

SUBSTITUTE FOR
SENATE BILL NO. 1180

A bill to amend 2016 PA 560, entitled
"Michigan veterans' facility authority act,"
by amending sections 3, 5, 6, and 7 (MCL 36.103, 36.105, 36.106,
and 36.107); and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) The Michigan veterans' facility authority is
2 created as a public body corporate and politic within the
3 department. **THE AUTHORITY SHALL BE ADMINISTERED UNDER THE**
4 **SUPERVISION OF THE DEPARTMENT BUT SHALL EXERCISE ITS PRESCRIBED**
5 **STATUTORY POWERS, DUTIES, AND FUNCTIONS INDEPENDENTLY OF THE**
6 **DEPARTMENT AS AN AUTONOMOUS ENTITY WITHIN THE DEPARTMENT.** The
7 exercise by the authority of the powers conferred by this act is an
8 essential governmental function of this state.

9 (2) Notwithstanding the existence of common management, the

1 authority shall be treated and accounted for as a separate legal
2 entity with its separate corporate purposes as set forth in this
3 act. The assets, liabilities, and funds of the authority shall not
4 be consolidated or commingled with those of this state.

5 Sec. 5. (1) The authority shall exercise its duties through
6 ~~its~~ **A** board of directors.

7 (2) The board shall be made up of ~~9 members as follows:~~ **THE**
8 **FOLLOWING MEMBERS:**

9 (a) Subject to subsection (7), the director of the department.

10 (b) Three members with professional knowledge, skill, or
11 experience in long-term care, health care licensure or finance, or
12 medicine who represent the interests of 1 or more congressionally
13 chartered veterans' organizations appointed by the governor with
14 the advice and consent of the senate.

15 (c) Three members with professional knowledge, skill, or
16 experience in long-term care, health care licensure or finance, or
17 medicine appointed by the governor with the advice and consent of
18 the senate. One of the members appointed under this subdivision
19 shall be a resident of the Upper Peninsula of this state.

20 (d) One member appointed by the governor from a list of 2 or
21 more individuals selected by the majority leader of the senate,
22 with professional knowledge, skill, or experience in long-term
23 care, health care licensure or finance, or medicine.

24 (e) One member appointed by the governor from a list of 2 or
25 more individuals selected by the speaker of the house of
26 representatives, with professional knowledge, skill, or experience
27 in long-term care, health care licensure or finance, or medicine.

1 (3) The appointed members shall serve for terms of 4 years. Of
2 the 5 members first appointed, 1 shall be appointed for an initial
3 term of 1 year, 2 shall be appointed for an initial term of 2
4 years, and 2 shall be appointed for an initial term of 3 years. The
5 appointed members shall serve until a successor is appointed. A
6 vacancy shall be filled for the balance of the unexpired term in
7 the same manner as the original appointment.

8 (4) ~~The~~ **A** director of a state department who is a designated
9 member of the board may appoint a representative to serve in his or
10 her absence.

11 (5) Members of the board shall serve without compensation but
12 may receive reasonable reimbursement for necessary travel and
13 expenses incurred in the discharge of their duties.

14 (6) The director of the department shall serve as chairperson
15 of the board until ~~1 year after the second facility operated by the~~
16 ~~authority is open and housing veterans.~~ **JANUARY 1, 2019.** At that
17 time, the board members shall elect a ~~new~~ chairperson who is not
18 the director of the department or his or her designee.

19 (7) One year after the second facility operated by the
20 authority is open and housing veterans, the director of the
21 department shall then serve as a nonvoting member of the board. A
22 new member who is a veteran who has professional knowledge, skill,
23 or experience in long-term care, health care licensure or finance,
24 or medicine shall be appointed by the governor with the advice and
25 consent of the senate.

26 (8) A majority of the appointed and serving members of the
27 board shall constitute a quorum of the board for the transaction of

1 business. Actions of the board shall be approved by a majority vote
2 of the members present at a meeting.

