THE CONVENTION FACILITY AUTHORITY ACT

Act 203 of 1999

AN ACT to create certain authorities; to authorize creation of certain funds; to authorize expenditures from the funds; to finance the purchase of land and the development of certain convention facilities and of public improvements or related facilities; and to prescribe the powers and duties of certain state and local officials.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

The People of the State of Michigan enact:

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141.1401 Short title.

Sec. 1.

This act shall be known and may be cited as "the convention facility authority act".

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

141.1402 Legislative findings.

Sec. 2.

The legislature of this state finds that there exists in this state a continuing need for programs to promote tourism and convention business in order to assist in the prevention of unemployment and the alleviation of the conditions of unemployment, to preserve existing jobs, and to create new jobs to meet the employment demands of population growth. To achieve these purposes, it is necessary to assist and encourage local units of government to acquire, construct, improve, enlarge, renew, replace, repair, finance, furnish, and equip convention facilities and the real property on which they are located and to refinance these activities.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

141.1403 Definitions.

Sec. 3.

As used in this act:

(a) "Authority" means a convention facility authority created under section 4.

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

(c) "Convention facility" means all or any part of, or any combination of, a convention hall, auditorium, arena, sports facility, market, or other facility meeting rooms, exhibition area, and related adjacent public areas that are generally available to the public for lease or use, together with appurtenant property, including parking lots or structures, necessary and convenient for use in connection with the convention facility.

(d) "Develop", unless the context clearly indicates a different meaning, means to acquire, market, promote, construct, improve, enlarge, renew, renovate, replace, lease, equip, furnish, or operate.

(e) "Fund" means the convention facility authority fund created for each authority as provided in section 10.

(f) "Qualified city" means a city with a population of more than 170,000 according to the most recent decennial census that is the most populous city in a qualified county.

(g) "Qualified county" means a county with a population of more than 500,000 according to the most recent decennial census that contains a qualified city, and that is not a charter county or a county with an optional unified form of government.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999 ;-- Am. 2013, Act 26, Imd. Eff. May 10, 2013

141.1404 Establishment of authority by county and city; resolution; organization.

Sec. 4.

(1) A qualified county and a qualified city may by resolutions of their respective legislative governing bodies jointly establish an authority under this act. On the date on which all the certified copies of the resolutions establishing the authority are filed with the secretary of state, the authority is created as a body corporate and politic.

(2) An authority under this act is an authority organized pursuant to state law for purposes of 1974 PA 263, MCL 141.861 to 141.867.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

141.1405 Board of directors; powers, duties, and functions; membership; terms; oath of office; vacancy; eligibility of legislative member or city official.

Sec. 5.

(1) The powers, duties, and functions of an authority are vested in and shall be exercised by a board of directors. The board shall consist of 7 members as follows:

(a) Two members who are residents of the qualified county appointed by the county board of commissioners of the qualified county, not less than 1 of whom is from the private sector with experience in economic development.

(b) Two members who are residents of the qualified county appointed by the mayor of the qualified city with approval by the legislative body of the qualified city, not less than 1 of whom is from the private sector with experience in economic development.

(c) One member who is a resident of the qualified county appointed by the governor.

(d) Two members who are residents of the qualified county appointed by the 5 members described in subdivisions (a), (b), and (c) at the first meeting of the board as the first item of business, both of whom shall be selected from a list of not fewer than 3 individuals provided by the local convention and visitors bureau. Every 2 years after the first appointment under this subdivision, 1 member shall be appointed at the first meeting of the board following the expiration of the member's term as the first item of business. If the local convention and visitors bureau desires that an existing member be reappointed for another term, it shall notify the 5 members serving on the board described in subdivisions (a), (b), and (c) who shall have the option of reappointing or not reappointing the existing member. If the existing member is not reappointed, the local convention and visitors bureau shall provide the 5 members a list of not fewer than 3 individuals that are residents of the qualified county from which 1 shall be appointed to the board. If the local convention and visitors bureau has determined that an existing member whose term is expiring or has expired not be reappointed, it shall provide the

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5 members a list of not fewer than 3 individuals that are residents of the qualified county from which 1 shall be appointed to the board.

(2) Except as otherwise provided in this subsection, members of the board shall be appointed for a term of 4 years. One of the board members first appointed by the county board of commissioners of the qualified county and 1 of the board members first appointed by the mayor of the qualified city with the approval of the legislative body of the qualified city shall be appointed for a term of 2 years. The first member appointed under subsection 1(d) shall be appointed for a term of 2 years.

