

**SUBSTITUTE FOR  
SENATE BILL NO. 979**

A bill to provide for the establishment of municipal recovery and development authorities in certain local governments; to provide for the powers and duties of a municipal recovery and development authority; to authorize the levy and collection of a property tax by a municipal recovery and development authority; to provide for the issuance of bonds, notes, and other obligations; to authorize certain investments; and to provide for the powers and duties of certain government officials.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**1**           Sec. 1. This act shall be known and may be cited as the  
**2** "municipal recovery and development authority act".

**3**           Sec. 3. As used in this act:

**4**           (a) "Articles" means the articles of incorporation of an

1 authority.

2 (b) "Authority" means a municipal recovery and development  
3 authority established under this act.

4 (c) "Board" means the board of directors of an authority.

5 (d) "Chief executive officer" means the mayor of the local  
6 government.

7 (e) "Governing body" means the council, commission, or other  
8 entity vested with legislative power for the local government.

9 (f) "Local government" means a city in which a drinking water  
10 declaration of emergency was issued by the governor.

11 Sec. 5. (1) A local government may form an authority to  
12 promote and assist in the recovery and economic development of that  
13 local government regarding a drinking water declaration of  
14 emergency issued by the governor.

15 (2) An authority created under this act is an authority under  
16 section 6 of article IX of the state constitution of 1963. An  
17 authority is a public corporate body with the power to sue and be  
18 sued in any court of this state.

19 (3) An authority possesses all the powers necessary for  
20 carrying out the purposes of its formation. The enumeration of  
21 specific powers in this act shall not be construed as a limitation  
22 on the general powers of an authority, consistent with its  
23 articles.

24 (4) An authority created under this act shall have a duration  
25 of not more than 15 years from the date the authority's articles of  
26 incorporation are filed with the secretary of state.

27 Sec. 7. (1) To initiate the establishment of an authority,

1 articles of incorporation shall be prepared by a majority of the  
2 members of the governing body of the local government establishing  
3 the authority. The articles of incorporation shall include all of  
4 the following:

5 (a) The name of the authority.

6 (b) The size of the board, the qualifications and terms of  
7 office of board members, the manner of appointing the members of  
8 the board, and the procedure for filling vacancies in the office of  
9 board member, consistent with section 9.

10 (c) The purpose of the authority.

11 (d) The duration of the authority, consistent with section  
12 5(4).

13 (e) The method of dissolution of the authority.

14 (f) Any other matters considered advisable.

15 (2) The articles shall be adopted and may be amended by an  
16 affirmative vote of a majority of the members of the governing body  
17 of the local government establishing the authority.

18 (3) Before the proposed articles or proposed amendments to the  
19 articles are adopted, the proposed articles or amendments shall be  
20 published not less than once in a newspaper generally circulated  
21 within the local government and shall be posted on the local  
22 government's website. The adoption of proposed articles or  
23 amendments by the local government shall be evidenced by an  
24 endorsement on the articles or amendments by the clerk of the local  
25 government.

26 (4) Upon adoption of the articles or amendments to the  
27 articles by the local government, a printed copy of the articles or

1 the amended articles shall be filed with the secretary of state by  
2 the clerk of the local government.

3 (5) The authority's articles of incorporation, or amendments  
4 to the articles, take effect upon filing with the secretary of  
5 state.

6 Sec. 9. (1) An authority created under this act shall be  
7 directed and governed by a board of directors consisting of 11  
8 members appointed as provided in this section.

9 (2) Subject to subsection (3), the board shall be appointed as  
10 follows:

11 (a) Two members appointed by the governor from a list of 3 or  
12 more individuals selected by the speaker of the house of  
13 representatives.

14 (b) Two members appointed by the governor from a list of 3 or  
15 more individuals selected by the senate majority leader.

16 (c) One member who is a health professional licensed or  
17 registered under article 15 of the public health code, 1978 PA 368,  
18 MCL 333.16101 to 333.18838, appointed by the chief executive  
19 officer of the local government.

20 (d) One member who is a civil engineer licensed as a  
21 professional engineer under article 20 of the occupational code,  
22 1980 PA 299, MCL 339.2001 to 339.2014, appointed by the chief  
23 executive officer of the local government.

