

# SENATE BILL No. 396

May 24, 2011, Introduced by Senators RICHARDVILLE and NOFS and referred to the Committee on Education.

A bill to amend 1857 PA 72, entitled

"An act amendatory to the several acts in relation to the Wesleyan Seminary at Albion, and the Albion Female Collegiate Institute,"

by amending section 2 (MCL 390.702) and by adding sections 1a, 7, 7a, 7b, and 7c; and to repeal acts and parts of acts.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 1A. AS USED IN THIS ACT:

2 (A) "BOARD OF TRUSTEES" MEANS THE BOARD OF TRUSTEES OF ALBION  
3 COLLEGE CREATED IN SECTION 1.

4 (B) "COLLEGE" MEANS ALBION COLLEGE, CREATED IN SECTION 1.

5 (C) "NONTRUSTEE VOLUNTEER" MEANS AN INDIVIDUAL, OTHER THAN A  
6 VOLUNTEER TRUSTEE, PERFORMING SERVICES FOR THE COLLEGE WHO DOES NOT  
7 RECEIVE COMPENSATION OR ANY OTHER TYPE OF CONSIDERATION FOR THE  
8 SERVICES OTHER THAN REIMBURSEMENT FOR EXPENSES ACTUALLY INCURRED.

9 (D) "TRUSTEE" MEANS A MEMBER OF THE BOARD OF TRUSTEES.

(E) "VOLUNTEER TRUSTEE" MEANS A TRUSTEE WHO DOES NOT RECEIVE ANYTHING OF MORE THAN NOMINAL VALUE FROM THE COLLEGE FOR SERVING AS A TRUSTEE OTHER THAN REASONABLE PER DIEM COMPENSATION AND REIMBURSEMENT FOR ACTUAL, REASONABLE, AND NECESSARY EXPENSES INCURRED BY A TRUSTEE IN HIS OR HER CAPACITY AS A TRUSTEE.

Sec. 2. (1) The board of trustees of Albion college shall consist of **NOT MORE THAN** 33 trustees, consisting of **THE FOLLOWING**:

(a) The president of the college.

~~(b) The resident bishop of the Michigan area of the United Methodist Church.~~

~~(c) An ordained active minister of the United Methodist Church designated by the West Michigan Annual Conference.~~

~~(d) An ordained active minister of the United Methodist Church designated by the Detroit Annual Conference.~~

~~(e) A layman of the United Methodist Church designated by the West Michigan Annual Conference.~~

~~(f) A layman of the United Methodist Church designated by the Detroit Annual Conference.~~

~~(g) A layman of the United Methodist Church designated by the West Michigan Annual Conference or the Detroit Annual Conference in alternation, the West Michigan Annual Conference to designate the first trustee.~~

(B) NOT MORE THAN 6 TRUSTEES, THE NUMBER TO BE DETERMINED BY THE BOARD OF TRUSTEES, APPOINTED BY THE UNITED METHODIST CHURCH.

(C) NOT MORE THAN 2 TRUSTEES WHO ARE RECENT GRADUATES OF THE COLLEGE, THE NUMBER TO BE DETERMINED BY THE BOARD OF TRUSTEES, APPOINTED BY THE PRESIDENT OF THE COLLEGE. TRUSTEES APPOINTED UNDER

1 THIS SUBDIVISION SHALL SERVE STAGGERED 2-YEAR TERMS.

2 (D) ~~(h) Six~~ NOT MORE THAN 6 trustees, designated ~~THE NUMBER TO~~  
3 BE DETERMINED BY THE BOARD OF TRUSTEES, APPOINTED by the Albion  
4 college alumni association.

5 (E) ~~(i) Twenty~~ NOT MORE THAN 20 trustees, designated ~~THE~~  
6 NUMBER TO BE DETERMINED BY THE BOARD OF TRUSTEES, APPOINTED by the  
7 ~~remaining trustees THEN IN OFFICE.~~

8 (2) ~~Trustees serving on the effective date of this 1972~~  
9 ~~amendatory act shall complete their unexpired terms. The terms of~~  
10 ~~successive trustees shall be staggered so that 10 trustees are~~  
11 ~~designated each year and 11 each third year. Each trustee shall~~  
12 ~~serve a term of 3 years and until his successor is selected. UNLESS~~  
13 OTHERWISE PROVIDED IN BYLAWS OF THE COLLEGE ADOPTED BY THE TRUSTEES  
14 UNDER SECTION 3, THE TERM OF OFFICE OF A TRUSTEE APPOINTED UNDER  
15 SUBSECTION (1) (B), (D), OR (E) IS 3 YEARS. THE TERM OF OFFICE OF A  
16 TRUSTEE APPOINTED UNDER SUBSECTION (1) (C) IS 2 YEARS, EXCEPT THAT  
17 THE BOARD OF TRUSTEES MAY APPOINT AN INDIVIDUAL FOR A 1-YEAR TERM  
18 SO THAT THE TERMS OF OFFICE OF BOARD MEMBERS APPOINTED UNDER  
19 SUBSECTION (1) (C) ARE STAGGERED.

