indebtedness, or any other agreement entered into by a public
2 school academy while it was operating under part 6a.

3 (d) The contract issued to the public school academy under
4 part 6a shall automatically terminate upon the issuance of a
5 contract or at another time as determined by the authorizing body.

6 (4) Subsection (3) applies to a public school academy that is
7 determined by the department to meet all of the following, as
8 applicable:

9 (a) If the public school academy operates only some or all of
10 grades K to 8, meets at least 1 of the following:

11 (i) On average over a 3-year period, at least 90% of the pupils
12 enrolled in the public school academy achieved a score of
13 proficient or better on the Michigan education assessment program
14 mathematics and reading tests or successor state assessment
15 program.

16 (ii) On average over a 3-year period, at least 70% of the
17 pupils enrolled in the public school academy achieved a score of
18 proficient or better on the Michigan education assessment program
19 mathematics and reading tests or successor state assessment program
20 and at least 50% of the pupils enrolled in the public school
21 academy met the income eligibility criteria for the federal free or
22 reduced-price lunch program, as determined under the Richard B.
23 Russell national school lunch act, 42 USC 1751 to 1769i, and
24 reported to the department.

25 (b) If the public school academy operates grades 9 to 12, at
26 least 80% of the school's pupils graduate from high school or are
27 determined by the department to be on track to graduate from high

1 school, the school has at least 80% average attendance, and the
2 school has at least an 80% postsecondary enrollment rate.

3 (5) A school of excellence shall be organized and administered
4 under the direction of a board of directors in accordance with this
5 part and with bylaws adopted by the board of directors. A school of
6 excellence shall be organized under the nonprofit corporation act,
7 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of
8 excellence is not required to comply with sections 170 to 177 of
9 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
10 under the state or federal constitution, a school of excellence
11 shall not be organized by a church or other religious organization
12 and shall not have any organizational or contractual affiliation
13 with or constitute a church or other religious organization.

14 (6) ~~Any~~ **SUBJECT TO SUBSECTIONS (8) TO (10), ANY** of the
15 following may act as an authorizing body to issue a contract to
16 organize and operate 1 or more schools of excellence under this
17 part:

18 (a) The board of a school district that operates grades K to
19 12. However, except as otherwise provided in this subdivision, the
20 board of a school district shall not issue a contract for a school
21 of excellence to operate outside the school district's boundaries,
22 and a school of excellence authorized by the board of a school
23 district shall not operate outside that school district's
24 boundaries. If the board of a school district issues a contract for
25 a school of excellence that is a cyber school, the contract may
26 authorize the school of excellence that is a cyber school to
27 operate outside that school district's boundaries. **FOR THE PURPOSES**

1 OF THIS SECTION, "SCHOOL DISTRICT" EXPRESSLY DOES NOT INCLUDE THE
2 STATE SCHOOL REFORM/REDESIGN SCHOOL DISTRICT CREATED UNDER SECTION
3 1280C, THE EDUCATION ACHIEVEMENT AUTHORITY, OR ANY OTHER STATEWIDE
4 ENTITY.

5 (b) An intermediate school board. However, except as otherwise
6 provided in this subdivision, the board of an intermediate school
7 district shall not issue a contract for a school of excellence to
8 operate outside the intermediate school district's boundaries, and
9 a school of excellence authorized by the board of an intermediate
10 school district shall not operate outside that intermediate school
11 district's boundaries. If the board of an intermediate school
12 district issues a contract for a school of excellence that is a
13 cyber school, the contract may authorize the school of excellence
14 that is a cyber school to operate outside that intermediate school
15 district's boundaries.

16 (c) The board of a community college. Except as otherwise
17 provided in this subdivision, the board of a community college
18 shall not issue a contract for a school of excellence to operate
19 outside the boundaries of the community college district, and a
20 school of excellence authorized by the board of a community college
21 shall not operate outside the boundaries of the community college
22 district. If the board of a community college issues a contract for
23 a school of excellence that is a cyber school, the contract may
24 authorize the school of excellence that is a cyber school to
25 operate outside the boundaries of the community college district.
26 The board of a community college also may issue a contract for not
27 more than 1 school of excellence to operate on the grounds of an

1 active or closed federal military installation located outside the
2 boundaries of the community college district, or may operate a
3 school of excellence itself on the grounds of such a federal
4 military installation, if the federal military installation is not
5 located within the boundaries of any community college district and
6 the community college has previously offered courses on the grounds
7 of the federal military installation for at least 10 years.

8 (d) The governing board of a state public university.

9 ~~(e) Two or more of the public agencies described in~~
10 ~~subdivisions (a) to (d) exercising power, privilege, or authority~~
11 ~~jointly pursuant to an interlocal agreement under the urban~~
12 ~~cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to~~
13 ~~124.512.~~

14 (7) To obtain a contract to organize and operate 1 or more
15 schools of excellence, 1 or more persons or an entity may apply to
16 an authorizing body described in this section. The application
17 shall include at least all of the following:

18 (a) Identification of the applicant for the contract.

19 (b) Subject to the resolution adopted by the authorizing body
20 under section 553(4), a list of the proposed members of the board
21 of directors of the school of excellence and a description of the
22 qualifications and method for appointment or election of members of
23 the board of directors.

24 (c) The proposed articles of incorporation, which shall
25 include at least all of the following:

26 (i) The name of the proposed school of excellence.

27 (ii) The purposes for the school of excellence corporation.

1 This language shall provide that the school of excellence is
2 incorporated pursuant to this part and that the school of
3 excellence is a governmental entity.

4 (iii) The name of the authorizing body.

5 (iv) The proposed time when the articles of incorporation will
6 be effective.

7 (v) Other matters considered expedient to be in the articles
8 of incorporation.

9 (d) A copy of the proposed bylaws of the school of excellence.

10 (e) Documentation meeting the application requirements of the
11 authorizing body, including at least all of the following:

12 (i) The governance structure of the school of excellence.

13 (ii) A copy of the educational goals of the school of
14 excellence and the curricula to be offered and methods of pupil
15 assessment to be used by the school of excellence. The educational
16 goals shall include demonstrated improved pupil academic
17 achievement for all groups of pupils. To the extent applicable, the
18 progress of the pupils in the school of excellence shall be
19 assessed using at least a Michigan education assessment program
20 (MEAP) test or the Michigan merit examination under section 1279g,
21 as applicable.

22 (iii) The admission policy and criteria to be maintained by the
23 school of excellence. The admission policy and criteria shall
24 comply with section 556. This part of the application also shall
25 include a description of how the applicant will provide to the
26 general public adequate notice that a school of excellence is being
27 created and adequate information on the admission policy, criteria,

1 and process.

2 (iv) Except for a school of excellence that is a cyber school,
3 the school calendar and school day schedule.

4 (v) The age or grade range of pupils to be enrolled.

5 (f) Descriptions of staff responsibilities and of the school
6 of excellence governance structure.

7 (g) For an application to the board of a school district, an
8 intermediate school board, or board of a community college,
9 identification of the school district and intermediate school
10 district in which the school of excellence will be located.

11 (h) An agreement that the school of excellence will comply
12 with the provisions of this part and, subject to the provisions of
13 this part, with all other state law applicable to public bodies and
14 with federal law applicable to public bodies or school districts.

15 (i) A description of and address for the proposed physical
16 plant in which the school of excellence will be located. An
17 applicant may request the authorizing body to issue a contract
18 allowing the board of directors of the school of excellence to
19 operate the same configuration of age or grade levels at more than
20 1 site.

