

HOUSE BILL NO. 5854

February 24, 2022, Introduced by Reps. Stone, Kuppa, Weiss, Sowerby, Steckloff, Cavanagh, Cherry, Steenland, Neeley, Brabec, Breen, Garza, Liberati, O'Neal, Clemente, Cynthia Johnson, Pohutsky, Rabhi, Bolden, Tyrone Carter, Rogers, Brenda Carter, Koleszar, Young, Haadsma, Aiyash, Scott, Thanedar, Ellison, Peterson, Hood, Puri, Camilleri, Jones, Hertel and Whitsett and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 504a, 525, 557, and 1311h (MCL 380.504a,
380.525, 380.557, and 380.1311h), section 504a as amended and
section 525 as added by 2003 PA 179, section 557 as added by 2009
PA 205, and section 1311h as amended by 2012 PA 620.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 504a. **(1)** In addition to other powers set forth in this
2 part, a public school academy may take action to carry out the

1 purposes for which it was incorporated under this part, including,
2 but not limited to, all of the following:

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

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

12 (c) To receive, disburse, and pledge funds for lawful
13 purposes.

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

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

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

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

1 funds or any other money available for such a purpose. Bonds issued
2 under this section are subject to the revised municipal finance
3 act, 2001 PA 34, MCL 141.2101 to 141.2821.

4 (2) If a public school academy leases or purchases real
5 property, all of the following apply to the lease or purchase
6 transaction:

7 (a) The board of directors of the public school academy shall
8 not lease or purchase real property from an educational management
9 organization with which the public school academy has a management
10 agreement, from a real estate holding company that is affiliated
11 with such an educational management organization, or from any
12 person affiliated with a real estate holding company that is
13 affiliated with such an educational management organization. As
14 used in this subdivision, "educational management organization" and
15 "management agreement" mean those terms as defined in section 503c.

16 (b) The board of directors of the public school academy shall
17 approve the terms of the lease or purchase agreement for real
18 property and shall ensure that the terms of the lease or purchase
19 agreement for real property reflect the market conditions that
20 exist at the time of the lease or purchase transaction, as
21 determined by an appraisal conducted by a licensed independent real
22 estate appraiser.

23 (c) The board of directors of the public school academy shall
24 not enter into a lease or purchase agreement for real property
25 unless the agreement is reviewed by the public school academy's
26 authorizing body. The authorizing body shall notify the
27 superintendent of public instruction and state board if it has
28 reason to suspect either of the following:

29 (i) The lease or purchase agreement for real property is

1 between the public school academy and a person or entity prohibited
2 under subdivision (a) from participating in the lease or purchase.

3 (ii) The lease or purchase agreement for real property does not
4 reflect market conditions as required under subdivision (b).

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

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

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

18 (c) To receive, disburse, and pledge funds for lawful
19 purposes.

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

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

24 (f) To solicit and accept any grants or gifts for educational
25 purposes and to establish or permit to be established on its behalf
26 1 or more nonprofit corporations the purpose of which is to assist
27 the urban high school academy in the furtherance of its public
28 purposes.

29 (g) To borrow money and issue bonds in accordance with section

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

10 (2) If an urban high school academy leases or purchases real
11 property, all of the following apply to the lease or purchase
12 transaction:

13 (a) The board of directors of the urban high school academy
14 shall not lease or purchase real property from an educational
15 management organization with which the urban high school academy
16 has a management agreement, from a real estate holding company that
17 is affiliated with such an educational management organization, or
18 from any person affiliated with a real estate holding company that
19 is affiliated with such an educational management organization. As
20 used in this subdivision, "educational management organization" and
21 "management agreement" mean those terms as defined in section 523c.

22 (b) The board of directors of the urban high school academy
23 shall approve the terms of the lease or purchase agreement for real
24 property and shall ensure that the terms of the lease or purchase
25 agreement for real property reflect the market conditions that
26 exist at the time of the lease or purchase transaction, as
27 determined by an appraisal conducted by a licensed independent real
28 estate appraiser.

29 (c) The board of directors of the urban high school academy

1 shall not enter into a lease or purchase agreement for real
2 property unless the agreement is reviewed by the urban high school
3 academy's authorizing body. The authorizing body shall notify the
4 superintendent of public instruction and state board if it has
5 reason to suspect either of the following:

6 (i) The lease or purchase agreement for real property is
7 between the urban high school academy and a person or entity
8 prohibited under subdivision (a) from participating in the lease or
9 purchase.

10 (ii) The lease or purchase agreement for real property does not
11 reflect market conditions as required under subdivision (b).

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
28 entities as necessary for the operation, management, financing, and
29 maintenance of the school of excellence.

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

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

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

(2) If a school of excellence leases or purchases real property, all of the following apply to the lease or purchase transaction:

(a) The board of directors of the school of excellence shall not lease or purchase real property from an educational management organization with which the school of excellence has a management agreement, from a real estate holding company that is affiliated with such an educational management organization, or from any person affiliated with a real estate holding company that is affiliated with such an educational management organization. As used in this subdivision, "educational management organization" and "management agreement" mean those terms as defined in section 553c.

(b) The board of directors of the school of excellence shall approve the terms of the lease or purchase agreement for real

property and shall ensure that the terms of the lease or purchase agreement for real property reflect the market conditions that exist at the time of the lease or purchase transaction, as determined by an appraisal conducted by a licensed independent real estate appraiser.

(c) The board of directors of the school of excellence shall not enter into a lease or purchase agreement for real property unless the agreement is reviewed by the school of excellence's authorizing body. The authorizing body shall notify the superintendent of public instruction and state board if it has reason to suspect either of the following:

(i) The lease or purchase agreement for real property is between the school of excellence and a person or entity prohibited under subdivision (a) from participating in the lease or purchase.

(ii) The lease or purchase agreement for real property does not reflect market conditions as required under subdivision (b).

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

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

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

1 academy require.

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

3 (d) To enter into binding legal agreements with persons or
4 entities as necessary for the operation, management, financing, and
5 maintenance of the strict discipline academy.

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 strict discipline academy in the furtherance of its public
11 purposes.

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

22 **(2) If a strict discipline academy leases or purchases real**
23 **property, all of the following apply to the lease or purchase**
24 **transaction:**

25 **(a) The board of directors of the strict discipline academy**
26 **shall not lease or purchase real property from an educational**
27 **management organization with which the strict discipline academy**
28 **has a management agreement, from a real estate holding company that**
29 **is affiliated with such an educational management organization, or**

1 from any person affiliated with a real estate holding company that
2 is affiliated with such an educational management organization. As
3 used in this subdivision, "educational management organization" and
4 "management agreement" mean those terms as defined in section 503c.

5 (b) The board of directors of the strict discipline academy
6 shall approve the terms of the lease or purchase agreement for real
7 property and shall ensure that the terms of the lease or purchase
8 agreement for real property reflect the market conditions that
9 exist at the time of the lease or purchase transaction, as
10 determined by an appraisal conducted by a licensed independent real
11 estate appraiser.

12 (c) The board of directors of the strict discipline academy
13 shall not enter into a lease or purchase agreement for real
14 property unless the agreement is reviewed by the strict discipline
15 academy's authorizing body. The authorizing body shall notify the
16 superintendent of public instruction and state board if it has
17 reason to suspect either of the following:

18 (i) The lease or purchase agreement for real property is
19 between the strict discipline academy and a person or entity
20 prohibited under subdivision (a) from participating in the lease or
21 purchase.

22 (ii) The lease or purchase agreement for real property does not
23 reflect market conditions as required under subdivision (b).