24 (e) One member who is a certified public accountant licensed  
25 as a certified public accountant under article 7 of the  
26 occupational code, 1980 PA 299, MCL 339.720 to 339.736, appointed  
27 by the governing body of the local government.

1 (f) One member who is an education professional, appointed by  
2 the governing body of the local government. As used in this  
3 subdivision, "education professional" includes, but is not limited  
4 to, a teacher, public school administrator, professor, or college  
5 or university administrator.

6 (g) Two at-large members appointed by the chief executive  
7 officer of the local government.

8 (h) One at-large member appointed by the governing body of the  
9 local government.

10 (3) At least 1 of the members appointed by the governor under  
11 subsection (2)(a) and at least 1 of the members appointed by the  
12 governor under subsection (2)(b) must be residents of the local  
13 government. In addition, at least 2 of the members appointed by the  
14 chief executive officer and at least 2 of the members appointed by  
15 the governing body must be residents of the local government.

16 (4) Except as otherwise provided in this subsection, the term  
17 of office for members of the board is 4 years. For the first  
18 appointments to the board, all of the following apply:

19 (a) One of the members appointed under subsection (2)(g) by  
20 the chief executive officer shall be appointed for 1 year.

21 (b) One of the members appointed under subsection (2)(g) by  
22 the chief executive officer shall be appointed for 2 years.

23 (c) The member appointed under subsection (2)(h) by the  
24 governing body shall be appointed for 3 years.

25 (5) If a vacancy occurs on the board other than by expiration  
26 of a term of office, the vacancy shall be filled in the same manner  
27 as the original appointment for the remainder of the term of

1 office.

2           Sec. 11. (1) Within 14 days following the appointment of the  
3 last board member to the board, the board shall hold its first  
4 meeting.

5           (2) At its first meeting, the board shall select a  
6 chairperson, treasurer, and any other officers as the board  
7 considers necessary.

8           (3) The board shall hire an executive director to whom the  
9 authority may delegate any of its administrative powers and  
10 authorizations. However, an executive director shall not enter into  
11 a contract that has a cumulative value of \$100,000.00 or more  
12 without approval by a majority of the members of the board  
13 appointed and serving.

14           (4) The board shall select, employ, and fix the compensation  
15 for employees of the board and contract for those legal and other  
16 professional services that the board considers necessary to  
17 effectuate the purposes of the authority.

18           (5) A majority of the members of the board constitute a quorum  
19 for the purpose of conducting business and exercising powers of the  
20 authority. Official action may be taken by an authority upon the  
21 vote of a majority of the board members present, unless the  
22 articles of incorporation or authority bylaws require a larger  
23 number.

24           (6) The board shall adopt rules and bylaws governing its  
25 procedures and the holding of meetings. The board shall designate  
26 an office or location as its principal place of business.

27           (7) The business of the board shall be conducted at a public

1 meeting of the board held in compliance with the open meetings act,  
2 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date,  
3 and place of the meeting shall be given in the manner required by  
4 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. After  
5 organization, a board shall adopt a schedule of regular meetings  
6 and adopt a regular meeting date, place, and time.

7 (8) A board shall keep a written or printed record of each  
8 meeting, which record and any other document or record prepared,  
9 owned, used, in the possession of, or retained by the authority in  
10 the performance of an official function shall be made available to  
11 the public in compliance with the freedom of information act, 1976  
12 PA 442, MCL 15.231 to 15.246.

13 (9) The board shall provide a monthly progress report to the  
14 chief executive officer and the governing body of the local  
15 government and the local government shall make that monthly  
16 progress report available on the local government's Internet  
17 website. The monthly progress report shall include, but not be  
18 limited to, a list of all expenditures by the authority for the  
19 reporting period.

20 Sec. 13. (1) A board shall obtain an annual audit of the  
21 authority, and report on the audit and auditing procedures, in the  
22 manner provided by sections 6 to 13 of the uniform budgeting and  
23 accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit shall  
24 also be in accordance with generally accepted government auditing  
25 standards as promulgated by the United States General Accounting  
26 Office and shall satisfy federal regulations relating to federal  
27 grant compliance audit requirements.