21 **(J) THE CERTIFICATE OF NEED ISSUED BY THE STATE BOARD UNDER**
22 **SUBSECTION (8).**

23 **(8) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**
24 **ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A**
25 **CONTRACT TO ORGANIZE AND OPERATE A SCHOOL OF EXCELLENCE UNDER THIS**
26 **PART UNLESS THE APPLICATION IS ACCOMPANIED BY A CERTIFICATE OF NEED**
27 **ISSUED BY THE STATE BOARD UNDER THIS SUBSECTION. THE STATE BOARD**

1 SHALL PROMULGATE RULES TO DEVELOP AND IMPLEMENT A PROCESS FOR
2 ISSUING A CERTIFICATE OF NEED FOR A NEW SCHOOL OF EXCELLENCE. THE
3 STANDARDS FOR ISSUING A CERTIFICATE OF NEED SHALL INCLUDE, BUT ARE
4 NOT LIMITED TO, ALL OF THE FOLLOWING:

5 (A) THE RESOURCES AVAILABLE FOR THE PROPOSED SCHOOL OF
6 EXCELLENCE.

7 (B) THE POPULATION TO BE SERVED BY THE PROPOSED SCHOOL OF
8 EXCELLENCE.

9 (C) THE EDUCATIONAL GOALS TO BE ACHIEVED BY THE PROPOSED
10 SCHOOL OF EXCELLENCE.

11 (D) THE APPLICANT'S TRACK RECORD, IF ANY, IN ORGANIZING
12 SCHOOLS OF EXCELLENCE OR OTHER PUBLIC SCHOOLS.

13 (E) THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE
14 PROPOSED SCHOOL OF EXCELLENCE IS PROPOSED TO BE LOCATED.

15 (F) THE POPULATION OF A COUNTY IN WHICH THE PROPOSED SCHOOL OF
16 EXCELLENCE IS PROPOSED TO BE LOCATED.

17 (G) THE NUMBER OF PUBLIC SCHOOLS IN THE PROXIMITY OF A
18 PROPOSED LOCATION OF THE PROPOSED SCHOOL OF EXCELLENCE THAT ARE ON
19 THE LIST UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE
20 THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING
21 5% OF ALL PUBLIC SCHOOLS IN THIS STATE.

22 (H) THE NUMBER OF PUPILS ON WAITING LISTS OF SCHOOLS OF
23 EXCELLENCE AND PUBLIC SCHOOL ACADEMIES IN THE PROXIMITY OF A
24 PROPOSED LOCATION OF THE PROPOSED SCHOOL OF EXCELLENCE.

25 (I) THE NUMBER OF PUBLIC SCHOOL OPTIONS ALREADY AVAILABLE IN
26 THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED SCHOOL OF
27 EXCELLENCE.

1 (J) THE IMPACT OF THE ISSUANCE OF THE CONTRACT ON EXISTING
2 PUBLIC SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION OF THE
3 PROPOSED SCHOOL OF EXCELLENCE.

4 (9) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
5 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW
6 CONTRACT TO ORGANIZE AND OPERATE A SCHOOL OF EXCELLENCE UNDER THIS
7 PART TO AN EXISTING PUBLIC SCHOOL ACADEMY THAT HAS HAD ITS CONTRACT
8 WITH ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR NOT
9 RENEWED. THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY
10 DESCRIBED IN THIS SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT
11 WOULD VIOLATE THIS SUBSECTION.

12 (10) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT
13 THAT ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A
14 NEW CONTRACT TO ORGANIZE AND OPERATE A NEW SCHOOL OF EXCELLENCE
15 UNLESS EACH OF THE PUBLIC SCHOOL ACADEMIES THAT ARE OPERATING UNDER
16 A CONTRACT FROM THAT AUTHORIZING BODY HAVE DEMONSTRATED PUPIL
17 ACHIEVEMENT AS MEASURED BY APPLICABLE STATE ASSESSMENTS AT A LEVEL
18 THAT IS AT LEAST 20% HIGHER THAN THE SCHOOL DISTRICT IN WHICH THE
19 EXISTING PUBLIC SCHOOL ACADEMY IS LOCATED.

20 (11) ~~(8)~~—An authorizing body shall oversee, or shall contract
21 with an intermediate school district, community college, or state
22 public university to oversee, each school of excellence operating
23 under a contract issued by the authorizing body. The authorizing
24 body is responsible for overseeing compliance by the board of
25 directors with the contract and all applicable law. This subsection
26 does not relieve any other government entity of its enforcement or
27 supervisory responsibility.

1 (12) ~~(9)~~—If the superintendent of public instruction finds
2 that an authorizing body is not engaging in appropriate continuing
3 oversight of 1 or more schools of excellence operating under a
4 contract issued by the authorizing body, the superintendent of
5 public instruction may suspend the power of the authorizing body to
6 issue new contracts to organize and operate schools of excellence.
7 A contract issued by the authorizing body during the suspension is
8 void. A contract issued by the authorizing body before the
9 suspension is not affected by the suspension. **IN EVALUATING WHETHER**
10 **AN AUTHORIZING BODY IS ENGAGING IN APPROPRIATE CONTINUING OVERSIGHT**
11 **OF 1 OR MORE SCHOOLS OF EXCELLENCE OPERATING UNDER A CONTRACT**
12 **ISSUED BY THE AUTHORIZING BODY, THE SUPERINTENDENT OF PUBLIC**
13 **INSTRUCTION SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:**

14 (A) THE ACADEMIC PERFORMANCE OF THE SCHOOLS OF EXCELLENCE AND
15 OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY,
16 INCLUDING AT LEAST THE RANKING OF THOSE SCHOOLS ON THE DEPARTMENT'S
17 "TOP-TO-BOTTOM" LIST AND THE MEASURES ALREADY IMPLEMENTED AT THE
18 SCHOOL TO ADDRESS STUDENT IMPROVEMENT.

19 (B) NEW OR REAUTHORIZED CONTRACTS THAT ARE SUBMITTED BY THE
20 AUTHORIZING BODY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION WITH
21 MORE THAN 2 DEFICIENCIES.

22 (C) TRANSPARENCY DEMONSTRATED BY THE SCHOOLS OF EXCELLENCE AND
23 OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE AUTHORIZING BODY,
24 INCLUDING AT LEAST THE NUMBER OF THOSE SCHOOLS' WEBSITES THAT HAVE
25 AN INACTIVE OR OUTDATED "TRANSPARENCY MITTEN" OR DO NOT HAVE AN
26 UPDATED BUDGET.

27 (D) FISCAL RESPONSIBILITY DEMONSTRATED BY THE SCHOOLS OF

1 EXCELLENCE AND OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE
2 AUTHORIZING BODY, INCLUDING AT LEAST THE NUMBER OF LATE AUDITS,
3 AUDIT FINDINGS, AND DEFICITS AMONG THOSE SCHOOLS.

4 (E) ASSURANCES AND VERIFICATIONS, AS DEFINED BY THE
5 SUPERINTENDENT OF PUBLIC INSTRUCTION.

6 (13) ~~(10)~~—An authorizing body shall not charge a fee, or
7 require reimbursement of expenses, for considering an application
8 for a contract, for issuing a contract, or for providing oversight
9 of a contract for a school of excellence in an amount that exceeds
10 a combined total of ~~3%~~ 1% of the total state school aid received by
11 the school of excellence in the school year in which the fees or
12 expenses are charged. The authorizing body may provide other
13 services for a school of excellence and charge a fee for those
14 services, but shall not require such an arrangement as a condition
15 to issuing the contract authorizing the school of excellence.

16 (14) ~~(11)~~—A school of excellence shall be presumed to be
17 legally organized if it has exercised the franchises and privileges
18 of a public school academy for at least 2 years.

19 (15) ~~(12)~~—A member of the board of directors of a school of
20 excellence is a public officer and shall, before entering upon the
21 duties of the office, take the constitutional oath of office for
22 public officers under section 1 of article XI of the state
23 constitution of 1963.

24 (16) ~~(13)~~—A school of excellence that is a cyber school may
25 make available to other public schools for purchase any of the
26 course offerings that the cyber school offers to its own pupils.