3 (9) THE MEMBERS OF THE BOARD SHALL RECOMMEND BY NAME THE
4 APPOINTMENT OF AN EXECUTIVE DIRECTOR OF THE MICHIGAN VETERANS'
5 FACILITY AUTHORITY, TO BE APPOINTED BY THE GOVERNOR. THE EXECUTIVE
6 DIRECTOR IS EXEMPT FROM THE CLASSIFIED STATE CIVIL SERVICE AND
7 SERVES AT THE PLEASURE OF THE GOVERNOR. THE EXECUTIVE DIRECTOR
8 SHALL ADMINISTER THE BUSINESS OPERATIONS OF MICHIGAN VETERANS'
9 FACILITIES, AS THAT TERM IS DEFINED UNDER SECTION 2A OF 1885 PA
10 152, MCL 36.2A, VETERANS' FACILITIES DEVELOPED AND OPERATED UNDER
11 THIS ACT, AND THE AUTHORITY. THE EXECUTIVE DIRECTOR SHALL RECEIVE
12 COMPENSATION DETERMINED ANNUALLY BY THE AUTHORITY.

13 (10) ~~(9)~~ The authority may employ or contract for legal,
14 financial, and technical experts, and other officers, agents, and
15 employees, permanent and temporary, as the authority requires, and
16 shall determine their qualifications, duties, and compensation. The
17 board may delegate to 1 or more agents or employees ~~those~~ ANY
18 powers or duties, with the ~~AND ANY~~ limitations as ~~ON THOSE POWERS~~
19 OR DUTIES, THAT the board considers proper.

20 (11) ~~(10)~~ The members of the board and officers and employees
21 of the authority are subject to 1968 PA 317, MCL 15.321 to 15.330,
22 and 1968 PA 318, MCL 15.301 to 15.310.

23 (12) ~~(11)~~ A member of the board or officer, employee, or agent
24 of the authority shall discharge the duties of his or her position
25 in a nonpartisan manner, with good faith, and with that degree of
26 diligence, care, and skill that an ordinarily prudent person would
27 exercise under similar circumstances in a like position. In

1 discharging ~~the~~ **HIS OR HER** duties, a member of the board or an
2 officer, employee, or agent, when acting in good faith, may rely
3 upon the opinion of **THE AUTHORITY'S** counsel, ~~for the authority,~~
4 upon the report of an independent appraiser selected with
5 reasonable care by the board, or upon **THE** financial statements of
6 the authority represented to ~~the member of the board or officer,~~
7 ~~employee, or agent of the authority to be correct~~ **HIM OR HER** by the
8 ~~president~~ **EXECUTIVE DIRECTOR**, or ~~the~~ **AN** officer of the authority
9 having charge of its books or account, **TO BE CORRECT**, or stated in
10 a written report by a certified public accountant, or firm of
11 certified public accountants, ~~fairly to~~ **FAIRLY** reflect the
12 financial condition of the authority.

13 **(13)** ~~(12)~~ The board shall organize and make its own policies
14 and procedures. The board shall conduct all business at public
15 meetings held in compliance with the open meetings act, 1976 PA
16 267, MCL 15.261 to 15.275. Public notice of the time, date, and
17 place of each meeting shall be given in the manner required by the
18 open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

19 **(14)** ~~(13)~~ Upon request by a member of the legislature, the
20 board shall make nonprivileged information regarding the operations
21 and accounts of the authority and nonprivileged information
22 regarding the care provided to veterans at a veterans' facility
23 available to members of the legislature.

24 Sec. 6. (1) The authority shall have all of the following
25 powers:

26 (a) To solicit and accept gifts, grants, and loans from any
27 person.

1 (b) To invest any money of the authority at the authority's
2 discretion, in any obligations determined proper by the authority,
3 and name and use depositories for its money.

4 (c) To procure insurance against any loss in connection with
5 the property, assets, or activities of the authority.

6 (d) To sue and be sued, to have a seal, and to make, execute,
7 and deliver contracts, conveyances, and other instruments necessary
8 to the exercise of the authority's powers.

9 (e) To make and amend bylaws.

10 (f) To employ and contract with individuals necessary for the
11 operation of the authority and 1 or more veterans' facilities.

12 (g) To make and execute contracts including without limitation
13 sale agreements, trust agreements, trust indentures, bond purchase
14 agreements, tax regulatory agreements, continuing disclosure
15 agreements, ancillary facilities, and all other instruments
16 necessary or convenient for the exercise of its powers and
17 functions, and commence any action to protect or enforce any right
18 conferred upon it by ~~any~~ law, **OR BY ANY** contract or other
19 agreement.

