

# SENATE BILL No. 160

February 16, 1989, Introduced by Senators DI NELLO, CARL, DINGELL, GEAKE, FAUST, MILLER, GEO. HART, FAXON, CRUCE and NICHOLS and referred to the Committee on Regulatory Affairs.

A bill to create regional water authorities; to define their powers and duties; to provide for the withdrawal of counties from the authorities; to require the state to guarantee payment of certain claims against certain water authorities and to give the state a lien in satisfaction of payment; and to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness by regional water authorities.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           Sec. 1. This act shall be known and may be cited as the  
2 "regional water authority act".

3           Sec. 2. As used in this act:

4           (a) "Authority" means a regional water authority created  
5 pursuant to this act.

6           (b) "Board" means the governing and administrative body of  
7 an authority.

1 (c) "Political subdivision" means a city, township, or  
2 village.

3 (d) "Sewage" means the water-carried waste created in and  
4 carried away from a residence, hotel, school, hospital, indus-  
5 trial establishment, commercial establishment, or other private  
6 or public building together with surface water or groundwater or  
7 household and industrial waste.

8 (e) "Sewage disposal system" means a plant, system, facili-  
9 ty, or property or an integral part of a plant, system, facility,  
10 or property used in connection with the collection, treatment,  
11 purification, or disposal of sewage.

12 (f) "Sewers" means mains, pipes, and laterals for the recep-  
13 tion of sewage and carrying the sewage to an outfall or some part  
14 of a sewage disposal system and includes pumping stations consid-  
15 ered necessary by the authority.

16 (g) "Sewer system" means sewers and sewage disposal system.

17 (h) "Water system" means all plants; systems; facilities; or  
18 properties used in connection with the supply or distribution of  
19 water and includes a water supply system; water distribution  
20 system; a source of water supply, including all lakes, reser-  
21 voirs, and wells; intakes; mains; laterals; aqueducts; pumping  
22 stations; standpipes; filtration plants; purification plants;  
23 hydrants; meters; valves; and all necessary appurtenances and  
24 equipment.

25 Sec. 3. An authority created under this act shall plan,  
26 acquire, construct, operate, maintain, replace, improve, extend,  
27 and contract for water and sewer systems. An authority is a

1 public benefit agency and an instrumentality of the state with  
2 all the powers of a public corporation, for the purpose of plan-  
3 ning, acquiring, constructing, operating, maintaining, replacing,  
4 improving, extending, and contracting for water and sewer  
5 systems.

6       Sec. 4. (1) A regional water authority in a major metropol-  
7 itan area of the state may be established by 1 or more contiguous  
8 counties. A county's decision to establish or participate in an  
9 authority shall be made by a majority vote of its county board of  
10 commissioners.

11       (2) A county that becomes part of an authority created under  
12 this act may withdraw from the authority within 1 year after the  
13 county becomes a part of the authority by a resolution of with-  
14 drawal approved by a majority vote of the members elected to and  
15 serving on its county board of commissioners or may withdraw at  
16 any time after 1 year from becoming a part of the authority by a  
17 resolution of withdrawal approved by a 2/3 vote of the members  
18 elected to and serving on its county board of commissioners. If  
19 the county has an elected county executive pursuant to Act  
20 No. 139 of the Public Acts of 1973, being sections 45.551 to  
21 45.573 of the Michigan Compiled Laws, the county executive may  
22 veto the resolution of withdrawal. A veto by the county execu-  
23 tive may be overridden by a 2/3 vote of the members elected to  
24 and serving on the county board of commissioners.

25       Sec. 5. (1) The southeastern Michigan water authority,  
26 which shall include the counties of Wayne, Oakland, Macomb,  
27 Lapeer, and Genesee is established, but a county choosing not to

1 participate in the authority may withdraw pursuant to section  
2 4(2). A county that withdraws from the southeastern Michigan  
3 water authority loses its membership on the governing board.