27 ~~—(14) If the department determines that the combined total~~

~~statewide final audited membership for all pupils in membership in schools of excellence that are cyber schools for the 2012-2013 state fiscal year exceeds a number equal to 1% of the combined total statewide final audited membership for all pupils in membership in public schools for the 2011-2012 state fiscal year, then all of the following apply:~~

~~—— (a) An authorizing body may not issue a new contract for a new school of excellence that is a cyber school to begin operations in the 2013-2014 school year.~~

~~—— (b) A school of excellence that is a cyber school may not enroll any new pupils in the school of excellence that is a cyber school in the 2013-2014 school year.~~

(17) ~~(15)~~ Beginning July 1, 2013, if ~~IF~~ the department determines that the combined total statewide final audited membership for all pupils in membership in schools of excellence that are cyber schools for a state fiscal year exceeds a number equal to 2% of the combined total statewide final audited membership for all pupils in membership in public schools for the 2011-2012 state fiscal year, then all of the following apply:

(a) Subject to subdivision (c), an authorizing body may not issue a new contract for a new school of excellence that is a cyber school to begin operations in a school year that begins after that determination is made.

(b) Subject to subdivision (c), a school of excellence that is a cyber school may not enroll any new pupils in the school of excellence that is a cyber school in a school year that begins after that determination is made.

1 (c) If the department determines that the combined total
2 statewide final audited membership for all pupils in membership in
3 schools of excellence that are cyber schools for a state fiscal
4 year does not exceed a number equal to 2% of the combined total
5 statewide final audited membership for all pupils in membership in
6 public schools for the 2011-2012 state fiscal year, then
7 subdivisions (a) and (b) do not apply for a school year that begins
8 after that determination is made unless the department makes a new
9 determination that the membership limits under this subsection have
10 been exceeded.

11 (18) ~~(16)~~ For the purposes of ~~subsections (14) and (15), not~~
12 ~~later than July 1, 2012, and SUBSECTION (17),~~ by not later than
13 July 1 of each year, ~~thereafter,~~ the department shall determine the
14 percentage of the combined total statewide final audited membership
15 for all pupils in membership in public schools that are pupils in
16 membership in schools of excellence that are cyber schools for the
17 state fiscal year that includes that July 1.

18 (19) ~~(17)~~ As used in this section:

19 (a) "Membership" means that term as defined in section 6 of
20 the state school aid act of 1979, MCL 388.1606.

21 (b) "Statewide authorizing body" means the governing board of
22 a state public university or the board of a federal tribally
23 controlled community college that is recognized under the tribally
24 controlled colleges and universities assistance act of 1978, 25 USC
25 1801 to 1852, and is determined by the department to meet the
26 requirements for accreditation by a recognized regional accrediting
27 body.

~~1 (18) Not later than October 1, 2012, If a district, an
2 intermediate school district, a public school academy, or the
3 education achievement system offers online learning, the board or
4 board of directors of the district, intermediate school district,
5 or public school academy, or the education achievement system,
6 shall submit to the department a report that details the per pupil
7 costs of operating the online learning. The report shall include,
8 on a per pupil basis, at least all of the following costs:~~

~~9 (a) Textbooks, instructional materials, and supplies,
10 including electronic instructional material.~~

~~11 (b) Computer and other electronic equipment, including
12 internet and telephone access.~~

~~13 (c) Salaries and benefits for the online learning employees.~~

~~14 (d) Purchased courses and curricula.~~

~~15 (e) Fees associated with oversight and regulation.~~

~~16 (f) Travel costs associated with school activities and
17 testing.~~

~~18 (g) Facilities costs.~~

~~19 (h) Costs associated with special education.~~

~~20 (19) Not later than December 31, 2012, the department shall
21 issue a report to the legislature including the following:~~

~~22 (a) A review of the data submitted under subsection (14).~~

~~23 (b) A comparison with costs of substantially similar programs
24 in other states and relevant national research on the costs of
25 online learning.~~

~~26 (c) Any conclusions concerning factors or characteristics of
27 online learning programs that make a difference in the costs of~~

1 ~~operating the programs.~~

2 (20) The board of directors of a school of excellence that is
3 a cyber school, or the board of a school district, intermediate
4 school district, or public school academy that operates an online
5 or other distance learning program, shall submit a monthly report
6 to the department, in the form and manner prescribed by the
7 department, that reports the number of pupils enrolled in the
8 school of excellence that is a cyber school, or in the online or
9 other distance learning program, during the immediately preceding
10 month.

11 (21) The board of directors of a school of excellence that is
12 a cyber school shall ensure that, when a pupil enrolls in the
13 school of excellence that is a cyber school, the pupil and his or
14 her parent or legal guardian are provided with a parent-student
15 orientation. If the pupil is at least age 18 or is an emancipated
16 minor, the orientation may be provided to just the pupil.

17 Sec. 553. (1) An authorizing body is not required to issue a
18 contract to any person or entity. Schools of excellence contracts
19 shall be issued on a competitive basis taking into consideration
20 the resources available for the proposed school of excellence, the
21 population to be served by the proposed school of excellence, the
22 educational goals to be achieved by the proposed school of
23 excellence, ~~and~~ the applicant's track record, if any, in operating
24 public school academies or other public schools, **AND THE LEVEL OF**
25 **SUPPORT FOR THE PROPOSED SCHOOL OF EXCELLENCE IN THE COMMUNITY IN**
26 **WHICH IT IS TO BE LOCATED. BEFORE ISSUING A CONTRACT FOR A PROPOSED**
27 **SCHOOL OF EXCELLENCE, THE AUTHORIZING BODY SHALL HOLD AT LEAST 1**

1 PUBLIC MEETING IN THE COMMUNITY IN WHICH THE PROPOSED SCHOOL OF
2 EXCELLENCE IS TO BE LOCATED IN ORDER TO GAUGE THIS LEVEL OF
3 SUPPORT.

4 (2) If a person or entity applies to the board of a school
5 district for a contract to organize and operate 1 or more schools
6 of excellence within the boundaries of the school district and the
7 board does not issue the contract, the person or entity may
8 petition the board to place the question of issuing the contract on
9 the ballot to be decided by the school electors of the school
10 district. The petition shall contain all of the information
11 required to be in the contract application under section 552 and
12 shall be signed by a number of school electors of the school
13 district equal to at least 5% of the total number of school
14 electors of that school district. The petition shall be filed with
15 the school district filing official. If the board receives a
16 petition meeting the requirements of this subsection, the board
17 shall have the question of issuing the contract placed on the
18 ballot at its next regular school election held at least 60 days
19 after receiving the petition. If a majority of the school electors
20 of the school district voting on the question vote to issue the
21 contract, the board shall issue the contract.

22 (3) Within 10 days after issuing a contract for a school of
23 excellence, the authorizing body shall submit to the superintendent
24 of public instruction a copy of the contract.

25 (4) An authorizing body shall adopt a resolution establishing
26 the method of selection, length of term, **QUORUM REQUIREMENTS**, and
27 number of members of the board of directors of each school of

1 excellence subject to its jurisdiction. The resolution shall be
2 written or amended as necessary to include ~~a~~ALL OF THE FOLLOWING:

3 (A) A requirement that each member of the board of directors
4 must be a citizen of the United States.

5 (B) A PROCESS AND STANDARDS FOR REMOVAL OF A MEMBER OF THE
6 BOARD OF DIRECTORS. THE RESOLUTION SHALL PROVIDE THAT A MEMBER OF
7 THE BOARD OF DIRECTORS MAY BE REMOVED ONLY FOR GROSS NEGLECT OF
8 DUTY OR FOR CORRUPT CONDUCT IN OFFICE, OR FOR ANY OTHER
9 MISFEASANCE, MALFEASANCE, OR NONFEASANCE IN OFFICE.

10 (C) A LIMIT ON THE TERM OF SERVICE OF A BOARD MEMBER TO A TERM
11 OF NOT MORE THAN 5 CONSECUTIVE YEARS, WITH AT LEAST A 10-YEAR
12 PERIOD BEFORE A MEMBER MAY SERVE AN ADDITIONAL TERM.

13 (D) A REQUIREMENT OF AT LEAST 7 MEMBERS ON A BOARD OF
14 DIRECTORS, WITH AT LEAST 2 MEMBERS BEING PARENTS OF PUPILS ENROLLED
15 IN THE SCHOOL OF EXCELLENCE.

