

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 6029**

A bill to authorize the state administrative board to convey certain state-owned property in Grand Traverse, Otsego, and Alger counties and to accept and convey certain other property in Grand Traverse county; to prescribe conditions for the acceptance and the conveyances; to provide for certain powers and duties of certain state departments in regard to the properties; to provide for disposition of revenue derived from the conveyances; and to authorize the state administrative board to transfer certain state-owned property in Jackson county from the state transportation department to the department of corrections.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1. (1) The state administrative board, on behalf of the
2 state, may convey by quitclaim deed all or portions of certain
3 state-owned property now under the jurisdiction of the department

1 of technology, management, and budget, commonly known as the former
2 Chesapeake and Ohio Railroad right of way, located in the city of
3 Traverse City, Grand Traverse county, Michigan, and further
4 described as the North 25 feet of Lots 8 through 21, Block 12,
5 Hannah's Fifth Addition to Traverse City. The above described
6 parcel is subject to any easements and/or rights of record as may
7 pertain to this parcel.

8 (2) The description of the property in subsection (1) is
9 approximate and, for purposes of the conveyance, is subject to
10 adjustments as the state administrative board or the attorney
11 general considers necessary by survey or other legal description.

12 (3) The property described in subsection (1) includes all
13 surplus, salvage, and scrap property or equipment remaining on the
14 property as of the date of the conveyance.

15 (4) The fair market value of the property described in
16 subsection (1) shall be determined by an appraisal prepared for the
17 department of technology, management, and budget by an independent
18 appraiser.

19 (5) The director of the department of technology, management,
20 and budget shall first offer the property described in subsection
21 (1) to Traverse City area public schools, which shall have the
22 first right to purchase the property, for consideration of \$1.00,
23 for a period of 180 days after the effective date of this act.
24 Conveyance of any portion of the property for \$1.00 is subject to
25 subsections (7) and (8).

26 (6) If any portion of the property described in subsection (1)
27 is not conveyed pursuant to subsection (5), the department of

1 technology, management, and budget shall take the necessary steps
2 to prepare to convey the remaining portions of the property using
3 any of the following at any time:

4 (a) Competitive bidding designed to realize the best value to
5 the state, as determined by the department of technology,
6 management, and budget.

7 (b) A public auction designed to realize the best value to the
8 state, as determined by the department of technology, management,
9 and budget.

10 (c) Real estate brokerage services designed to realize the
11 best value to the state, as determined by the department of
12 technology, management, and budget.

13 (d) Offering the property for sale for fair market value to a
14 local unit or units of government.

15 (e) Offering the property for sale for less than fair market
16 value to a local unit or units of government subject to subsections
17 (7) and (8).

18 (f) Conveying the property to the land bank fast track
19 authority established under the land bank fast track act, 2003 PA
20 258, MCL 124.751 to 124.774.

21 (7) Any conveyance authorized by subsection (5) or (6)(e)
22 shall provide for all of the following:

23 (a) The property shall be used exclusively for public purposes
24 and if any fee, term, or condition for the use of the property is
25 imposed on members of the public, or if any of those fees, terms,
26 or conditions are waived for use of the property, all members of
27 the public shall be subject to the same fees, terms, conditions,

1 and waivers.

2 (b) In the event of an activity inconsistent with subdivision
3 (a), the state may reenter and repossess the property, terminating
4 the grantee's or successor's estate in the property.

5 (c) If the grantee or successor disputes the state's exercise
6 of its right of reentry and fails to promptly deliver possession of
7 the property to the state, the attorney general, on behalf of the
8 state, may bring an action to quiet title to, and regain possession
9 of, the property.

10 (d) If the state reenters and repossesses the property, the
11 state is not liable to reimburse any party for any improvements
12 made on the property.

13 (e) The grantee shall reimburse the state for requested costs
14 necessary to prepare the property for conveyance.

15 (8) For property conveyed pursuant to subsection (5) or
16 (6)(e), if the grantee intends to convey the property within 10
17 years after the conveyance from the state, the grantee shall
18 provide notice to the department of technology, management, and
19 budget of its intent to offer the property for sale. The department
20 of technology, management, and budget shall retain a right to first
21 purchase the property at the original sale price within 90 days
22 after the notice. If the state repurchases the property, the state
23 is not liable for any improvements to, or liens placed on, the
24 property. If the state waives its first refusal right, the grantee
25 under subsection (5) or (6)(e) shall pay to the state 40% of the
26 difference between the sale price of the conveyance from the state
27 and the sale price of the grantee's subsequent sale or sales to a

1 third party.