4 (2) If the southeastern Michigan water authority ceases to  
5 operate or is dissolved, if a successor agency is not created to  
6 assume its assets and liabilities and to perform its functions,  
7 and if the southeastern Michigan water authority is authorized to  
8 secure the payment of compensation under section 611(1)(a) of the  
9 worker's disability compensation act of 1969, Act No. 317 of the  
10 Public Acts of 1969, being section 418.611 of the Michigan  
11 Compiled Laws, then the state guarantees the payment of claims  
12 for benefits arising under Act No. 317 of the Public Acts of  
13 1969, being sections 418.101 to 418.941 of the Michigan Compiled  
14 Laws, against the southeastern Michigan water authority during  
15 the time it was approved as a self-insured employer. The state  
16 shall be entitled to a lien, which shall take precedence over all  
17 other liens, on its portion of the assets of the southeastern  
18 Michigan water authority in satisfaction of the payment by the  
19 state of claims for benefits.

20 (3) A political subdivision or group of political subdivi-  
21 sions in the southeastern Michigan water authority region may  
22 create citizens planning and advisory councils to relate their  
23 particular concerns to the board on a regularly scheduled basis.  
24 These advisory councils shall have memberships representative of  
25 the various neighborhoods within those political subdivisions.

1       Sec. 6. An authority created under this act shall not be  
2 dissolved and its powers shall not be diminished, except in a  
3 manner provided in this act.

4       Sec. 7. An authority, in addition to its other powers and  
5 duties, may do all of the following:

6       (a) Adopt rules to accomplish the purposes of this act.

7       (b) Plan, acquire, construct, operate, maintain, replace,  
8 improve, extend, and contract for water systems or sewer systems,  
9 or both, within the area included in the authority.

10       (c) Acquire and hold, by purchase, lease, gift, grant,  
11 devise, bequest, condemnation, or other legal means, real and  
12 personal property, including franchises, easements, or rights of  
13 way on, under, or above any property within the area included in  
14 the authority, and dispose of real and personal property under  
15 the authority's control.

16       (d) Institute condemnation proceedings pursuant to the uni-  
17 form condemnation procedures act, No. 87 of the Public Acts of  
18 1980, being sections 213.51 to 213.77 of the Michigan Compiled  
19 Laws.

20       (e) Apply for and accept grants, loans, or contributions  
21 from the federal government or any of its agencies, the state, or  
22 other public or private agencies to be used to accomplish the  
23 purposes of this act.

24       (f) Enter into a contract or agreement necessary or inciden-  
25 tal to the performance of its duties or execution of its powers  
26 under this act.

1 (g) Employ consulting and other engineers, superintendents,  
2 managers, construction and financial consultants, accountants,  
3 attorneys, and other employees as, in the judgment of the board,  
4 may be considered necessary to carry out the function of the  
5 authority.

6 (h) Sue and be sued in a court of this state.

7 (i) Exercise all other powers incidental, necessary, or con-  
8 venient for the exercise of the powers granted in this act.

9 Sec. 8. (1) The following subdivisions apply only to an  
10 authority other than the southeastern Michigan water authority:

11 (a) An authority shall be governed by a board consisting of  
12 2 members from each participating county appointed by the board  
13 of commissioners for each participating county. At its first  
14 meeting, the board shall, by resolution approved by a majority of  
15 its members, select an additional member who shall be a resident  
16 of a participating county. The term of office of the members of  
17 the board is 3 years. Terms expire on June 30, except members  
18 shall serve until their successors are appointed. A member of  
19 the board may be removed by the appointing authority for cause.  
20 A vacancy in office shall be filled by the original appointing  
21 county board of commissioners for the remainder of the unexpired  
22 term. Annually, the members shall elect a chairperson and a  
23 vice-chairperson from the board membership. The board shall hold  
24 regular monthly meetings and special meetings as necessary at  
25 times as it determines, and shall designate the time and place of  
26 those meetings. The board shall adopt its own rules of procedure  
27 and shall keep a record of its proceedings. A majority of the

1 members constitutes a quorum for the transaction of business and  
2 the affirmative vote of a majority of all the members shall be  
3 necessary for the adoption of a motion or resolution. The mem-  
4 bers of a board shall be residents of the counties participating  
5 in the authority.