16 (E) A REQUIREMENT OF AT LEAST 5 MEMBERS, INCLUDING THE
17 PRESIDENT OF THE BOARD OF DIRECTORS, FOR A QUORUM, EXCEPT IN THE
18 CASE OF A VACANCY.

19 (F) A REQUIREMENT THAT VACANCIES ON THE BOARD OF DIRECTORS
20 MUST BE FILLED WITHIN 90 DAYS.

21 (G) AN ATTENDANCE REQUIREMENT THAT PROVIDES FOR BOTH OF THE
22 FOLLOWING:

23 (i) DURING ANY 12-MONTH PERIOD, A BOARD MEMBER MUST ATTEND AT
24 LEAST 85% OF ALL BOARD FUNCTIONS, INCLUDING, BUT NOT LIMITED TO,
25 MONTHLY BOARD MEETINGS, SCHEDULED BOARD EVENTS, AND SPECIAL AND
26 EMERGENCY BOARD MEETINGS.

27 (ii) FAILURE TO MEET THIS ATTENDANCE REQUIREMENT CONSTITUTES A

VACATING OF THE OFFICE OF BOARD MEMBER.

(5) A contract issued to organize and administer a school of excellence shall contain at least all of the following:

(a) The educational goals the school of excellence is to achieve and the methods by which it will be held accountable. The educational goals shall include demonstrated improved pupil academic achievement for all groups of pupils. To the extent applicable, the pupil performance of a school of excellence shall be assessed using at least a Michigan education assessment program (MEAP) test or the Michigan merit examination under section 1279g, as applicable.

(b) A description of the method to be used to monitor the school of excellence's compliance with applicable law and its performance in meeting its targeted educational objectives.

(c) A description of the process for amending the contract during the term of the contract.

(d) All of the matters set forth in the application for the contract.

(e) Procedures for revoking the contract and grounds for revoking the contract, including at least the grounds listed in section 561.

(f) A description of and address for the proposed physical plant in which the school of excellence will be located. An authorizing body may include a provision in the contract allowing the board of directors of the school of excellence to operate the same configuration of age or grade levels at more than 1 site if each configuration of age or grade levels and each site identified

1 in the contract are under the direction and control of the board of
2 directors.

3 (g) Requirements and procedures for financial audits. The
4 financial audits shall be conducted at least annually by a
5 certified public accountant in accordance with generally accepted
6 governmental auditing principles.

7 (h) A certification, signed by an authorized member of the
8 school of excellence board of directors, that the school of
9 excellence will comply with the contract and all applicable law.

10 (i) A requirement that the board of directors shall ensure
11 compliance with the requirements of 1968 PA 317, MCL 15.321 to
12 15.330.

13 (j) A requirement that the board of directors shall prohibit
14 specifically identified family relationships between members of the
15 board of directors, individuals who have an ownership interest in
16 or who are officers or employees of an educational management
17 organization involved in the operation of the school of excellence,
18 and employees of the school of excellence. The contract shall
19 identify the specific prohibited relationships consistent with
20 applicable law.

21 (k) A requirement that the board of directors of the school of
22 excellence shall make information concerning its operation and
23 management available to the public and to the authorizing body in
24 the same manner as is required by state law for school districts.

25 (l) A requirement that the board of directors of the school of
26 excellence shall collect, maintain, and make available to the
27 public and the authorizing body, in accordance with applicable law

1 and the contract, at least all of the following information
2 concerning the operation and management of the school of
3 excellence:

4 (i) A copy of the contract issued by the authorizing body for
5 the school of excellence.

6 (ii) A list of currently serving members of the board of
7 directors of the school of excellence, including name, address, and
8 term of office; copies of policies approved by the board of
9 directors; board meeting agendas and minutes; copy of the budget
10 approved by the board of directors and of any amendments to the
11 budget; and copies of bills paid for amounts of \$10,000.00 or more
12 as they were submitted to the board of directors.

13 (iii) Quarterly financial reports submitted to the authorizing
14 body.

15 (iv) A current list of teachers and school administrators
16 working at the school of excellence that includes their individual
17 salaries as submitted to the registry of educational personnel;
18 copies of the teaching or school administrator's certificates or
19 permits of current teaching and administrative staff; and evidence
20 of compliance with the criminal background and records checks and
21 unprofessional conduct check required under sections 1230, 1230a,
22 and 1230b for all teachers and administrators working at the school
23 of excellence.

24 (v) Curriculum documents and materials given to the
25 authorizing body.

26 (vi) Proof of insurance as required by the contract.

27 (vii) Copies of facility leases or deeds, or both, and of any

1 equipment leases.

2 (viii) Copies of any management contracts or services contracts
3 approved by the board of directors.

4 (ix) All health and safety reports and certificates, including
5 those relating to fire safety, environmental matters, asbestos
6 inspection, boiler inspection, and food service.

7 (x) Any management letters issued as part of the annual
8 financial audit under subdivision (g).

9 (xi) Any other information specifically required under this
10 act.

11 (m) A requirement that the authorizing body must review and
12 may disapprove any agreement between the board of directors and an
13 educational management organization before the agreement is final
14 and valid. An authorizing body may disapprove an agreement
15 described in this subdivision only if the agreement is contrary to
16 contract or applicable law.

17 (n) A requirement that the board of directors shall
18 demonstrate all of the following to the satisfaction of the
19 authorizing body with regard to its pupil admission process:

20 (i) That the school of excellence has made a reasonable effort
21 to advertise its enrollment openings.

22 (ii) That the school of excellence has made the following
23 additional efforts to recruit pupils who are eligible for special
24 education programs and services or English as a second language
25 services to apply for admission:

26 (A) Reasonable efforts to advertise all enrollment openings to
27 organizations and media that regularly serve and advocate for

1 individuals with disabilities or children with limited English-
2 speaking ability within the boundaries of the intermediate school
3 district in which the school of excellence is located.

4 (B) Inclusion in all pupil recruitment materials of a
5 statement that appropriate special education services and English
6 as a second language services will be made available to pupils
7 attending the school as required by law.

8 (iii) That the open enrollment period for the school of
9 excellence is for a duration of at least 2 weeks and that the
10 enrollment times include some evening and weekend times.

11 (o) A requirement that the board of directors shall prohibit
12 any individual from being employed by the school of excellence in
13 more than 1 full-time position and simultaneously being compensated
14 at a full-time rate for each of those positions.

15 (p) A requirement that, if requested, the board of directors
16 shall report to the authorizing body the total compensation for
17 each individual working at the school of excellence.

18 **(Q) THE TERM OF THE CONTRACT, NOT TO EXCEED 3 YEARS.**

19 (6) A school of excellence shall comply with all applicable
20 law, including all of the following:

21 (a) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

22 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
23 15.246.

24 (c) 1947 PA 336, MCL 423.201 to 423.217.

25 (d) 1965 PA 166, MCL 408.551 to 408.558.

26 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

27 (f) Laws concerning participation in state assessments, data

1 collection systems, state level student growth models, state
2 accountability and accreditation systems, and other public
3 comparative data collection required for public schools.

4 (7) A school of excellence and its incorporators, board
5 members, officers, employees, and volunteers have governmental
6 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
7 authorizing body and its board members, officers, and employees are
8 immune from civil liability, both personally and professionally,
9 for an act or omission in authorizing a school of excellence if the
10 authorizing body or the person acted or reasonably believed he or
11 she acted within the authorizing body's or the person's scope of
12 authority.