1 (2) An authority shall prepare budgets and appropriations acts  
2 in the manner provided by sections 14 to 19 of the uniform  
3 budgeting and accounting act, 1968 PA 2, MCL 141.434 to 141.439.

4 (3) The state treasurer, the attorney general, a prosecuting  
5 attorney, bank, certified public accountant, certified public  
6 accounting firm, or other person shall have the same powers,  
7 duties, and immunities with respect to the authority as provided  
8 for local units in sections 6 to 20 of the uniform budgeting and  
9 accounting act, 1968 PA 2, MCL 141.426 to 141.440.

10 (4) If an authority ends a fiscal year in a deficit condition,  
11 the authority shall file a financial plan to correct the deficit  
12 condition in the same manner as provided in section 21(2) of the  
13 Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL  
14 141.921.

15 (5) The board may authorize funds of the authority to be  
16 invested or deposited in any investment or depository authorized  
17 under section 1 of 1943 PA 20, MCL 129.91.

18 Sec. 15. An authority may do any of the following:

19 (a) Provide funding to the local government to promote and  
20 assist in the recovery and economic development of that local  
21 government regarding a drinking water declaration of emergency  
22 issued by the governor.

23 (b) Levy a tax as provided in section 17.

24 (c) Make and enter into contracts, agreements, or instruments  
25 necessary or incidental to the performance of its powers, duties,  
26 functions, and responsibilities under this act. An authority shall  
27 not enter into any contract, agreement, or instrument for a period



1 longer than the existence of the authority.

2 (d) Solicit, receive, and accept gifts, grants, loans,  
3 contributions of money, property, or other things of value, or  
4 other aid or payment from any federal, state, local, or  
5 intergovernmental agency or from any other person or entity, public  
6 or private, upon terms and conditions acceptable to the authority,  
7 or participate in any other way in a federal, state, local, or  
8 intergovernmental program.

9 (e) Apply for and receive loans, grants, guarantees, or other  
10 financial assistance from any federal, state, local, or  
11 intergovernmental agency or from any other person or entity, public  
12 or private.

13 (f) Convey, sell, transfer, exchange, lease, or otherwise  
14 dispose of property or rights or interests in property to any  
15 person for consideration on terms and conditions and in a manner  
16 the authority considers proper, fair, and valuable.

17 (g) Issue bonds or notes of the authority for any of its  
18 purposes under this act. An authority shall not issue any bonds or  
19 notes for a period longer than the existence of the authority.

20 (h) Acquire, hold, lease, and dispose of real and personal  
21 property in the exercise of its powers and the performance of its  
22 duties under this act.

23 (i) Engage or contract for legal and other professional  
24 services as considered necessary to effectuate the purposes of the  
25 authority.

26 (j) Any other things necessary or convenient to exercise the  
27 powers, duties, functions, and responsibilities of the authority

1 under this act.

2       Sec. 17. (1) An authority may levy a tax of not more than 0.5  
3 mills for a period of time, as determined by the board, that does  
4 not go beyond the existence of the authority on all of the taxable  
5 property within the local government for the purpose of promoting  
6 and assisting in the recovery and economic development of the local  
7 government regarding a drinking water declaration of emergency  
8 issued by the governor. The authority may levy the tax only if a  
9 majority of the electors in the local government voting on the tax  
10 at a statewide general or primary election approve the tax. The  
11 proposal for a tax shall be submitted to a vote of the electors of  
12 the authority by resolution of the board.

13       (2) A ballot proposal for a tax shall comply with the  
14 requirements of section 24f of the general property tax act, 1893  
15 PA 206, MCL 211.24f. A proposal for a tax shall not be placed on  
16 the ballot unless the proposal is adopted by a resolution of the  
17 board and certified by the board not later than the twelfth Tuesday  
18 before the election to the clerk of the local government for  
19 inclusion on the ballot. The proposal shall be certified for  
20 inclusion on the ballot at the next eligible election, as specified  
21 by the board's resolution.

22       (3) If a majority of the electors in the local government  
23 voting on the question of a tax approve the proposal as provided  
24 under subsection (1), the tax levy is authorized. Not more than 2  
25 elections may be held in a calendar year on a proposal for a tax  
26 authorized under this act.