6 (b) Each member of the board shall receive reimbursement for  
7 expenses incurred in the discharge of his or her duties as a  
8 board member. Each member of the board may receive compensation  
9 of not more than \$35.00 for each meeting of the board the member  
10 attends, not exceeding 4 meetings per month. The chairperson of  
11 the board may receive compensation of not more than \$45.00 for  
12 each meeting attended, not exceeding 4 meetings per month.

13 (c) An authority shall hold a public hearing on its annual  
14 operating and capital budget, financial audits, and construction  
15 plans.

16 (d) The business that the board may perform shall be con-  
17 ducted at a public meeting of the board held in compliance with  
18 the open meetings act, Act No. 267 of the Public Acts of 1976,  
19 being sections 15.261 to 15.275 of the Michigan Compiled Laws.  
20 Public notice of the time, date, and place of the meeting shall  
21 be given in the manner required by Act No. 267 of the Public Acts  
22 of 1976.

23 (e) A writing prepared, owned, used, in the possession of,  
24 or retained by the board in the performance of an official func-  
25 tion shall be made available to the public in compliance with the  
26 freedom of information act, Act No. 442 of the Public Acts of

1 1976, being sections 15.231 to 15.246 of the Michigan Compiled  
2 Laws.

3 (2) The following subdivisions apply only to the southeast-  
4 ern Michigan water authority:

5 (a) The governing board of the authority shall be estab-  
6 lished consisting of 15 members to be appointed on the basis of  
7 population according to the latest federal decennial census. The  
8 15 members shall be apportioned to a county, a city, and a combi-  
9 nation of counties pursuant to the method provided in subdivision  
10 (b).

11 (b) A county or city is entitled to 1 or more members on the  
12 board if the population of that county or city is equal to or  
13 more than the figure obtained by dividing the total population of  
14 the counties which compromise the authority by 15. If a county  
15 is entitled to less than 1 member, the population total of that  
16 county shall be combined with other counties also entitled to  
17 less than 1 member. Each county or city or combination of coun-  
18 ties entitled to 1 or more members shall be considered a separate  
19 political entity. If a city is considered as a separate politi-  
20 cal entity, its population shall be excluded from the population  
21 of the county within which it is located. The members represent-  
22 ing the county shall not be residents of the city.

23 (c) A county, city, or combination of counties shall receive  
24 the number of board members for which they have a whole number  
25 based on the figure obtained in subdivision (b), except that a  
26 county, city, or a combination of counties that is entitled to 1  
27 or more members on the board shall be entitled to additional



1 members on the board until 15 members have been apportioned in  
2 the order of which the city, county, or combination of counties  
3 has the greatest fractional number greater than the whole  
4 number.

5 (d) If a city is entitled to 1 or more members, the members  
6 shall be appointed by the mayor of the city with the advice and  
7 consent of the legislative body of the city. The members  
8 appointed shall be residents of the city.

9 (e) If a county is entitled to 1 or more members, except for  
10 Macomb county and that portion of Wayne county lying outside the  
11 city of Detroit, the following appointment method shall be  
12 followed:

13 (i) The first member appointed shall be selected by the  
14 county board of commissioners. The member shall be a resident of  
15 the county entitled to the member.

16 (ii) The second and any subsequent members appointed shall  
17 be selected by the southeastern Michigan council of governments.  
18 The members shall be residents of the county entitled to the  
19 members. Thirty days before the southeastern Michigan council of  
20 governments selects a member of the board of the southeastern  
21 Michigan water authority, 30 days before the termination of a  
22 term of a board member for which the southeastern Michigan coun-  
23 cil of governments selects a successor, or within 30 days after a  
24 board member selected by the southeastern Michigan council of  
25 governments vacates his or her office because of death, resigna-  
26 tion, or removal for cause, the southeastern Michigan council of  
27 governments shall convene a meeting of 1 representative of each

1 governing body or elected chief executive of the cities,  
2 villages, charter townships, or townships within the county. The  
3 representatives convened shall recommend 3 nominees for each  
4 board position to be filled with a member representing that  
5 county. The general assembly of the southeastern Michigan coun-  
6 cil of governments shall select 1 person for each board position  
7 to be filled from the 3 nominees for that board position.