13 (8) A school of excellence is exempt from all taxation on its
14 earnings and property. ~~Unless the property is already fully exempt~~
15 ~~from real and personal property taxes under the general property~~
16 ~~tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by a~~
17 ~~school of excellence and used exclusively for educational purposes~~
18 ~~is exempt from real and personal property taxes levied for school~~
19 ~~operating purposes under section 1211, to the extent exempted under~~
20 ~~that section, and from real and personal property taxes levied~~
21 ~~under the state education tax act, 1993 PA 331, MCL 211.901 to~~
22 ~~211.906.~~ Instruments of conveyance to or from a school of
23 excellence are exempt from all taxation including taxes imposed by
24 1966 PA 134, MCL 207.501 to 207.513. A school of excellence may not
25 levy ad valorem property taxes or another tax for any purpose.
26 However, operation of 1 or more schools of excellence by a school
27 district or intermediate school district does not affect the

1 ability of the school district or intermediate school district to
2 levy ad valorem property taxes or another tax.

3 (9) A school of excellence may acquire by purchase, gift,
4 devise, lease, sublease, installment purchase agreement, land
5 contract, option, or by any other means, hold, and own in its own
6 name buildings and other property for school purposes, and
7 interests therein, and other real and personal property, including,
8 but not limited to, interests in property subject to mortgages,
9 security interests, or other liens, necessary or convenient to
10 fulfill its purposes. For the purposes of condemnation, a school of
11 excellence may proceed under the uniform condemnation procedures
12 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of
13 that act, MCL 213.56 to 213.59, or other applicable statutes, but
14 only with the express, written permission of the authorizing body
15 in each instance of condemnation and only after just compensation
16 has been determined and paid.

17 Sec. 553c. (1) ~~Beginning with management agreements described~~
18 ~~in this section that are entered into or renewed after the~~
19 ~~effective date of this section, if~~ **IF** the board of directors of a
20 school of excellence enters into or renews a management agreement
21 with an educational management organization to carry out the
22 operations of the school of excellence, ~~both~~ **ALL** of the following
23 apply:

24 **(A) THE BOARD OF DIRECTORS SHALL POST A COPY OF THE MANAGEMENT**
25 **AGREEMENT ON THE SCHOOL'S WEBSITE, WITH A LINK ON THE SCHOOL'S**
26 **WEBSITE HOMEPAGE, IN A FORM AND MANNER PRESCRIBED BY THE**
27 **DEPARTMENT.**

1 **(B)** ~~(a)~~—The management agreement shall require the educational
2 management organization to provide to the board of directors at
3 least annually all the same information that a school district is
4 required to disclose under section 18(2) of the state school aid
5 act of 1979, MCL 388.1618, for the most recent school fiscal year
6 for which that information is available.

7 **(C)** ~~(b)~~—Within ~~30~~ 15 days after receiving the information
8 under subdivision ~~(a)~~, **(B)**, the board of directors shall make all
9 of the information it receives under subdivision ~~(a)~~ **(B)** available
10 through a link on the school of excellence's website homepage, in a
11 form and manner prescribed by the department.

12 **(2) BEGINNING WITH MANAGEMENT AGREEMENTS THAT ARE ENTERED INTO**
13 **OR RENEWED AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**
14 **ADDED THIS SUBSECTION, IF THE BOARD OF DIRECTORS OF A SCHOOL OF**
15 **EXCELLENCE ENTERS INTO OR RENEWS A MANAGEMENT AGREEMENT WITH AN**
16 **EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT THE OPERATIONS OF**
17 **THE SCHOOL OF EXCELLENCE, BOTH OF THE FOLLOWING APPLY:**

18 **(A) THE MANAGEMENT AGREEMENT SHALL NOT INCLUDE THE PROVISION**
19 **OF SERVICES THAT REQUIRE COMPETITIVE BIDDING UNDER SECTION 1267 OR**
20 **THE PROCUREMENT OF SUPPLIES, MATERIALS, AND EQUIPMENT THAT REQUIRE**
21 **COMPETITIVE BIDDING UNDER SECTION 1274.**

22 **(B) THE SCHOOL OF EXCELLENCE SHALL NOT ALSO ENTER INTO AN**
23 **AGREEMENT WITH THAT EDUCATIONAL MANAGEMENT ORGANIZATION FOR**
24 **MATERIAL AND LABOR DESCRIBED IN SECTION 1267 OR FOR THE PROCUREMENT**
25 **OF SUPPLIES, MATERIALS, AND EQUIPMENT DESCRIBED IN SECTION 1274**
26 **WITHOUT FIRST OBTAINING COMPETITIVE BIDS AS PRESCRIBED UNDER THOSE**
27 **SECTIONS, AS APPLICABLE.**

1 (3) ~~(2)~~—As used in this section:

2 (a) "Educational management organization" means an entity that
3 enters into a management agreement with a school of excellence.

4 (b) "Entity" means a partnership, nonprofit or business
5 corporation, or any other association, corporation, trust, or other
6 legal entity.

7 (c) "Management agreement" means an agreement to provide
8 comprehensive educational, administrative, management, or
9 instructional services or staff to a school of excellence.

10 (d) "School fiscal year" means the period that begins July 1
11 and ends June 30.

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

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

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

25 (c) To receive, disburse, and pledge funds for lawful
26 purposes.

27 (d) To enter into binding legal agreements with persons or

1 entities as necessary for the operation, management, financing, and
2 maintenance of the school of excellence. **HOWEVER, A SCHOOL OF**
3 **EXCELLENCE SHALL NOT ENTER INTO A MANAGEMENT AGREEMENT WITH AN**
4 **EDUCATIONAL MANAGEMENT ORGANIZATION THAT OPERATES ON A FOR-PROFIT**
5 **BASIS.**

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

7 (f) To solicit and accept any grants or gifts for educational
8 purposes and to establish or permit to be established on its behalf
9 1 or more nonprofit corporations the purpose of which is to assist
10 the school of excellence in the furtherance of its public 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 school of excellence
15 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds
16 issued under this section shall be full faith and credit
17 obligations of the school of excellence, pledging the general funds
18 or any other money available for such a purpose. Bonds issued under
19 this section are subject to the revised municipal finance act, 2001
20 PA 34, MCL 141.2101 to 141.2821.

21 (2) IF A SCHOOL OF EXCELLENCE LEASES REAL PROPERTY, THE BOARD
22 OF DIRECTORS SHALL NOT LEASE REAL PROPERTY FROM AN EDUCATIONAL
23 MANAGEMENT ORGANIZATION WITH WHICH THE SCHOOL OF EXCELLENCE HAS A
24 MANAGEMENT AGREEMENT AS DESCRIBED IN SECTION 553C OR FROM A REAL
25 ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH THAT EDUCATIONAL
26 MANAGEMENT ORGANIZATION.

27 (3) AS USED IN THIS SECTION, "EDUCATIONAL MANAGEMENT

1 **ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE TERMS AS**
2 **DEFINED IN SECTION 553C.**

3 Sec. 1311d. (1) A strict discipline academy shall be organized
4 and administered under the direction of a board of directors in
5 accordance with sections 1311b to 1311/ and with bylaws adopted by
6 the board of directors. A strict discipline academy corporation
7 created to operate a strict discipline academy shall be organized
8 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
9 450.3192, except that the strict discipline academy corporation is
10 not required to comply with sections 170 to 177 of 1931 PA 327, MCL
11 450.170 to 450.177. To the extent disqualified under the state or
12 federal constitution, a strict discipline academy shall not be
13 organized by a church or other religious organization and shall not
14 have any organizational or contractual affiliation with or
15 constitute a church or other religious organization.

16 (2) ~~Any~~ **SUBJECT TO SUBSECTIONS (4) TO (6), ANY** of the
17 following may act as an authorizing body to issue a contract to
18 organize and operate 1 or more strict discipline academies under
19 sections 1311b to 1311/:

20 (a) The board of a school district that operates grades K to
21 12. However, the board of a school district shall not issue a
22 contract for a strict discipline academy to operate outside the
23 school district's boundaries, and a strict discipline academy
24 authorized by the board of a school district shall not operate
25 outside that school district's boundaries. **FOR THE PURPOSES OF THIS**
26 **SECTION, "SCHOOL DISTRICT" EXPRESSLY DOES NOT INCLUDE THE STATE**
27 **SCHOOL REFORM/REDESIGN SCHOOL DISTRICT CREATED UNDER SECTION 1280C,**

1 **THE EDUCATION ACHIEVEMENT AUTHORITY, OR ANY OTHER STATEWIDE ENTITY.**

2 (b) An intermediate school board. However, the board of an
3 intermediate school district shall not issue a contract for a
4 strict discipline academy to operate outside the intermediate
5 school district's boundaries, and a strict discipline academy
6 authorized by the board of an intermediate school district shall
7 not operate outside that intermediate school district's boundaries.