2 (9) The department of attorney general shall approve as to
3 legal form the quitclaim deed authorized by this section.

4 (10) The state shall not reserve oil, gas, or mineral rights
5 to the property conveyed under this section. However, the
6 conveyance authorized under this section shall provide that, if the
7 purchaser or any grantee develops any oil, gas, or minerals found
8 on, within, or under the conveyed property, the purchaser or any
9 grantee shall pay the state 1/2 of the gross revenue generated from
10 the development of the oil, gas, or minerals. This payment shall be
11 deposited in the general fund.

12 (11) The state reserves all aboriginal antiquities including
13 mounds, earthworks, forts, burial and village sites, mines, or
14 other relics lying on, within, or under the property with power to
15 the state and all others acting under its authority to enter the
16 property for any purpose related to exploring, excavating, and
17 taking away the aboriginal antiquities.

18 (12) The net revenue received by the state from the sale of
19 property under this section shall be deposited in the state
20 treasury and credited to the general fund. As used in this
21 subsection, "net revenue" means the proceeds from the sale of the
22 property less reimbursement for any costs to the state associated
23 with the sale of property, including, but not limited to,
24 administrative costs, including employee wages, salaries, and
25 benefits; costs of reports and studies and other materials
26 necessary to prepare for the sale; environmental remediation costs;
27 legal fees; and costs of any litigation related to the conveyance

1 of the property.

2 Sec. 2. (1) The state administrative board, on behalf of the
3 state, subject to and contingent upon the conveyance of the
4 property to the township of Garfield, Grand Traverse county, as
5 provided in subsection (3), may accept from the township of
6 Garfield, for consideration of \$1.00, certain real property that
7 was conveyed to the township of Garfield in the quitclaim deed
8 recorded in liber 984, page 304, Grand Traverse county records, and
9 is located in the township of Garfield, Grand Traverse county,
10 Michigan, and further described as follows:

11 PART OF THE NORTHWEST 1/4 OF SECTION 9, T27N, R11W, DESCRIBED AS
12 COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION 9; THENCE
13 N00°52'22"E, 962.58 FEET ALONG THE WEST LINE OF SAID SECTION 9;
14 THENCE N89°57'22"E, 1614.17 FEET; THENCE S36°46'34"E, 864.75 FEET
15 TO THE POINT OF BEGINNING; THENCE S36°46'34"E, 228.74 FEET; THENCE
16 S01°05'58"W, 16.51 FEET; THENCE N88°54'23"W, 210.47 FEET; THENCE
17 N01°05'58"E, 197.04 FEET; THENCE S88°56'10"E, 70.04 FEET TO POINT
18 OF BEGINNING. SAID PARCEL CONTAINS 0.66 ACRES OF LAND SUBJECT TO
19 EASEMENTS OR RESTRICTIONS, IF ANY.

20 (2) The description of the parcel in subsection (1) is
21 approximate and for purposes of the conveyances is subject to
22 adjustment as the state administrative board or attorney general
23 considers necessary by survey or other legal description.

24 (3) The state administrative board, on behalf of the state,
25 after receiving the conveyance authorized in subsection (1), shall
26 convey to Garfield township, for consideration of \$1.00, the real
27 property described in subsection (1).

1 (4) The conveyance authorized by subsection (3) shall provide
2 for all of the following:

3 (a) Unless the property is conveyed for fair market value
4 after the conveyance described in subsection (3), the property
5 shall be used exclusively for public purposes.

6 (b) In the event of activity inconsistent with subdivision
7 (a), the state may reenter and repossess the property, terminating
8 the grantee's estate in the property.

9 (c) If a grantee disputes the state's exercise of its right of
10 reentry and fails to promptly deliver possession of the property to
11 the state, the attorney general, on behalf of the state, may bring
12 an action to quiet title to, and regain possession of, the
13 property.

14 (d) If the state reenters and repossesses the property, the
15 state is not liable to reimburse any party for any improvements
16 made on the property.

17 (e) If the property is sold by Garfield township, or another
18 local unit of government that is a successor in interest, for fair
19 market value, upon the first such sale of the property, the local
20 unit of government selling the property shall pay to the state 40%
21 of the sales price of the property.

22 (5) The state shall not reserve oil, gas, or mineral rights to
23 the property conveyed under this section. However, the conveyance
24 authorized under this section shall provide that, if the purchaser
25 or any grantee develops any oil, gas, or minerals found on, within,
26 or under the conveyed property, the purchaser or any grantee shall
27 pay the state 1/2 of the gross revenue generated from the

1 development of the oil, gas, or minerals. This payment shall be
2 deposited in the state treasury and credited to the general fund.