(3) Upon appointment to a board under subsection (1) and upon taking and the filing of the constitutional oath of office, a member of the board shall enter office and exercise the duties of the office to which he or she is appointed.

(4) A vacancy on a board of a member serving for a fixed term shall be filled in the same manner as the original appointment for the balance of the unexpired term. A member of the board holds office until a successor is appointed and qualified.

(5) Notwithstanding a charter provision of a qualified city to the contrary, a member of the legislative body or other city official of the qualified city is eligible to serve as a member of a board established under this act.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999 ;-- Am. 2013, Act 26, Imd. Eff. May 10, 2013
Compiler's Notes: In subsection (2), "subsection 1(d)" evidently should read "subsection (1)(d)."

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141.1406 Board of directors; discharge of duties; actions; meetings; compensation.

Sec. 6.

(1) Members of a board and officers and employees of the authority are subject to 1968 PA 317, MCL 15.321 to 15.330. A member of the board or an officer, employee, or agent of the authority shall discharge the duties of his or her position in a nonpartisan manner, in good faith, and with the degree of diligence, care, and skill that an ordinarily prudent person would exercise under similar circumstances in a like position. In discharging his or her duties, a member of the board or an officer, employee, or agent of the authority, when acting in good faith, may rely upon any of the following:

(a) The opinion of counsel for the authority.

(b) The report of an independent appraiser selected by the board.

(c) Financial statements of the authority represented to the member of the board, officer, employee, or agent to be correct by the officer of the authority having charge of its books of account or stated in a written report by the state auditor general or a certified public accountant, or a firm of certified accountants, to reflect the financial condition of the authority.

(2) A board shall organize and make its own policies and procedures and shall adopt bylaws governing its operations. A majority of the members of a board constitutes a quorum for transaction of business, notwithstanding the existence of 1 or more vacancies on the board. Except as otherwise provided in this act, actions taken by the board shall be by a majority vote of the members present in person at a meeting of the board or, if authorized by the bylaws, by the use of amplified telephonic or video conferencing equipment. The authority shall meet at the call of the chairperson and as may be provided in the bylaws.

(3) Members of a board shall serve without compensation for their membership on the board, but members of the board may receive reasonable reimbursement for necessary travel and expenses.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

141.1407 Conduct of business at public meetings; disclosure requirements.

Sec. 7.

(1) A board shall conduct all business at public meetings held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of each meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(2) A record or a portion of a record, material, or other data received, prepared, used, or retained by the authority that relates to financial or proprietary information that is identified in writing by the person submitting the information and acknowledged by the board as confidential is not subject to the disclosure requirements of the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. The board may meet in closed session pursuant to the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, to make a determination of whether it acknowledges as confidential any financial or proprietary information submitted and considered by the person submitting the information as confidential. For the purpose of this subsection, "financial or proprietary information" means information that has not been publicly disseminated or that is unavailable from other sources, the release of which might cause the person submitting the information competitive harm.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

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141.1408 Powers of authority; tax levy prohibited.

Sec. 8.

(1) An authority may do all things necessary or convenient to carry out the purposes, objectives, and provisions of this act and the purposes, objectives, and powers delegated to the authority or the board by other laws or executive orders, including, without limitation, all of the following:

(a) Adopt bylaws for the regulation of its affairs and alter the bylaws at its pleasure.

(b) Sue and be sued in its own name.

(c) Enter into contracts, including management contracts, and other instruments necessary, incidental, or convenient to the performance of its duties and the exercise of its powers and designate the person or persons who have authority to execute those contracts and instruments on behalf of the authority and to hire any other service providers or consultants the authority deems appropriate to assist in the performance of its duties.

(d) Solicit, receive, and accept from any source gifts, grants, loans, or contributions of money, property, or other things of value, and other aid or payment, or participate in any other way in a federal, state, or local government program.

(e) Procure insurance against loss in connection with the property, assets, or activities of the authority.

(f) Invest money of the authority under 1943 PA 20, MCL 129.91 to 129.97a, and deposit money of the authority under 1932 (1st Ex Sess) PA 40, MCL 129.11 to 129.16.

(g) Engage, on a contract basis, the services of private consultants, managers, legal counsel, and auditors for rendering professional or technical assistance and advice payable out of any money of the authority.

(h) Indemnify and procure insurance indemnifying members of the board from personal loss or accountability for liability asserted by a person with regard to bonds or other obligations of the authority, or from any personal liability or accountability by reason of the issuance of the

bonds or other obligations or by reason of any other action taken or the failure to act by the authority.