8 (f) For Macomb county and that portion of Wayne county lying  
9 outside of Detroit, the first and any subsequent board members  
10 shall be selected by the respective county boards of commis-  
11 sioners and shall be residents of the respective counties.

12 (g) A member to be appointed by a county board of commis-  
13 sioners who represents a county which includes a city considered  
14 a separate political entity, which population is excluded from  
15 the population of the county pursuant to subdivision (b), shall  
16 be appointed by the members of the county board of commissioners  
17 who represent districts which are partially or wholly outside the  
18 city considered as a separate political entity, as follows:

19 (i) The clerk of the county shall determine which commis-  
20 sioners represent districts that are partially or totally outside  
21 the city.

22 (ii) The member to be appointed shall be nominated at a reg-  
23 ularly scheduled meeting and appointed at the next regularly  
24 scheduled meeting by those commissioners who represent districts  
25 that are partially or totally outside the city.

26 (iii) The county clerk shall notify the applicable political  
27 subdivisions of the members appointed to the board of the

1 southeastern Michigan water authority pursuant to this  
2 subdivision.

3 (h) If a combination of counties is entitled to 1 or more  
4 members, a member representing those counties shall be appointed  
5 as follows:

6 (i) The first member shall be appointed by the southeastern  
7 Michigan council of governments. The member shall be a resident  
8 of 1 of the counties of the combination of counties entitled to  
9 the member. The member appointed by the southeastern Michigan  
10 council of governments shall be selected from persons recommended  
11 to the southeastern Michigan council of governments by the gov-  
12 erning bodies or elected chief executives of the counties,  
13 cities, villages, charter townships, or townships within the com-  
14 bination of counties.

15 (ii) The second member, if any, shall be appointed by the  
16 governor with the advice and consent of the senate. The member  
17 shall be a resident of 1 of the counties of the combination of  
18 counties entitled to the member.

19 (iii) The third member, if any, and any subsequent members  
20 appointed shall be appointed by the southeastern Michigan council  
21 of governments. The member or members shall be residents of the  
22 counties of the combination of counties entitled to the member or  
23 members. The members appointed by the southeastern Michigan  
24 council of governments shall be selected from persons recommended  
25 to the southeastern Michigan water authority by the governing  
26 bodies or chief executives of the counties, cities, villages,

1 charter townships, or townships within the combination of  
2 counties.

3 (i) If a person or agency does not appoint a member to the  
4 board within 90 days after the power to appoint is established  
5 pursuant to subdivision (d), (e), (f), (g), or (h), the members  
6 serving on the southeastern Michigan water authority shall  
7 appoint that member.

8 (j) A term of office for a member of the board of the south-  
9 eastern Michigan water authority established under this act shall  
10 be 3 years, except for a term during which the federal decennial  
11 census is published by the bureau of the census. Such a term  
12 shall expire upon the restructuring of the board consistent with  
13 the federal decennial census, which restructuring shall be com-  
14 pleted by the January 1 immediately following the publication of  
15 the census figures, unless the census figures are published in  
16 December. If the census figures are published in December, the  
17 restructuring shall be completed by the February 1 immediately  
18 following the publication of the census figures. If the census  
19 figures show that restructuring is not needed, a term shall be  
20 for 3 years. A term, other than a term that expires upon the  
21 restructuring of the board and a term of a retained member, shall  
22 expire 3 years from the date of appointment, except that a member  
23 shall serve until that member's successor is appointed. A member  
24 of the board may be removed from the board by the appointing  
25 entity for cause. A vacancy shall be filled by the original  
26 appointing entity for the remainder of the unexpired term.  
27 Annually, the board shall elect a chairperson and 1 or more

1 vice-chairpersons from among its members. The board shall hold  
2 regular monthly meetings and special meetings as it considers  
3 necessary. The board shall adopt rules necessary to implement  
4 this act.