20 (3) THE BOARD OF TRUSTEES MAY PROVIDE IN BYLAWS ADOPTED UNDER  
21 SECTION 3 A LIMITATION ON THE NUMBER OF CONSECUTIVE TERMS AN  
22 INDIVIDUAL MAY SERVE AS A TRUSTEE.

23 (4) A TRUSTEE APPOINTED UNDER SUBSECTION (1) (B), (C), (D), OR  
24 (E) MAY SERVE IN OFFICE ONLY UNTIL THE EXPIRATION OF THAT TRUSTEE'S  
25 TERM, REGARDLESS OF WHETHER A SUCCESSOR HAS BEEN APPOINTED.

26 SEC. 7. A VOLUNTEER TRUSTEE OR A NONTRUSTEE VOLUNTEER WHO IS  
27 AN OFFICER OF THE COLLEGE HAS NO PERSONAL LIABILITY TO THE COLLEGE

1 FOR MONETARY DAMAGES FOR A BREACH OF THE TRUSTEE'S OR OFFICER'S  
2 FIDUCIARY DUTY. THIS PROVISION DOES NOT ELIMINATE OR LIMIT THE  
3 LIABILITY OF A TRUSTEE OR OFFICER FOR ANY OF THE FOLLOWING:

4 (A) A BREACH OF THE TRUSTEE'S OR OFFICER'S DUTY OF LOYALTY TO  
5 THE COLLEGE.

6 (B) ACTS OR OMISSIONS NOT IN GOOD FAITH OR THAT INVOLVE  
7 INTENTIONAL MISCONDUCT OR A KNOWING VIOLATION OF LAW.

8 (C) ANY DISTRIBUTION OF ASSETS OF THE COLLEGE IN VIOLATION OF  
9 APPLICABLE LAW.

10 (D) A TRANSACTION FROM WHICH THE TRUSTEE OR OFFICER DERIVED AN  
11 IMPROPER PERSONAL BENEFIT.

12 (E) AN ACT OR OMISSION OCCURRING BEFORE THE EFFECTIVE DATE OF  
13 THIS AMENDMENT.

14 (F) AN ACT OR OMISSION THAT IS GROSSLY NEGLIGENT.

15 SEC. 7A. DURING THE TIME THAT THE COLLEGE IS TAX EXEMPT UNDER  
16 SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, 26 USC 501, THE  
17 COLLEGE ASSUMES ALL LIABILITY TO ANY PERSON OTHER THAN THE COLLEGE  
18 FOR ALL ACTS OR OMISSIONS OF A VOLUNTEER TRUSTEE INCURRED IN THE  
19 GOOD FAITH PERFORMANCE OF THE VOLUNTEER TRUSTEE'S DUTIES.

20 SEC. 7B. THE COLLEGE ASSUMES THE LIABILITY FOR ALL ACTS OR  
21 OMISSIONS OF A PERSON WHO IS A VOLUNTEER TRUSTEE OR NONTRUSTEE  
22 VOLUNTEER OCCURRING ON OR AFTER THE EFFECTIVE DATE OF THE  
23 AMENDATORY ACT THAT ADDED THIS SECTION IF ALL OF THE FOLLOWING ARE  
24 MET:

25 (A) THE PERSON WAS ACTING OR REASONABLY BELIEVED HE OR SHE WAS  
26 ACTING WITHIN THE SCOPE OF HIS OR HER AUTHORITY.

27 (B) THE VOLUNTEER WAS ACTING IN GOOD FAITH.

1           (C) THE VOLUNTEER'S CONDUCT DID NOT AMOUNT TO GROSS NEGLIGENCE  
2 OR WILLFUL AND WANTON MISCONDUCT.

3           (D) THE VOLUNTEER'S CONDUCT WAS NOT AN INTENTIONAL TORT.

4           (E) THE VOLUNTEER'S CONDUCT WAS NOT A TORT ARISING OUT OF THE  
5 OWNERSHIP, MAINTENANCE, OR USE OF A MOTOR VEHICLE FOR WHICH TORT  
6 LIABILITY MAY BE IMPOSED UNDER SECTION 3135 OF THE INSURANCE CODE  
7 OF 1956, 1956 PA 218, MCL 500.3135.

8           SEC. 7C. A CLAIM FOR MONETARY DAMAGES FOR AN ACT OR OMISSION  
9 OF A VOLUNTEER TRUSTEE OR A NONTRUSTEE VOLUNTEER SHALL NOT BE  
10 BROUGHT OR MAINTAINED AGAINST THAT VOLUNTEER TRUSTEE OR NONTRUSTEE  
11 VOLUNTEER. THE CLAIM SHALL BE BROUGHT AND MAINTAINED AGAINST THE  
12 COLLEGE.

13           Enacting section 1. Sections 4 and 8 of 1857 PA 72, MCL  
14 390.704 and 390.708, are repealed.