20 (h) To engage the services of financial advisors and experts,
21 legal counsel, placement agents, underwriters, appraisers, and
22 other advisors, consultants, and fiduciaries as may be necessary to
23 effectuate the purposes of this act.

24 (i) To pay its operating expenses and financing costs.

25 (j) To pledge revenues or other assets as security for the
26 payment of the principal of and interest on any bonds.

27 (k) To procure insurance, letters of credit, or other credit

enhancement with respect to any bonds for the payment of tenders of bonds, or for the payment upon maturity of short-term bonds.

(l) To develop or operate 1 or more veterans' facilities.

(m) To solicit federal funds and other funding sources to develop veterans' facilities.

(N) TO ESTABLISH OR PERMIT TO BE ESTABLISHED ON ITS BEHALF 1 OR MORE SEPARATE NONPROFIT CORPORATIONS ORGANIZED UNDER THE NONPROFIT CORPORATION ACT, 1982 PA 162, MCL 450.2101 TO 450.3192, TO ASSIST THE AUTHORITY IN THE FURTHERANCE OF ITS PUBLIC PURPOSES.

(O) ~~(n)~~ To do any and all things necessary or convenient to carry out its purposes and exercise the powers expressly given and granted in this act.

(2) When hiring employees for a veterans' facility, the authority shall give preference to employees currently employed by ~~the~~ **A** Michigan veterans' facility under 1885 PA 152, MCL 36.1 to 36.12.

(3) In determining the operation and staffing of a veterans' facility, the authority shall do both of the following:

(a) Consider nationally recognized models and guidelines for the delivery of health care in veterans' facilities.

(b) Follow **THE** rules and regulations of the civil service commission.

Sec. 7. (1) It is determined that the creation of the authority and the carrying out of its authorized duties is in all respects a public and governmental purpose for the benefit of the people of this state and for the improvement of their health, safety, welfare, comfort, and security, and that these purposes are

1 public purposes and that the authority ~~will be performing~~ **PERFORMS**
 2 an essential governmental function in the exercise of the powers
 3 conferred upon it by this act.

4 (2) The property, **INCOME, AND OPERATIONS** of the authority, and
 5 ~~its income and operations shall be~~ **OR THOSE OF ANY NONPROFIT**
 6 **CORPORATION ESTABLISHED BY OR ON BEHALF OF THE AUTHORITY, ARE**
 7 exempt from taxation by this state and any political subdivision of
 8 this state.

9 (3) ~~In the case of any bonds, the interest on which is~~
 10 ~~intended to be exempt from federal income tax, the~~ **THE** authority
 11 shall prescribe restrictions on the use of the proceeds of ~~these~~
 12 ~~bonds~~ **ANY BOND FOR WHICH THE INTEREST IS INTENDED TO BE EXEMPT FROM**
 13 **FEDERAL INCOME TAX** and **ANY** related matters ~~as~~ **THAT** are necessary to
 14 assure ~~the~~ **THAT** exemption. ~~, and the~~ **THE** recipients of **THE** proceeds
 15 of ~~these bonds~~ **A BOND DESCRIBED IN THIS SUBSECTION** shall be bound
 16 ~~thereby~~ **BY THOSE RESTRICTIONS** to the extent the restrictions ~~shall~~
 17 ~~be~~ **ARE** made applicable to them. ~~Any~~ **A** recipient of the proceeds of
 18 ~~bonds~~ **A BOND** bearing interest ~~that is~~ intended to be exempt from
 19 federal income tax, including, without limitation, this state or
 20 any political subdivision of this state, is authorized to execute a
 21 tax regulatory agreement with the authority and, as to any
 22 political subdivision that is a recipient of the proceeds of ~~bonds~~
 23 **A BOND** bearing interest ~~that is~~ intended to be exempt from federal
 24 income, this state. The execution of a tax regulatory agreement may
 25 be treated as a condition to receiving any proceeds of a bond
 26 issued under this act.

27 Enacting section 1. Section 4 of the Michigan veterans'

1 facility authority act, 2016 PA 560, MCL 36.104, is repealed.