5 (k) A simple majority of the members serving shall consti-  
6 tute a quorum for the transaction of business and the affirmative  
7 vote of a majority of the members serving shall be necessary for  
8 the adoption of a motion or resolution. A 2/3 vote of the mem-  
9 bers serving shall be required to act upon capital outlay and  
10 operating budgets. Each member of the board shall receive reim-  
11 bursement for expenses incurred in the discharge of his or her  
12 duties as a board member. Each member of the board, except the  
13 chairperson, may receive compensation of not more than \$35.00 for  
14 each meeting of the board the member attends, not to exceed 4  
15 meetings per month. The chairperson of the board may receive  
16 compensation of not more than \$45.00 for each meeting of the  
17 board he or she attends, not to exceed 4 meetings per month.

18 (l) The business which the board may perform shall be con-  
19 ducted at a public meeting of the board held in compliance with  
20 the open meetings act, Act No. 267 of the Public Acts of 1976,  
21 being sections 15.261 to 15.275 of the Michigan Compiled Laws.  
22 Public notice of the time, date, and place of the meeting shall  
23 be given in the manner required by Act No. 267 of the Public Acts  
24 of 1976.

25 (m) A writing prepared, owned, used, in the possession of,  
26 or retained by the board in the performance of an official  
27 function shall be made available to the public in compliance with

1 the freedom of information act, Act No. 442 of the Public Acts of  
2 1976, being sections 15.231 to 15.246 of the Michigan Compiled  
3 Laws.

4 Sec. 9. A board shall:

5 (a) Employ a general manager of the authority.

6 (b) Establish broad policies covering all major operations  
7 of the authority.

8 (c) Employ an independent certified public accounting firm  
9 to provide annual financial audits.

10 Sec. 10. A board shall appoint a general manager who shall  
11 be the chief executive and operating officer of the authority.  
12 The general manager shall have responsibility for the management  
13 of the employees, property, and business of the authority. The  
14 general manager shall direct the enforcement of all resolutions  
15 and rules of the board and shall enter into contracts as neces-  
16 sary under the general control of the board. The general manager  
17 shall serve at the pleasure of the board.

18 Sec. 11. (1) A general manager of an authority shall have  
19 the power to appoint officers, employees, and agents necessary to  
20 carry out the function of the authority under the general policy  
21 direction of the board. At the time an authority begins to oper-  
22 ate a water system or sewer system, or both, the general manager  
23 shall classify all of the offices, positions, and grades of regu-  
24 lar employment required under a merit rating system. The author-  
25 ity shall have the right to bargain collectively and enter into  
26 agreements with labor organizations, and shall be bound by  
27 existing labor union agreements with public or privately owned

1 entities that are acquired, purchased, or condemned by the  
2 authority. Members and beneficiaries of a pension or retirement  
3 system or other benefits established by an acquired, purchased,  
4 or condemned water system or sewer system shall continue to have  
5 rights, benefits, privileges, obligations, and status with  
6 respect to an established pension or retirement system. The  
7 board shall assume the obligation of a water system or sewer  
8 system acquired, purchased, or condemned by the board with regard  
9 to wages, salaries, hours, working conditions, sick leave,  
10 health, welfare, and pension or retirement provisions for  
11 employees.

12 (2) An employee of a water system or sewer system acquired,  
13 purchased, or condemned by the board who is transferred to a  
14 position with an authority shall not, by reason of the transfer,  
15 be placed in a worse position with respect to worker's compensa-  
16 tion, pension, seniority, wages, sick leave, vacation time,  
17 health insurance, or other benefits that he or she enjoyed as an  
18 employee of the acquired, purchased, or condemned water system or  
19 sewer system.

20 Sec. 12. (1) An authority shall not levy taxes or pledge  
21 the credit or taxing power of the state or a political subdivi-  
22 sion except for the pledging of receipts of taxes, special  
23 assessments, or charges collected by the state or a political  
24 subdivision and returnable or payable by law or by contract to  
25 the authority and except for the pledge by a political subdivi-  
26 sion of the state of its full faith and credit in support of its  
27 contractual obligations to the authority as authorized by law. A

1 water system or sewer system, or both, shall be financed, in  
2 addition to other methods of financing provided by law, as  
3 follows:

4 (a) By rates, fees, and charges.

