

SENATE BILL No. 681

November 13, 2013, Introduced by Senators HOPGOOD, GREGORY, WHITMER and SMITH and referred to the Committee on Education.

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

6 (b) Subject to **SUBSECTION (2) AND** section 503b, to acquire,

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

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

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

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

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

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

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

2 (2) IF A PUBLIC SCHOOL ACADEMY LEASES REAL PROPERTY, THE BOARD
3 OF DIRECTORS SHALL NOT LEASE REAL PROPERTY FROM AN EDUCATIONAL
4 MANAGEMENT ORGANIZATION WITH WHICH THE PUBLIC SCHOOL ACADEMY HAS A
5 MANAGEMENT AGREEMENT AS DESCRIBED IN SECTION 503C OR FROM A REAL
6 ESTATE HOLDING COMPANY THAT IS AFFILIATED WITH THAT EDUCATIONAL
7 MANAGEMENT ORGANIZATION. AS USED IN THIS SUBDIVISION, "EDUCATIONAL
8 MANAGEMENT ORGANIZATION" AND "MANAGEMENT AGREEMENT" MEAN THOSE
9 TERMS AS DEFINED IN SECTION 503C.

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

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

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

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

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

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

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

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

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

25 Sec. 557. (1) In addition to other powers set forth in this
26 part, a school of excellence may take action to carry out the
27 purposes for which it was incorporated under this part, including,

1 but not limited to, all of the following:

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

3 (b) Subject to **SUBSECTION (2) AND** section 555, to acquire,
4 hold, and own in its own name real and personal property, or
5 interests in real or personal property, for educational purposes by
6 purchase, gift, grant, devise, bequest, lease, sublease,
7 installment purchase agreement, land contract, option, or
8 condemnation, and subject to mortgages, security interests, or
9 other liens; and to sell or convey the property as the interests of
10 the school of excellence require.

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

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

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

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

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

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

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

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

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

18 (b) ~~To~~ **SUBJECT TO SUBSECTION (2), TO** acquire, hold, and own in
19 its own name real and personal property, or interests in real or
20 personal property, for educational purposes by purchase, gift,
21 grant, devise, bequest, lease, sublease, installment purchase
22 agreement, land contract, option, or condemnation, and subject to
23 mortgages, security interests, or other liens; and to sell or
24 convey the property as the interests of the strict discipline
25 academy require.

26 (c) To receive and disburse funds for lawful 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 strict discipline academy.

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 strict discipline 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 a strict discipline
13 academy is 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 strict discipline 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 A STRICT DISCIPLINE ACADEMY LEASES REAL PROPERTY, THE**
20 **BOARD OF DIRECTORS SHALL NOT LEASE REAL PROPERTY FROM AN**
21 **EDUCATIONAL MANAGEMENT ORGANIZATION WITH WHICH THE STRICT**
22 **DISCIPLINE ACADEMY HAS A MANAGEMENT AGREEMENT OR FROM A REAL ESTATE**
23 **HOLDING COMPANY THAT IS AFFILIATED WITH THAT EDUCATIONAL MANAGEMENT**
24 **ORGANIZATION. AS USED IN THIS SUBSECTION:**

25 **(A) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS AN ENTITY THAT**
26 **ENTERS INTO A MANAGEMENT AGREEMENT WITH A STRICT DISCIPLINE**
27 **ACADEMY.**

1 (B) "MANAGEMENT AGREEMENT" MEANS AN AGREEMENT TO PROVIDE
2 COMPREHENSIVE EDUCATIONAL, ADMINISTRATIVE, MANAGEMENT, OR
3 INSTRUCTIONAL SERVICES OR STAFF TO A STRICT DISCIPLINE ACADEMY.