8 (c) The board of a community college. However, except as
9 otherwise provided in this subdivision, the board of a community
10 college shall not issue a contract for a strict discipline academy
11 to operate in a school district organized as a school district of
12 the first class, a strict discipline academy authorized by the
13 board of a community college shall not operate in a school district
14 organized as a school district of the first class, the board of a
15 community college shall not issue a contract for a strict
16 discipline academy to operate outside the boundaries of the
17 community college district, and a strict discipline academy
18 authorized by the board of a community college shall not operate
19 outside the boundaries of the community college district. The board
20 of a community college also may issue a contract for not more than
21 1 strict discipline academy to operate on the grounds of an active
22 or closed federal military installation located outside the
23 boundaries of the community college district, or may operate a
24 strict discipline academy itself on the grounds of such a federal
25 military installation, if the federal military installation is not
26 located within the boundaries of any community college district and
27 the community college has previously offered courses on the grounds

1 of the federal military installation for at least 10 years.

2 (d) The governing board of a state public university.

3 (3) To obtain a contract to organize and operate 1 or more
4 strict discipline academies, 1 or more persons or an entity may
5 apply to an authorizing body described in subsection (2). The
6 application shall include at least all of the following:

7 (a) Identification of the applicant for the contract.

8 (b) Subject to the resolution adopted by the authorizing body
9 under section 1311e, a list of the proposed members of the board of
10 directors of the strict discipline academy and a description of the
11 qualifications and method for appointment or election of members of
12 the board of directors.

13 (c) The proposed articles of incorporation, which shall
14 include at least all of the following:

15 (i) The name of the proposed strict discipline academy.

16 (ii) The purposes for the strict discipline academy corporation
17 that will operate the strict discipline academy. This language
18 shall provide that the strict discipline academy is established
19 pursuant to sections 1311b to 1311f and that the strict discipline
20 academy corporation is a governmental entity.

21 (iii) The name of the authorizing body.

22 (iv) The proposed time when the articles of incorporation will
23 be effective.

24 (v) Other matters considered expedient to be in the articles
25 of incorporation.

26 (d) A copy of the proposed bylaws of the strict discipline
27 academy.

1 (e) Documentation meeting the application requirements of the
2 authorizing body, including at least all of the following:

3 (i) The governance structure of the strict discipline academy.

4 (ii) A copy of the educational goals of the strict discipline
5 academy and the curricula to be offered and methods of pupil
6 assessment to be used by the strict discipline academy. To the
7 extent applicable, the progress of the pupils in the strict
8 discipline academy shall be assessed using at least a Michigan
9 education assessment program (MEAP) test or an assessment
10 instrument developed under section 1279 for a state-endorsed high
11 school diploma.

12 (iii) The admission policy and criteria to be maintained by the
13 strict discipline academy. The admission policy and criteria shall
14 comply with section 1311g. This part of the application also shall
15 include a description of how the applicant will provide to the
16 general public adequate notice that a strict discipline academy is
17 being created and adequate information on the admission policy,
18 criteria, and process.

19 (iv) The school calendar and school day schedule.

20 (v) The age or grade range of pupils to be enrolled.

21 (vi) The type of pupils to be enrolled in the strict discipline
22 academy, as described in section 1311g(3) and (4).

23 (f) Descriptions of staff responsibilities and of the strict
24 discipline academy's governance structure.

25 (g) For an application to the board of a school district, an
26 intermediate school board, or board of a community college,
27 identification of the local and intermediate school districts in

1 which the strict discipline academy will be located.

2 (h) An agreement that the strict discipline academy will
3 comply with the provisions of sections 1311b to 1311l and, subject
4 to the provisions of these sections, with all other state law
5 applicable to public bodies and with federal law applicable to
6 public bodies or school districts.

7 (i) For a strict discipline academy authorized by a school
8 district, an assurance that employees of the strict discipline
9 academy will be covered by the collective bargaining agreements
10 that apply to other employees of the school district employed in
11 similar classifications in schools that are not strict discipline
12 academies.

13 (j) A description of and address for the proposed physical
14 plant in which the strict discipline academy will be located.

15 (K) THE CERTIFICATE OF NEED ISSUED BY THE STATE BOARD UNDER
16 SUBSECTION (4).

17 (4) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
18 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A
19 CONTRACT TO ORGANIZE AND OPERATE A STRICT DISCIPLINE ACADEMY UNDER
20 THIS PART UNLESS THE APPLICATION IS ACCOMPANIED BY A CERTIFICATE OF
21 NEED ISSUED BY THE STATE BOARD UNDER THIS SUBSECTION. THE STATE
22 BOARD SHALL PROMULGATE RULES TO DEVELOP AND IMPLEMENT A PROCESS FOR
23 ISSUING A CERTIFICATE OF NEED FOR A NEW STRICT DISCIPLINE ACADEMY.
24 THE STANDARDS FOR ISSUING A CERTIFICATE OF NEED SHALL INCLUDE, BUT
25 ARE NOT LIMITED TO, ALL OF THE FOLLOWING:

26 (A) THE RESOURCES AVAILABLE FOR THE PROPOSED STRICT DISCIPLINE
27 ACADEMY.

1 (B) THE POPULATION TO BE SERVED BY THE PROPOSED STRICT
2 DISCIPLINE ACADEMY.

3 (C) THE EDUCATIONAL GOALS TO BE ACHIEVED BY THE PROPOSED
4 STRICT DISCIPLINE ACADEMY.

5 (D) THE APPLICANT'S TRACK RECORD, IF ANY, IN ORGANIZING STRICT
6 DISCIPLINE ACADEMIES OR OTHER PUBLIC SCHOOLS.

7 (E) THE GRADUATION RATE OF A SCHOOL DISTRICT IN WHICH THE
8 PROPOSED STRICT DISCIPLINE ACADEMY IS PROPOSED TO BE LOCATED.

9 (F) THE POPULATION OF A COUNTY IN WHICH THE PROPOSED STRICT
10 DISCIPLINE ACADEMY IS PROPOSED TO BE LOCATED.

11 (G) THE NUMBER OF SCHOOLS IN THE PROXIMITY OF A PROPOSED
12 LOCATION OF THE PROPOSED STRICT DISCIPLINE ACADEMY THAT ARE ON THE
13 LIST UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE
14 THAT THE DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING
15 5% OF ALL PUBLIC SCHOOLS IN THIS STATE.

16 (H) THE NUMBER OF PUPILS ON WAITING LISTS OF STRICT DISCIPLINE
17 ACADEMIES IN THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED
18 STRICT DISCIPLINE ACADEMY.

19 (I) THE NUMBER OF PUBLIC SCHOOL OPTIONS ALREADY AVAILABLE IN
20 THE PROXIMITY OF A PROPOSED LOCATION OF THE PROPOSED STRICT
21 DISCIPLINE ACADEMY.

22 (J) THE IMPACT OF THE ISSUANCE OF THE CONTRACT ON EXISTING
23 PUBLIC SCHOOLS IN THE PROXIMITY OF A PROPOSED LOCATION OF THE
24 PROPOSED STRICT DISCIPLINE ACADEMY.

25 (5) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
26 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW
27 CONTRACT TO ORGANIZE AND OPERATE A STRICT DISCIPLINE ACADEMY UNDER

1 THIS PART TO AN EXISTING PUBLIC SCHOOL ACADEMY THAT HAS HAD ITS
2 CONTRACT WITH ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR
3 NOT RENEWED. THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY
4 DESCRIBED IN THIS SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT
5 WOULD VIOLATE THIS SUBSECTION.