5 (b) By other income or revenues from whatever source avail-  
6 able, including appropriations or contributions of the partici-  
7 pating counties and political subdivisions within the geograph-  
8 ical boundaries of the authority.

9 (c) By grants, loans, or contributions from federal, state,  
10 or other governmental units and grants, contributions, gifts,  
11 devises, or bequests from public or private sources.

12 (d) By proceeds of taxes, special assessments, or charges  
13 imposed pursuant to law and collected by the state or a political  
14 subdivision and returned or paid to an authority pursuant to law  
15 or contract.

16 (2) Each authority shall fix, and may revise from time to  
17 time, reasonable rates, fees, and other charges for the services  
18 provided by a water system or a sewer system, or both, operated  
19 by the authority. The rates, fees, and charges shall be fixed  
20 and revised so that the revenues of the authority, together with  
21 any other available funds, shall be sufficient at all times to  
22 pay the cost of maintaining, operating, and repairing the water  
23 system or sewer system, or both, owned or operated by the author-  
24 ity, including reserves and including provision for the payment  
25 of principal and interest on indebtedness to a political subdivi-  
26 sion or the state, and to pay the principal and interest on all



1 bonds issued by the authority under this act as the bonds become  
2 due and payable.

3 (3) In order to insure the payment of rates, fees, and  
4 charges as they become due and payable, the authority may, in  
5 addition to other lawful remedies it may have, require reasonable  
6 advance deposits to be made with the authority, to be applied to  
7 the payment of delinquent rates, fees, and charges.

8 Sec. 13. The general manager of an authority shall prepare  
9 and the board shall approve a separate operating and capital  
10 budget for each year. These budgets shall be approved not less  
11 than 30 days before the beginning of each new fiscal year. In  
12 addition, capital program budgets shall be prepared to cover per-  
13 iods of 5 years. The first of these capital program budgets  
14 shall be submitted no later than 3 years after the initial forma-  
15 tion of the authority. The capital program budgets shall be  
16 revised and updated annually prior to submission to the board.

17 Sec. 14. (1) An authority may issue bonds to finance and  
18 carry out its powers and duties. The bonds shall be payable from  
19 and may be issued in anticipation of payment of the proceeds of 1  
20 or more of the financing methods set forth in section 12 or else-  
21 where in this act or otherwise provided by law. A political sub-  
22 division within the geographical boundaries of an authority may  
23 contract to make payments, appropriations, or contributions to  
24 the authority of the proceeds of taxes, special assessments, or  
25 charges imposed and collected by the political subdivision or out  
26 of other funds legally available and may pledge its full faith  
27 and credit in support of its contractual obligations to the

1 authority. The contractual obligation shall not constitute an  
2 indebtedness of a political subdivision within a statutory or  
3 charter debt limitation. If an authority has issued bonds in  
4 anticipation of payments, appropriations, or contributions to be  
5 made to the authority pursuant to a contract with a political  
6 subdivision having the power to levy and collect ad valorem  
7 taxes, the political subdivision may obligate itself by the con-  
8 tract, and may levy a tax on all taxable property in the politi-  
9 cal subdivision. The rate or amount of the tax shall be as pro-  
10 vided in section 6 of article IX of the state constitution of  
11 1963 for contract obligations in anticipation of which bonds are  
12 issued to provide sufficient money to fulfill the political  
13 subdivision's contractual obligation to the authority.

14 (2) The bonds of an authority shall be issued and sold in  
15 compliance with the municipal finance act, Act No. 202 of the  
16 Public Acts of 1943, being sections 131.1 to 139.3 of the  
17 Michigan Compiled Laws, except that the bonds may be issued for a  
18 period of years not exceeding 40 years. The bonds may be any of  
19 the following:

20 (a) Serial bonds or term bonds, or a combination of serial  
21 and term bonds.

22 (b) Issued for a consideration other than cash.

23 (c) For an amount that includes interest capitalized for a  
24 period not exceeding 3 years subsequent to the date of issuance  
25 of the bonds.

26 (d) Sold at a public sale, as provided in Act No. 202 of the  
27 Public Acts of 1943, or at a private sale.

