

# SENATE BILL NO. 947

June 26, 2024, Introduced by Senators POLEHANKI, BAYER, GEISS, IRWIN, MCMORROW, CAVANAGH, MOSS and SHINK 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,

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 503b, 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 public school academy 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 public school academy.

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 public school academy in the furtherance of its public  
21 purposes.

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

1 under this section are subject to the revised municipal finance  
2 act, 2001 PA 34, MCL 141.2101 to 141.2821.

3 (2) If a public school academy leases or purchases real  
4 property, all of the following apply to the lease or purchase  
5 transaction:

6 (a) The board of directors of the public school academy shall  
7 not lease or purchase real property from an educational management  
8 organization with which the public school academy has a management  
9 agreement, from a real estate holding company that is affiliated  
10 with such an educational management organization, or from any  
11 person affiliated with a real estate holding company that is  
12 affiliated with such an educational management organization. As  
13 used in this subdivision, "educational management organization" and  
14 "management agreement" mean those terms as defined in section 503c.

15 (b) The board of directors of the public school academy shall  
16 approve the terms of the lease or purchase agreement for real  
17 property and shall ensure that the terms of the lease or purchase  
18 agreement for real property reflect the market conditions that  
19 exist at the time of the lease or purchase transaction, as  
20 determined by an appraisal conducted by a licensed independent real  
21 estate appraiser.

22 (c) The board of directors of the public school academy shall  
23 not enter into a lease or purchase agreement for real property  
24 unless the agreement is reviewed by the public school academy's  
25 authorizing body. The authorizing body shall notify the  
26 superintendent of public instruction and state board if it has  
27 reason to suspect either of the following:

28 (i) The lease or purchase agreement for real property is  
29 between the public school academy and a person or entity prohibited

1 under subdivision (a) from participating in the lease or purchase.

2 (ii) The lease or purchase agreement for real property does not  
3 reflect market conditions as required under subdivision (b).

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

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

9 (b) Subject to **subsection (2) and** section 523a, to acquire,  
10 hold, and own in its own name real and personal property, or  
11 interests in real or personal property, for educational purposes by  
12 purchase, gift, grant, devise, bequest, lease, sublease,  
13 installment purchase agreement, land contract, option, or  
14 condemnation, and subject to mortgages, security interests, or  
15 other liens; and to sell or convey the property as the interests of  
16 the urban high school academy require.

17 (c) To receive, disburse, and pledge funds for lawful  
18 purposes.

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

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

23 (f) To solicit and accept any grants or gifts for educational  
24 purposes and to establish or permit to be established on its behalf  
25 1 or more nonprofit corporations the purpose of which is to assist  
26 the urban high school academy in the furtherance of its public  
27 purposes.

28 (g) To borrow money and issue bonds in accordance with section  
29 1351a and in accordance with part VI of the revised municipal

1 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the  
2 borrowing of money and issuance of bonds by an urban high school  
3 academy are not subject to section 1351a(4) or section 1351(2) to  
4 (4). Bonds issued under this section ~~shall be~~ **are** full faith and  
5 credit obligations of the urban high school academy, pledging the  
6 general funds or any other money available for such a purpose.  
7 Bonds issued under this section are subject to the revised  
8 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

9       **(2) If an urban high school academy leases or purchases real**  
10 **property, all of the following apply to the lease or purchase**  
11 **transaction:**

12       **(a) The board of directors of the urban high school academy**  
13 **shall not lease or purchase real property from an educational**  
14 **management organization with which the urban high school academy**  
15 **has a management agreement, from a real estate holding company that**  
16 **is affiliated with such an educational management organization, or**  
17 **from any person affiliated with a real estate holding company that**  
18 **is affiliated with such an educational management organization. As**  
19 **used in this subdivision, "educational management organization" and**  
20 **"management agreement" mean those terms as defined in section 523c.**

21       **(b) The board of directors of the urban high school academy**  
22 **shall approve the terms of the lease or purchase agreement for real**  
23 **property and shall ensure that the terms of the lease or purchase**  
24 **agreement for real property reflect the market conditions that**  
25 **exist at the time of the lease or purchase transaction, as**  
26 **determined by an appraisal conducted by a licensed independent real**  
27 **estate appraiser.**

28       **(c) The board of directors of the urban high school academy**  
29 **shall not enter into a lease or purchase agreement for real**

1 property unless the agreement is reviewed by the urban high school  
2 academy's authorizing body. The authorizing body shall notify the  
3 superintendent of public instruction and state board if it has  
4 reason to suspect either of the following:

5 (i) The lease or purchase agreement for real property is  
6 between the urban high school academy and a person or entity  
7 prohibited under subdivision (a) from participating in the lease or  
8 purchase.

9 (ii) The lease or purchase agreement for real property does not  
10 reflect market conditions as required under subdivision (b).