6 (6) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
7 ADDED THIS SUBSECTION, AN AUTHORIZING BODY SHALL NOT ISSUE A NEW
8 CONTRACT TO ORGANIZE AND OPERATE A NEW STRICT DISCIPLINE ACADEMY
9 UNLESS EACH OF THE EXISTING PUBLIC SCHOOL ACADEMIES THAT ARE
10 OPERATING UNDER A CONTRACT FROM THAT AUTHORIZING BODY HAVE
11 DEMONSTRATED PUPIL ACHIEVEMENT AS MEASURED BY APPLICABLE STATE
12 ASSESSMENTS AT A LEVEL THAT IS AT LEAST 20% HIGHER THAN THE SCHOOL
13 DISTRICT IN WHICH THE EXISTING PUBLIC SCHOOL ACADEMY IS LOCATED.

14 (7) ~~(4)~~—An authorizing body shall oversee, or shall contract
15 with an intermediate school district, community college, or state
16 public university to oversee, each strict discipline academy
17 operating under a contract issued by the authorizing body. The
18 oversight shall be sufficient to ensure that the authorizing body
19 can certify that the strict discipline academy is in compliance
20 with statute, rules, and the terms of the contract.

21 (8) ~~(5)~~—If the state board finds that an authorizing body is
22 not engaging in appropriate continuing oversight of 1 or more
23 strict discipline academies operating under a contract issued by
24 the authorizing body, the state board may suspend the power of the
25 authorizing body to issue new contracts to organize and operate
26 strict discipline academies. A contract issued by the authorizing
27 body during the suspension is void. A contract issued by the

1 authorizing body before the suspension is not affected by the
2 suspension. IN EVALUATING WHETHER AN AUTHORIZING BODY IS ENGAGING
3 IN APPROPRIATE CONTINUING OVERSIGHT OF 1 OR MORE STRICT DISCIPLINE
4 ACADEMIES OPERATING UNDER A CONTRACT ISSUED BY THE AUTHORIZING
5 BODY, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL TAKE INTO
6 ACCOUNT ALL OF THE FOLLOWING:

7 (A) THE ACADEMIC PERFORMANCE OF THE STRICT DISCIPLINE
8 ACADEMIES AND OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE
9 AUTHORIZING BODY, INCLUDING AT LEAST THE RANKING OF THOSE SCHOOLS
10 ON THE DEPARTMENT'S "TOP-TO-BOTTOM" LIST AND THE MEASURES ALREADY
11 IMPLEMENTED AT THE SCHOOL TO ADDRESS STUDENT IMPROVEMENT.

12 (B) NEW OR REAUTHORIZED CONTRACTS THAT ARE SUBMITTED BY THE
13 AUTHORIZING BODY TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION WITH
14 MORE THAN 2 DEFICIENCIES.

15 (C) TRANSPARENCY DEMONSTRATED BY THE STRICT DISCIPLINE
16 ACADEMIES AND OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED BY THE
17 AUTHORIZING BODY, INCLUDING AT LEAST THE NUMBER OF THOSE SCHOOLS'
18 WEBSITES THAT HAVE AN INACTIVE OR OUTDATED "TRANSPARENCY MITTEN" OR
19 DO NOT HAVE AN UPDATED BUDGET.

20 (D) FISCAL RESPONSIBILITY DEMONSTRATED BY THE STRICT
21 DISCIPLINE ACADEMIES AND OTHER PUBLIC SCHOOL ACADEMIES AUTHORIZED
22 BY THE AUTHORIZING BODY, INCLUDING AT LEAST THE NUMBER OF LATE
23 AUDITS, AUDIT FINDINGS, AND DEFICITS AMONG THOSE SCHOOLS.

24 (E) ASSURANCES AND VERIFICATIONS, AS DEFINED BY THE
25 SUPERINTENDENT OF PUBLIC INSTRUCTION.

26 (9) ~~(6)~~—An authorizing body shall not charge a fee, or require
27 reimbursement of expenses, for considering an application for a

1 contract, for issuing a contract, or for providing oversight of a
2 contract for a strict discipline academy in an amount that exceeds
3 a combined total of ~~3%~~ 1% of the total state school aid received by
4 the strict discipline academy in the school year in which the fees
5 or expenses are charged. An authorizing body may provide other
6 services for a strict discipline academy and charge a fee for those
7 services, but shall not require such an arrangement as a condition
8 to issuing the contract authorizing the strict discipline academy.

9 (10) ~~(7)~~—A strict discipline academy shall be presumed to be
10 legally organized if it has exercised the franchises and privileges
11 of a strict discipline academy for at least 2 years.

12 Sec. 1311e. (1) An authorizing body is not required to issue a
13 contract to any person or entity. Contracts for strict discipline
14 academies shall be issued on a competitive basis taking into
15 consideration the resources available for the proposed strict
16 discipline academy, the population to be served by the proposed
17 strict discipline academy, ~~and~~ the educational goals to be achieved
18 by the proposed strict discipline academy, **AND THE LEVEL OF SUPPORT**
19 **FOR THE PROPOSED STRICT DISCIPLINE ACADEMY IN THE COMMUNITY IN**
20 **WHICH IT IS TO BE LOCATED. BEFORE ISSUING A CONTRACT FOR A PROPOSED**
21 **STRICT DISCIPLINE ACADEMY, THE AUTHORIZING BODY SHALL HOLD AT LEAST**
22 **1 PUBLIC MEETING IN THE COMMUNITY IN WHICH THE PROPOSED STRICT**
23 **DISCIPLINE ACADEMY IS TO BE LOCATED IN ORDER TO GAUGE THIS LEVEL OF**
24 **SUPPORT.**

25 (2) If a person or entity applies to the board of a school
26 district for a contract to organize and operate 1 or more strict
27 discipline academies within the boundaries of the school district

1 and the board does not issue the contract, the person or entity may
2 petition the board to place the question of issuing the contract on
3 the ballot to be decided by the school electors of the school
4 district. The petition shall contain all of the information
5 required to be in the contract application under section 1311d and
6 shall be signed by a number of school electors of the school
7 district equal to at least 15% of the total number of school
8 electors of that school district. The petition shall be filed with
9 the secretary of the board. If the board receives a petition
10 meeting the requirements of this subsection, the board shall place
11 the question of issuing the contract on the ballot at its next
12 annual school election held at least 60 days after receiving the
13 petition. If a majority of the school electors of the school
14 district voting on the question vote to issue the contract, the
15 board shall issue the contract.

16 (3) Within 10 days after issuing a contract for a strict
17 discipline academy, the board of the authorizing body shall submit
18 to the state board a copy of the contract and of the application
19 under section 1311d.

20 (4) An authorizing body shall adopt a resolution establishing
21 the method of selection, length of term, and number of members of
22 the board of directors of each strict discipline academy subject to
23 its jurisdiction. **THE RESOLUTION SHALL ALSO BE WRITTEN OR AMENDED**
24 **AS NECESSARY TO INCLUDE A PROCESS AND STANDARDS FOR REMOVAL OF A**
25 **MEMBER OF THE BOARD OF DIRECTORS. THE RESOLUTION SHALL PROVIDE THAT**
26 **A MEMBER OF THE BOARD OF DIRECTORS MAY BE REMOVED ONLY FOR GROSS**
27 **NEGLECT OF DUTY OR FOR CORRUPT CONDUCT IN OFFICE, OR FOR ANY OTHER**

MISFEASANCE, MALFEASANCE, OR NONFEASANCE IN OFFICE.

(5) A contract issued to organize and administer a strict discipline academy shall contain at least all of the following:

(a) The educational goals the strict discipline academy is to achieve and the methods by which it will be held accountable. To the extent applicable, the pupil performance of a strict discipline academy shall be assessed using at least a Michigan education assessment program (MEAP) test or the Michigan merit examination developed under section 1279g, as applicable.

(b) A description of the method to be used to monitor the strict discipline academy's compliance with applicable law and its performance in meeting its targeted educational objectives.

(c) A description of the process for amending the contract during the term of the contract.