3 (6) The state shall reserve all aboriginal antiquities
4 including mounds, earthworks, forts, burial and village sites,
5 mines, and other relics, on, within, or under the property conveyed
6 under this section, with power to the state, and all others acting
7 under its authority, to enter the property for any purpose related
8 to exploring, excavating, and taking away aboriginal antiquities.

9 (7) The conveyance under subsection (3) shall be by quitclaim
10 deed or other instrument approved by the attorney general.

11 (8) Revenue to the state from the sale of property under this
12 section shall be deposited in the state treasury and credited to
13 the general fund.

14 Sec. 3. (1) The state administrative board, on behalf of the
15 state, may convey by quitclaim deed all or portions of certain
16 state-owned property now under the jurisdiction of the department
17 of community health, commonly known as Pinehaven buildings 31 and
18 32, and located at 102 McLouth road on part of the SW ¼ of section
19 27, T31N, R3W, Livingston township, Otsego county, Michigan, and
20 more particularly described as follows:

21 Commencing at the southwest corner of said section 27, thence
22 S89°22'16"E, 400.00' along the south line of said section 27, to the
23 point of beginning; thence N00°37'44"E. 350.00'; thence S89°22'16"E
24 450.16'; thence S00°37'44"W 350.00' to the south line of said
25 section 27; thence N89°22'16"W 450.16' along said south line to the
26 point of beginning, containing 3.62 acres and subject to easements
27 of record.

1 (2) The description of the property in subsection (1) is
2 approximate and, for purposes of the conveyance, is subject to
3 adjustments as the state administrative board or the attorney
4 general considers necessary by survey or other legal description.

5 (3) The property described in subsection (1) includes all
6 surplus, salvage, and scrap property or equipment remaining on the
7 property as of the date of the conveyance.

8 (4) The fair market value of the property described in
9 subsection (1) shall be determined by an appraisal prepared for the
10 department of technology, management, and budget by an independent
11 appraiser.

12 (5) The director of the department of technology, management,
13 and budget shall first offer the property described in subsection
14 (1) to the north country community mental health authority, a
15 governmental entity, which shall have the first right to purchase
16 the property, for consideration of \$1.00, for a period of 180 days
17 after the effective date of this act. Conveyance of any portion of
18 the property for \$1.00 is subject to subsections (7) and (8).

19 (6) If any portion of the property described in subsection (1)
20 is not conveyed pursuant to subsection (5), the department of
21 technology, management, and budget shall take the necessary steps
22 to prepare to convey the remaining portions of the property using
23 any of the following at any time:

24 (a) Competitive bidding designed to realize the best value to
25 the state, as determined by the department of technology,
26 management, and budget.

27 (b) A public auction designed to realize the best value to the

1 state, as determined by the department of technology, management,
2 and budget.

3 (c) Real estate brokerage services designed to realize the
4 best value to the state, as determined by the department of
5 technology, management, and budget.

6 (d) Offering the property for sale for less than fair market
7 value to a local unit or units of government, or to a governmental
8 corporation, subject to subsections (7) and (8).

9 (7) Any conveyance for less than fair market value authorized
10 by subsection (5) or (6)(d) shall provide for all of the following:

11 (a) The property shall be used exclusively for the public
12 purposes of providing inpatient residential community health
13 services and related community mental health services to persons
14 requiring them due to mental illness, aging, substance abuse,
15 developmental disability, or other mental disability for a period
16 of at least 50 years after the date of the conveyance.

17 (b) If any fee, term, or condition for the use of the property
18 is imposed on members of the public, or if any of those fees,
19 terms, or conditions are waived for use of the property, all
20 members of the public shall be subject to the same fees, terms,
21 conditions, and waivers.

22 (c) In the event of an activity inconsistent with subdivision
23 (a) or (b), the state may reenter and repossess the property,
24 terminating the grantee's or successor's estate in the property.

25 (d) If the grantee or successor disputes the state's exercise
26 of its right of reentry and fails to promptly deliver possession of
27 the property to the state, the attorney general, on behalf of the

1 state, may bring an action to quiet title to, and regain possession
2 of, the property.

3 (e) If the state reenters and repossesses the property, the
4 state is not liable to reimburse any party for any improvements
5 made on the property.

6 (f) The grantee shall reimburse the state for requested costs
7 necessary to prepare the property for conveyance.