(i) Establish and maintain an office and employ and fix compensation for personnel of the authority. To hire an executive director or other chief administrative officer who is authorized to establish and fix a schedule of rents, admission fees, or other charges for occupancy, use of, or admission to any convention facility operated by the authority and provide for the collection and enforcement of those rents, admission fees, or other charges.

(j) Hold, clear, remediate, improve, maintain, manage, control, sell, exchange, mortgage and hold mortgages on and other security interests in, lease, as lessor or lessee, and obtain or grant easements and licenses on property that the authority acquires. A sale, exchange, lease, or other disposition of authority property shall be to a person or persons for a project or projects involving a convention facility. Property acquired by the authority and later determined by the authority to be not necessary for a convention facility may be sold or otherwise disposed of for use or uses not inconsistent with the purposes of this act. Temporary or permanent easements or licenses or other appropriate interests in property acquired by the authority may be conveyed or granted by the authority for utility, vehicular, or pedestrian traffic facilities, or related purposes not inconsistent with this act. The authority does not have the power to condemn property.

(k) Issue negotiable revenue bonds under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the authority are not a debt of the qualified county, qualified city, or this state.

(l) Develop, acquire, or own 1 or more convention facilities.

(m) Do all other acts and things necessary or convenient to carrying out the purposes for which the authority was established.

(2) An authority established under this act shall not levy a tax.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999 ;-- Am. 2013, Act 26, Imd. Eff. May 10, 2013

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141.1409 Employment of staff; audits; budget.

Sec. 9.

(1) An authority may employ staff, including legal and technical experts, and other officers, or employees, permanent or temporary, paid from the funds of the authority.

(2) The accounts of an authority are subject to annual audits by the state auditor general or a certified public accountant selected by the authority. Copies of the audits shall be forwarded annually to the state treasurer as provided in the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a. Records shall be maintained according to generally accepted accounting principles.

(3) The authority shall prepare and adopt an annual budget.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

141.1410 Convention facility authority fund; creation; disposition of money.

Sec. 10.

A convention facility authority fund is created for each authority. An authority shall deposit all money received and generated by the convention facility into the fund.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

141.1411 Payment of costs from certain revenues.

Sec. 11.

The payment of principal, interest, and other costs including engineering, financial, and issuance costs, associated with bonds issued by the authority may be made by the authority from any of the following revenues:

(a) Federal grants, loans, appropriations, payments, or contributions.

(b) The proceeds from the sale, exchange, mortgage, lease, or other disposition of property that the authority has acquired.

(c) Grants, loans, appropriations, payments, proceeds from repayments of loans made by the authority, or contributions from public or private sources.

(d) Money in the fund including rents, admission fees, or other charges for use of the convention facility.

(e) Investment earnings on the revenues described in subdivisions (a) to (d).

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

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141.1412 Issuance of negotiable revenue bonds; limitations.

Sec. 12.

(1) An authority may only issue negotiable revenue bonds under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140. An authority may not issue any other kinds of bonds, notes, or other obligations.

(2) An authority may authorize and issue its negotiable revenue bonds payable solely from the revenues or funds available to the authority under section 10. Bonds, notes, or other obligations of an authority are not a debt or liability of this state, a qualified county that established the authority, or a qualified city that established the authority and do not create or constitute an indebtedness, liability, or obligation or constitute a pledge of faith and credit of this state, the qualified county that established the authority, or a qualified city that established the authority. Bonds issued by an authority are payable solely from revenues or funds pledged or available for their payment as authorized in this act or as provided in the resolution of the board authorizing the bonds.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

141.1413 Property of authority.

Sec. 13.

(1) Property of an authority is public property devoted to an essential public and governmental function and purpose. Income of the authority is for a public purpose.

(2) Except as otherwise provided in this subsection, the property of the authority and its income and operations are exempt from all taxes and special assessments of this state or a political subdivision of this state. Property of the authority and its income and operations that are leased to private persons are not exempt from any tax or special assessment of this state or a political subdivision of this state. Property of the authority is exempt from any ad valorem property taxes levied under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(3) Bonds issued by the authority, and the interest on or income from those bonds, are exempt from all taxation of this state or a political subdivision of this state.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

141.1414 Use of funds received pursuant to section 301 of 1999 PA 137.

Sec. 14.

Funds received by the authority pursuant to section 301 of 1999 PA 137 shall not be used by the authority to defray costs incurred before the date on which the funds are released by the state treasurer.

History: 1999, Act 203, Imd. Eff. Dec. 21, 1999

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