1 (3) A public corporation or a private corporation, firm, or  
2 individual may advance money or deliver property to an authority  
3 to finance or carry out its powers and duties. The authority may  
4 agree to repay the advances or pay for the property within a  
5 period not exceeding 10 years, from the proceeds of its bonds or  
6 from other funds legally available, with or without interest as  
7 may be agreed at the time of advance or of repayment. The obli-  
8 gation of the authority to make the repayment or payment may be  
9 evidenced by a contract or note, which may pledge the full faith  
10 and credit of the authority, but which, if the board so resolves,  
11 is not an obligation within the meaning of Act No. 202 of the  
12 Public Acts of 1943.

13 (4) A political subdivision desiring to enter into a con-  
14 tract under subsection (1) shall authorize, by resolution of its  
15 governing body, the execution of the contract. The resolution  
16 authorizing the contract shall be published in a newspaper of  
17 general circulation within the political subdivision. The con-  
18 tract may be executed without a vote of the electors on the con-  
19 tract upon the expiration of 90 days after the date of the publi-  
20 cation unless, within the 90-day period, a petition signed by not  
21 less than 5% of the registered electors residing within the  
22 limits of the political subdivision is filed with the clerk of  
23 the political subdivision requesting a referendum upon the execu-  
24 tion of the contract. In that event, the contract shall not be  
25 executed until approved by the vote of a majority of the electors  
26 of the political subdivision qualified to vote and voting on the

1 contract at a general election or a special election to be held  
2 not more than 90 days after the filing of the petition.

3       Sec. 15. (1) Except in the purchase of a unique article  
4 that cannot be obtained in the open market and except as other-  
5 wise provided in this section, competitive bids shall be secured  
6 before a purchase or sale, by contract or otherwise, is made and  
7 before a contract is awarded for construction, alterations, sup-  
8 plies, equipment, repairs, or maintenance or for rendering a  
9 service to the authority other than professional services. The  
10 purchase shall be made from or the contract shall be awarded to  
11 the lowest responsible bidder, and a sale shall be made to the  
12 highest responsible bidder. The authority may reject any or all  
13 bids. The purchase of a unique article that cannot be obtained  
14 on the open market that involves an amount in excess of \$5,000.00  
15 shall not be made without the express approval of the board.

16       (2) All purchases and sales of more than \$5,000.00 shall be  
17 awarded after advertising the authority's intent to purchase or  
18 sell in a local newspaper of general circulation within the geo-  
19 graphical area encompassed by the authority for not less than 2  
20 weeks before the bid opening. Bids shall be publicly opened and  
21 read aloud at a date, time, and place designated in the invita-  
22 tion to bid. Invitations to bid shall be sent at least 1 week  
23 before the bid opening to not fewer than 3 potential bidders who  
24 are qualified technically and financially to submit bids. If  
25 invitations to bid are sent to fewer than 3 potential bidders, a  
26 memorandum shall be kept on file by the authority showing that

1 fewer than 3 qualified potential bidders exist in the market area  
2 within which it is practicable to obtain bids.

3 (3) Written price quotations from not fewer than 3 qualified  
4 and responsible bidders shall be obtained for purchases and sales  
5 of less than \$5,000.01 and more than \$1,000.00. If fewer than 3  
6 price quotations are obtained, a memorandum shall be kept on file  
7 showing that fewer than 3 qualified and responsible bidders exist  
8 in the market area within which it is practicable to obtain  
9 bids.

10 (4) Purchases or sales of less than \$1,000.01 may be negoti-  
11 ated with or without competitive bidding under procurement proce-  
12 dures promulgated and established by the general manager of the  
13 authority.

14 (5) The competitive bidding requirements of this section may  
15 be waived if it is determined by the general manager of the  
16 authority, or in a manner provided by the board, that an emer-  
17 gency directly and immediately affecting service or the public  
18 health, safety, or welfare requires immediate delivery of materi-  
19 als, supplies, equipment, or services.

20 Sec. 16. An authority and its property are exempt from gen-  
21 eral and special taxes of the state or any governmental unit.

22 Sec. 17. An authority shall prepare and publish a detailed  
23 public report and financial statement of its operations at the  
24 end of each fiscal year.