8 (8) For property conveyed pursuant to subsection (5) or
9 (6)(d), if the grantee intends to convey the property within 50
10 years after the conveyance from the state, the grantee shall
11 provide notice to the department of technology, management, and
12 budget of its intent to offer the property for sale. The department
13 of technology, management, and budget shall retain a right to first
14 purchase the property at the original sale price within 90 days
15 after the notice. If the state repurchases the property, the state
16 is not liable to any party for improvements to, or liens placed on,
17 the property. If the state waives its first refusal right, the
18 grantee under subsection (5) or (6)(d) shall pay to the state 40%
19 of the difference between the sale price of the conveyance from the
20 state and the sale price of the grantee's subsequent sale or sales
21 to a third party.

22 (9) The department of attorney general shall approve as to
23 legal form the quitclaim deed authorized by this section.

24 (10) The state shall not reserve oil, gas, or mineral rights
25 to the property conveyed under this section. However, the
26 conveyance authorized under this section shall provide that, if the
27 purchaser or any successor in interest develops any oil, gas, or

1 minerals found on, within, or under the conveyed property, the
2 purchaser or grantee shall pay the state 1/2 of the gross revenue
3 generated from the development of the oil, gas, or minerals. This
4 payment shall be deposited in the general fund.

5 (11) The state reserves all aboriginal antiquities including
6 mounds, earthworks, forts, burial and village sites, mines, or
7 other relics lying on, within, or under the property with power to
8 the state and all others acting under its authority to enter the
9 property for any purpose related to exploring, excavating, and
10 taking away the aboriginal antiquities.

11 (12) The net revenue received by the state from the sale of
12 property under this section shall be deposited in the state
13 treasury and credited to the general fund. As used in this
14 subsection, "net revenue" means the proceeds from the sale of the
15 property less reimbursement for any costs to the state associated
16 with the sale of property, including, but not limited to,
17 administrative costs, including employee wages, salaries, and
18 benefits; costs of reports and studies and other materials
19 necessary to prepare for the sale; environmental remediation costs;
20 legal fees; and costs of any litigation related to the conveyance
21 of the property.

22 Sec. 4. (1) The state administrative board may transfer from
23 the state transportation department to the department of
24 corrections, without consideration, a parcel of land in the
25 townships of Blackman and Leoni, Jackson county, Michigan, more
26 specifically described as follows:

27 All that part of the Michigan department of transportation

1 railroad, formerly Grand Trunk Western, right of way, 100 feet
2 wide, more or less, further described as: beginning at a point on
3 the centerline of said railroad which is at the southwesterly end
4 of the bridge over the Portage river in the southeast corner of the
5 southwest quarter of section 5, town 2 south, range 1 east, Leoni
6 township, Jackson county, Michigan, thence southwesterly, following
7 along the centerline of said railroad, 3.98 miles, more or less,
8 passing through Sections 5, 8, 7 and 18 of said township, Sections
9 13, 14, 23, town 2 south, range 1 west, Blackman township, Jackson
10 county, Michigan, to the point of ending on the westerly right of
11 way line of the highway M-106. Contains 46.50 acres, more or less.

12 (2) The property description in subsection (1) is approximate
13 and subject to possible adjustment by a professional survey
14 conducted by the department of technology, management, and budget.

15 (3) The transfer authorized by this section is permanent and
16 effective when approved by the state administrative board. The
17 department of corrections shall then assume full responsibility for
18 the property.

19 (4) All documents regarding the transfer of the property
20 described in subsection (1) shall be approved as to legal form by
21 the department of attorney general.

22 (5) The department of technology, management, and budget shall
23 coordinate and implement the transfer, but any survey costs or
24 transaction closing costs incurred by the department of technology,
25 management, and budget in doing so shall be reimbursed by the
26 department of corrections.

27 Sec. 5. (1) The state administrative board, on behalf of the

1 state, may convey by quitclaim deed all or portions of certain
2 state-owned property commonly known as 414 East Munising Avenue and
3 the former Michigan state police post, located in the city of
4 Munising, Alger county, Michigan, and further described as follows:
5 SEC 2 T46N R19W .91 A BEG S 61 DEG 15'E 300' FM MONU AT INT OF N LN
6 OF SUP ST WITH E LN OF CEDAR ST OF ORIG PLAT, S61DEG15'E 200', TH
7 N24DEG E 179' TO SLY R/W LN OF OLD M94, TH N50 DEG24'W 207' ALG
8 R/W, S24DEGW 218.3' TO POB. The above described parcel is subject
9 to any easements and/or rights of record as may pertain to this
10 parcel.

11 (2) The description of the property in subsection (1) is
12 approximate and, for purposes of the conveyance, is subject to
13 adjustments as the state administrative board or the attorney
14 general considers necessary by survey or other legal description.

15 (3) The property described in subsection (1) includes all
16 surplus, salvage, and scrap property or equipment remaining on the
17 property as of the date of the conveyance.