27       Sec. 19. (1) The notices of close of registration and election

1 shall be published as provided for by the state election laws. The  
2 notice of close of registration shall include the ballot language  
3 of the proposal.

4 (2) The results of an election for a tax shall be canvassed by  
5 the board of county canvassers of the county. The board of county  
6 canvassers of the county shall make the final canvass of an  
7 election for a tax based on the returns of the election inspectors  
8 in that local government. The board of county canvassers of the  
9 county shall certify the results of the election to the board of  
10 the authority.

11 Sec. 21. A tax authorized to be levied by an authority under  
12 this act shall be levied and collected at the same time and in the  
13 same manner as provided by the general property tax act, 1893 PA  
14 206, MCL 211.1 to 211.155.

15 Sec. 23. (1) For the purpose of promoting and addressing the  
16 recovery and economic development of a local government regarding a  
17 drinking water declaration of emergency issued by the governor, the  
18 authority may borrow money and issue revenue bonds and notes for  
19 the purposes provided in this section.

20 (2) Revenue bonds are payable upon the terms and conditions  
21 specified by the authority in the resolution under which the  
22 authority issues the bonds or in a related trust agreement or trust  
23 indenture. The board in the resolution authorizing the bonds, a  
24 trust indenture, or other agreement entered into with respect to  
25 bonds of the authority may pledge any funds received or to be  
26 received by the authority for the payment of the bonds or other  
27 obligations of the authority under the agreement and create a first

1 lien in favor of the holders of the bonds or a party subject to the  
2 agreement. The principal of and interest on the bonds shall be  
3 payable, except as provided in this act, solely from the proceeds  
4 described in the resolution authorizing the bonds or trust  
5 indenture.

6 (3) The resolution authorizing the issuance of bonds under  
7 this section shall include all of the following:

8 (a) A statement that the bonds are revenue bonds.

9 (b) A statement briefly describing the recovery and economic  
10 development of that local government regarding a drinking water  
11 declaration of emergency issued by the governor.

12 (c) In the case of refunding bonds, identification of the  
13 parameters under which the bonds can be issued.

14 (d) Delegation for a time period at the board's discretion to  
15 an officer, employee, or designated agent of the authority the  
16 power to issue, sell, and deliver bonds within the limits on those  
17 bonds established by the authority as to any of the following:

18 (i) Form.

19 (ii) Maximum interest rates.

20 (iii) Maturity dates.

21 (iv) Purchase price.

22 (v) Denominations.

23 (vi) Redemption dates and premiums, if any.

24 (vii) Nature of the security.

25 (viii) Selection of an applicable interest rate index.

26 (ix) Other terms and conditions with respect to the bond issue  
27 that the authority prescribes.

1 (e) Specification of other details and matters that are  
2 considered necessary or advisable to provide for the prompt and  
3 orderly retirement of the bonds and the interest on the bonds at  
4 maturity.

5 (f) Provision for the deposit of revenues pledged for the  
6 payment of bonds issued under this section into a separate account  
7 for the purpose of paying principal and interest on those bonds,  
8 the administrative costs associated with those bonds, and any other  
9 bonds issued by the authority that are secured by those revenues.

10 (4) An authority may issue bonds under this section to refund  
11 any bonds by issuing new bonds if it considers the refunding  
12 expedient, whether or not the bonds to be refunded have matured,  
13 and may issue bonds partly to refund bonds that are outstanding and  
14 partly for restructuring or any of the authority's other authorized  
15 purposes.

16 (5) Bonds issued under this act shall not mature beyond the  
17 existence of the authority.

18 (6) An authority may issue bond anticipation notes secured by  
19 the issuance of revenue bonds issued under this section in addition  
20 to the revenues that the authority is permitted to pledge as  
21 provided in this section.

22 (7) Any bonds issued under this act shall be sold to the  
23 Michigan finance authority created by Executive Reorganization  
24 Order No. 2010-2, MCL 12.194.

25 (8) Bonds issued by an authority under this act are not  
26 subject to the revised municipal finance act, 2001 PA 34, MCL  
27 141.2101 to 141.2821. Bonds issued by an authority under this act

**1** are not subject to the revenue bond act of 1933, 1933 PA 94, MCL  
**2** 141.101 to 141.140.