(d) All of the matters set forth in the application for the contract.

(e) For a strict discipline academy authorized by a school district, an agreement that employees of the strict discipline academy will be covered by the collective bargaining agreements that apply to employees of the school district employed in similar classifications in schools that are not strict discipline academies.

(f) Procedures for revoking the contract and grounds for revoking the contract, including at least the grounds listed in section 1311f.

(g) A description of and address for the proposed physical plant in which the strict discipline academy will be located.

1 (h) Requirements and procedures for financial audits. The
2 financial audits shall be conducted at least annually by a
3 certified public accountant in accordance with generally accepted
4 governmental auditing principles.

5 (i) The term of the contract and a description of the process
6 and standards for renewal of the contract at the end of the term.
7 **THE TERM OF THE CONTRACT SHALL NOT EXCEED 3 YEARS.** The standards
8 for renewal shall include student growth as measured by assessments
9 and other objective criteria as a significant factor in the
10 decision of whether or not to renew the contract.

11 (6) A strict discipline academy shall comply with all
12 applicable law, including all of the following:

13 (a) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

14 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
15 15.246.

16 (c) 1947 PA 336, MCL 423.201 to 423.217.

17 (d) 1965 PA 166, MCL 408.551 to 408.558.

18 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

19 (f) Except for part 6a, all provisions of this act that
20 explicitly apply to public school academies established under part
21 6a.

22 (7) A strict discipline academy and its incorporators, board
23 members, officers, employees, and volunteers have governmental
24 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
25 authorizing body and its board members, officers, and employees are
26 immune from civil liability, both personally and professionally,
27 for any acts or omissions in authorizing a strict discipline

1 academy if the authorizing body or the person acted or reasonably
2 believed he or she acted within the authorizing body's or the
3 person's scope of authority.

4 (8) A strict discipline academy is exempt from all taxation on
5 its earnings and property. Instruments of conveyance to or from a
6 strict discipline academy are exempt from all taxation including
7 taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. A strict
8 discipline academy may not levy ad valorem property taxes or any
9 other tax for any purpose. However, operation of 1 or more strict
10 discipline academies by a school district or intermediate school
11 district does not affect the ability of the school district or
12 intermediate school district to levy ad valorem property taxes or
13 any other tax.

14 (9) A strict discipline academy may acquire by purchase, gift,
15 devise, lease, sublease, installment purchase agreement, land
16 contract, option, or by any other means, hold and own in its own
17 name buildings and other property for school purposes, and
18 interests therein, and other real and personal property, including,
19 but not limited to, interests in property subject to mortgages,
20 security interests, or other liens, necessary or convenient to
21 fulfill its purposes. For the purposes of condemnation, a strict
22 discipline academy may proceed under the uniform condemnation
23 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding
24 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other
25 applicable statutes, but only with the express, written permission
26 of the authorizing body in each instance of condemnation and only
27 after just compensation has been determined and paid.

1 (10) BEGINNING WITH MANAGEMENT AGREEMENTS THAT ARE ENTERED
2 INTO OR RENEWED AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
3 ADDED THIS SUBSECTION, IF THE BOARD OF DIRECTORS OF A STRICT
4 DISCIPLINE ACADEMY ENTERS INTO OR RENEWS A MANAGEMENT AGREEMENT
5 WITH AN EDUCATIONAL MANAGEMENT ORGANIZATION TO CARRY OUT THE
6 OPERATIONS OF THE STRICT DISCIPLINE ACADEMY, ALL OF THE FOLLOWING
7 APPLY:

8 (A) THE MANAGEMENT AGREEMENT SHALL REQUIRE THE EDUCATIONAL
9 MANAGEMENT ORGANIZATION TO PROVIDE TO THE BOARD OF DIRECTORS AT
10 LEAST ANNUALLY ALL OF THE SAME INFORMATION THAT A SCHOOL DISTRICT
11 IS REQUIRED TO DISCLOSE UNDER SECTION 18(2) OF THE STATE SCHOOL AID
12 ACT OF 1979, MCL 388.1618, FOR THE MOST RECENT SCHOOL FISCAL YEAR
13 FOR WHICH THAT INFORMATION IS AVAILABLE.

14 (B) WITHIN 15 DAYS AFTER RECEIVING THE INFORMATION UNDER
15 SUBDIVISION (A), THE BOARD OF DIRECTORS SHALL MAKE ALL OF THE
16 INFORMATION IT RECEIVES UNDER SUBDIVISION (A) AVAILABLE THROUGH A
17 LINK ON THE STRICT DISCIPLINE ACADEMY'S WEBSITE HOMEPAGE, IN A FORM
18 AND MANNER PRESCRIBED BY THE DEPARTMENT.

19 (C) THE MANAGEMENT AGREEMENT SHALL NOT INCLUDE THE PROVISION
20 OF SERVICES THAT REQUIRE COMPETITIVE BIDDING UNDER SECTION 1267 OR
21 THE PROCUREMENT OF SUPPLIES, MATERIALS, AND EQUIPMENT THAT REQUIRE
22 COMPETITIVE BIDDING UNDER SECTION 1274.

23 (D) THE STRICT DISCIPLINE ACADEMY SHALL NOT ALSO ENTER INTO AN
24 AGREEMENT WITH THAT EDUCATIONAL MANAGEMENT ORGANIZATION FOR
25 MATERIAL AND LABOR DESCRIBED IN SECTION 1267 OR FOR THE PROCUREMENT
26 OF SUPPLIES, MATERIALS, AND EQUIPMENT DESCRIBED IN SECTION 1274
27 WITHOUT FIRST OBTAINING COMPETITIVE BIDS AS PRESCRIBED UNDER THOSE

1 SECTIONS, AS APPLICABLE.

2 (11) AS USED IN SUBSECTION (10):

3 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT
4 ENTERS INTO A MANAGEMENT AGREEMENT WITH A STRICT DISCIPLINE
5 ACADEMY.

6 (B) "ENTITY" MEANS A PARTNERSHIP, NONPROFIT OR BUSINESS
7 CORPORATION, OR ANY OTHER ASSOCIATION, CORPORATION, TRUST, OR OTHER
8 LEGAL ENTITY.

9 (C) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE
10 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR
11 INSTRUCTIONAL SERVICES OR STAFF TO A STRICT DISCIPLINE ACADEMY.

12 (D) "SCHOOL FISCAL YEAR" MEANS THE PERIOD THAT BEGINS JULY 1
13 AND ENDS JUNE 30.

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

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

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

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

1 (d) To enter into binding legal agreements with persons or
2 entities as necessary for the operation, management, financing, and
3 maintenance of the strict discipline academy. **HOWEVER, A STRICT**
4 **DISCIPLINE ACADEMY SHALL NOT ENTER INTO A MANAGEMENT AGREEMENT WITH**
5 **AN EDUCATIONAL MANAGEMENT ORGANIZATION THAT OPERATES ON A FOR-**
6 **PROFIT BASIS.**

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

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

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

23 **(2) IF A STRICT DISCIPLINE ACADEMY LEASES REAL PROPERTY, THE**
24 **BOARD OF DIRECTORS SHALL NOT LEASE REAL PROPERTY FROM AN**
25 **EDUCATIONAL MANAGEMENT ORGANIZATION WITH WHICH THE STRICT**
26 **DISCIPLINE ACADEMY HAS A MANAGEMENT AGREEMENT OR FROM A REAL ESTATE**
27 **HOLDING COMPANY THAT IS AFFILIATED WITH THAT EDUCATIONAL MANAGEMENT**

1 ORGANIZATION.

2 (3) AS USED IN THIS SECTION:

3 (A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT
4 ENTERS INTO A MANAGEMENT AGREEMENT WITH A STRICT DISCIPLINE
5 ACADEMY.

6 (B) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE
7 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR
8 INSTRUCTIONAL SERVICES OR STAFF TO A STRICT DISCIPLINE ACADEMY.

9 Enacting section 1. This amendatory act takes effect 90 days
10 after the date it is enacted into law.