18 (4) The fair market value of the property described in
19 subsection (1) shall be determined by an appraisal prepared for the
20 department of technology, management, and budget by an independent
21 appraiser.

22 (5) The director of the department of technology, management,
23 and budget shall first offer the property described in subsection
24 (1) to the city of Munising, which shall have the first right to
25 purchase the property, for consideration of \$1.00, for a period of
26 180 days after the effective date of this act. Conveyance of any
27 portion of the property for \$1.00 is subject to subsections (7) and

1 (8).

2 (6) If any portion of the property described in subsection (1)
3 is not conveyed pursuant to subsection (5), the department of
4 technology, management, and budget shall take the necessary steps
5 to prepare to convey the remaining portions of the property using
6 any of the following at any time:

7 (a) Competitive bidding designed to realize the best value to
8 the state, as determined by the department of technology,
9 management, and budget.

10 (b) A public auction designed to realize the best value to the
11 state, as determined by the department of technology, management,
12 and budget.

13 (c) Real estate brokerage services designed to realize the
14 best value to the state, as determined by the department of
15 technology, management, and budget.

16 (d) Offering the property for sale for fair market value to a
17 local unit or units of government.

18 (e) Offering the property for sale for less than fair market
19 value to a local unit or units of government subject to subsections
20 (7) and (8).

21 (f) Conveying the property to the land bank fast track
22 authority established under the land bank fast track act, 2003 PA
23 258, MCL 124.751 to 124.774.

24 (7) Any conveyance authorized by subsection (5) or (6)(e)
25 shall provide for all of the following:

26 (a) The property shall be used exclusively for public purposes
27 and if any fee, term, or condition for the use of the property is

1 imposed on members of the public, or if any of those fees, terms,
2 or conditions are waived for use of the property, all members of
3 the public shall be subject to the same fees, terms, conditions,
4 and waivers.

5 (b) In the event of an activity inconsistent with subdivision
6 (a), the state may reenter and repossess the property, terminating
7 the grantee's or successor's estate in the property.

8 (c) If the grantee or successor disputes the state's exercise
9 of its right of reentry and fails to promptly deliver possession of
10 the property to the state, the attorney general, on behalf of the
11 state, may bring an action to quiet title to, and regain possession
12 of, the property.

13 (d) If the state reenters and repossesses the property, the
14 state is not liable to reimburse any party for any improvements
15 made on the property.

16 (e) The grantee shall reimburse the state for requested costs
17 necessary to prepare the property for conveyance.

18 (8) For property conveyed pursuant to subsection (5) or
19 (6)(e), if the grantee intends to convey the property within 10
20 years after the conveyance from the state, the grantee shall
21 provide notice to the department of technology, management, and
22 budget of its intent to offer the property for sale. The department
23 of technology, management, and budget shall retain a right to first
24 purchase the property at the original sale price within 90 days
25 after the notice. If the state repurchases the property, the state
26 is not liable for any improvements to, or liens placed on, the
27 property. If the state waives its first refusal right, the grantee

1 under subsection (5) or (6)(e) shall pay to the state 40% of the
2 difference between the sale price of the conveyance from the state
3 and the sale price of the grantee's subsequent sale or sales to a
4 third party.

5 (9) The department of attorney general shall approve as to
6 legal form the quitclaim deed authorized by this section.

7 (10) The state shall not reserve oil, gas, or mineral rights
8 to the property conveyed under this section. However, the
9 conveyance authorized under this section shall provide that, if the
10 purchaser or any grantee develops any oil, gas, or minerals found
11 on, within, or under the conveyed property, the purchaser or any
12 grantee shall pay the state 1/2 of the gross revenue generated from
13 the development of the oil, gas, or minerals. This payment shall be
14 deposited in the general fund.

15 (11) The state reserves all aboriginal antiquities including
16 mounds, earthworks, forts, burial and village sites, mines, or
17 other relics lying on, within, or under the property with power to
18 the state and all others acting under its authority to enter the
19 property for any purpose related to exploring, excavating, and
20 taking away the aboriginal antiquities.

21 (12) The net revenue received by the state from the sale of
22 property under this section shall be deposited in the state
23 treasury and credited to the general fund. As used in this
24 subsection, "net revenue" means the proceeds from the sale of the
25 property less reimbursement for any costs to the state associated
26 with the sale of property, including, but not limited to,
27 administrative costs, including employee wages, salaries, and

1 benefits; costs of reports and studies and other materials
2 necessary to prepare for the sale; environmental remediation costs;
3 legal fees; and costs of any litigation related to the conveyance
4 of the property.