11 Sec. 557. (1) In addition to other powers set forth in this  
12 part, a school of excellence may take action to carry out the  
13 purposes for which it was incorporated under this part, including,  
14 but not limited to, all of the following:

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

16 (b) Subject to **subsection (2) and** section 555, to acquire,  
17 hold, and own in its own name real and personal property, or  
18 interests in real or personal property, for educational purposes by  
19 purchase, gift, grant, devise, bequest, lease, sublease,  
20 installment purchase agreement, land contract, option, or  
21 condemnation, and subject to mortgages, security interests, or  
22 other liens; and to sell or convey the property as the interests of  
23 the school of excellence require.

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

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

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

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

5 (g) To borrow money and issue bonds in accordance with section  
6 1351a and in accordance with part VI of the revised municipal  
7 finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the  
8 borrowing of money and issuance of bonds by a school of excellence  
9 is not subject to section 1351a(4) or section 1351(2) to (4). Bonds  
10 issued under this section ~~shall be~~ **are** full faith and credit  
11 obligations of the school of excellence, pledging the general funds  
12 or any other money available for such a purpose. Bonds issued under  
13 this section are subject to the revised municipal finance act, 2001  
14 PA 34, MCL 141.2101 to 141.2821.

15 **(2) If a school of excellence leases or purchases real**  
16 **property, all of the following apply to the lease or purchase**  
17 **transaction:**

18 (a) The board of directors of the school of excellence shall  
19 not lease or purchase real property from an educational management  
20 organization with which the school of excellence has a management  
21 agreement, from a real estate holding company that is affiliated  
22 with such an educational management organization, or from any  
23 person affiliated with a real estate holding company that is  
24 affiliated with such an educational management organization. As  
25 used in this subdivision, "educational management organization" and  
26 "management agreement" mean those terms as defined in section 553c.

27 (b) The board of directors of the school of excellence shall  
28 approve the terms of the lease or purchase agreement for real  
29 property and shall ensure that the terms of the lease or purchase

1 agreement for real property reflect the market conditions that  
2 exist at the time of the lease or purchase transaction, as  
3 determined by an appraisal conducted by a licensed independent real  
4 estate appraiser.

5 (c) The board of directors of the school of excellence shall  
6 not enter into a lease or purchase agreement for real property  
7 unless the agreement is reviewed by the school of excellence's  
8 authorizing body. The authorizing body shall notify the  
9 superintendent of public instruction and state board if it has  
10 reason to suspect either of the following:

11 (i) The lease or purchase agreement for real property is  
12 between the school of excellence and a person or entity prohibited  
13 under subdivision (a) from participating in the lease or purchase.

14 (ii) The lease or purchase agreement for real property does not  
15 reflect market conditions as required under subdivision (b).

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

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

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



1 (c) To receive and disburse funds for lawful purposes.

2 (d) To enter into binding legal agreements with persons or  
3 entities as necessary for the operation, management, financing, and  
4 maintenance of the strict discipline academy.

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

6 (f) To solicit and accept any grants or gifts for educational  
7 purposes and to establish or permit to be established on its behalf  
8 1 or more nonprofit corporations the purpose of which is to assist  
9 the strict discipline academy in the furtherance of its public  
10 purposes.

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

21 **(2) If a strict discipline academy leases or purchases real**  
22 **property, all of the following apply to the lease or purchase**  
23 **transaction:**

24 **(a) The board of directors of the strict discipline academy**  
25 **shall not lease or purchase real property from an educational**  
26 **management organization with which the strict discipline academy**  
27 **has a management agreement, from a real estate holding company that**  
28 **is affiliated with such an educational management organization, or**  
29 **from any person affiliated with a real estate holding company that**

1 is affiliated with such an educational management organization. As  
2 used in this subdivision, "educational management organization" and  
3 "management agreement" mean those terms as defined in section 503c.

4 (b) The board of directors of the strict discipline academy  
5 shall approve the terms of the lease or purchase agreement for real  
6 property and shall ensure that the terms of the lease or purchase  
7 agreement for real property reflect the market conditions that  
8 exist at the time of the lease or purchase transaction, as  
9 determined by an appraisal conducted by a licensed independent real  
10 estate appraiser.

11 (c) The board of directors of the strict discipline academy  
12 shall not enter into a lease or purchase agreement for real  
13 property unless the agreement is reviewed by the strict discipline  
14 academy's authorizing body. The authorizing body shall notify the  
15 superintendent of public instruction and state board if it has  
16 reason to suspect either of the following:

17 (i) The lease or purchase agreement for real property is  
18 between the strict discipline academy and a person or entity  
19 prohibited under subdivision (a) from participating in the lease or  
20 purchase.

21 (ii) The lease or purchase agreement for real property does not  
22 reflect market conditions as required under subdivision (b).