MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT

Act 230 of 1987

AN ACT to authorize certain local governmental units to incorporate municipal health facilities corporations and subsidiary municipal health facilities corporations for establishing, modifying, operating, and managing health services and acquiring, constructing, adding to, repairing, remodeling, renovating, equipping, and re-equipping hospitals and other health care facilities and related purposes; to provide for the application of this act to existing municipal hospitals and for the transfer of ownership of hospital funds and personal property; to validate and ratify the existence, organization, actions, proceedings, and board membership of existing organizations acting as county public hospitals; to provide for the appointment of trustees; to grant certain powers of a public body corporate to health facilities corporations and subsidiary health facilities corporations; to empower certain local governmental units to encumber property for the benefit of, transfer or make property available to, issue bonds to construct facilities to be used by, appropriate funds for, and levy a tax for, municipal health facilities corporations and subsidiary municipal health facilities corporations; to empower certain local governmental units to guarantee obligations of municipal health facilities corporations and subsidiary municipal health facilities corporations and to permit certain local governmental units to pledge their full faith and credit to pay such guaranties; to provide for transfer of ownership or operation of health care facilities and health services to nonprofit health care organizations; to authorize municipal health facilities corporations and subsidiary municipal health facilities corporations to borrow money and issue notes for the purposes of meeting expenses of operation and to issue corporation obligations for the purpose of acquisition, construction, repair, remodeling, equipping or re-equipping of health care facilities and for the refinancing, refunding, or refunding in advance of indebtedness of the municipal health facilities corporations or the subsidiary municipal health facilities corporations or of indebtedness of certain local governmental units undertaken on their behalf; to authorize municipal health facilities corporations and subsidiary municipal health facilities corporations to enter into mortgages, deeds of trust, and other agreements for security which may include provisions for the appointment of receivers; to exempt obligations and property of municipal health facilities corporations and subsidiary municipal health facilities corporations from taxation; and to provide other rights, powers, and duties of municipal health facilities corporations and subsidiary municipal health facilities corporations.

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History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

The People of the State of Michigan enact:

Chapter 1

331.1101 Short title.

Sec. 101.

This act shall be known and may be cited as the "municipal health facilities corporations act".

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1102 Legislative finding.

Sec. 102.

The health and welfare of the people of this state being a matter of primary public concern, the legislature finds that it is essential that local governmental units be provided with appropriate means and methods for the effective and efficient administration of hospitals in order to foster financial viability of local governmental units and the effective and efficient provision of health services, and for the establishment, maintenance, acquisition, expansion, renovation, financing, and refinancing of public health care facilities at reasonable cost. Therefore, the powers

granted in this act constitute the performance of essential public purposes and governmental functions of this state and its local governmental units.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1103 Definitions.

Sec. 103.

As used in this act:

(a) "Board of trustees" means the board of trustees of a corporation created under or governed by this act.

(b) "City" means a city establishing a corporation incorporated under, or governed by, this act.

(c) "City public hospital" means a health care facility that is owned or operated by a city.

(d) "Corporation" means a municipal health facilities corporation incorporated under this act or created under 1913 PA 350, MCL 331.151 to 331.169, or under 1945 PA 109, MCL 331.201 to 331.213, and governed by this act. The term includes a restructured corporation.

(e) "Corporation obligation" means a bond, note, or any other legal instrument issued by a corporation or subsidiary corporation under chapter 4 that evidences indebtedness of a corporation or a subsidiary corporation, including principal, interest, and premiums, if any, on that indebtedness. Notes issued under section 401 are not considered corporation obligations.

(f) "County" means a county establishing a corporation incorporated under, or governed by, this act.

(g) "County public hospital" means a public corporation organized and existing or purportedly organized and existing under1913 PA 350, MCL 331.151 to 331.169, or under 1945 PA 109, MCL 331.201 to 331.213, on the effective date of this act.

(h) "Direct provider of health care" means a person or organization whose primary current activity is providing health services to individuals. The term includes a person or organization licensed, certified, or registered under article 6 or 15 of the public health code, 1978 PA 368, MCL 333.6101 to 333.6523 and 333.16101 to 333.18838, or a professional corporation or other public or private organization composed of or employing direct providers of health care.

(i) "Health care facilities" means buildings, structures, or equipment suitable and intended for, or incidental or ancillary to, use in providing health services, including, but not limited to, hospitals; hospital long-term care units; infirmaries; sanatoria; nursing homes; medical care facilities; outpatient clinics; ambulatory care facilities; surgical and diagnostic facilities; hospices; clinical laboratories; shared service facilities; laundries; meeting rooms; classrooms and other educational facilities; students', nurses', interns', or physicians' residences; administration buildings; facilities for use as or by health maintenance organizations; facilities for ambulance operations, advanced mobile emergency care services, and limited advanced mobile emergency care services; research facilities; facilities for the care of dependent children; maintenance, storage, and utility facilities; parking lots and structures; garages; office facilities not less than 80% of the net leasable space of which is intended for lease to or other use by direct providers of health care; facilities for the temporary lodging of outpatients or families of patients; residential facilities for use by the aged or disabled; and all necessary, useful, or related equipment, furnishings, and appurtenances and all lands necessary or convenient as sites for the health care facilities described in this subdivision.

(j) "Health services" means 1 or more of the following:

(i) Diagnosis and medical and surgical treatment by direct providers of health care of persons suffering from illness, injury, and disability, including persons suffering from tuberculosis and other contagious and infectious diseases, and persons requiring maternity care, rehabilitation, psychiatric care, or substance abuse services; dentistry and related services; podiatric medicine and surgery; optometric services; psychological services; skilled, basic, and visiting nursing services and home health services; ambulance operations; advanced mobile emergency care services and limited advanced emergency services; physical, respiratory, and occupational therapy; health maintenance services; services for the prevention of illness, injury, and disability and for the promotion, maintenance, and improvement of public health and welfare; food services and care for dependent children, the disabled, and the elderly; and social work and chaplaincy services provided in conjunction with other health services described in this subparagraph.

(ii) Conduct of or participation in programs for the education and training of health services personnel, including undergraduate, internship, residency, postgraduate, and continuing education programs for physicians; schools and other training programs for nurses, technicians, therapists, pharmacists, and other health services personnel; and in-service education of employees of health care facilities.

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(iii) Research relating to the cause, prevention, and treatment of illness, injury, and disability, and the protection, promotion, or improvement of public health and welfare.

(k) "Local governmental unit" means a county, city, or village.

(l) "Nonprofit health care organization" means a public body organized and existing under the laws of this state and authorized to provide health services, a nonprofit corporation incorporated under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, or a not-for-profit corporation incorporated under the laws of another state and qualified to do business in this state, that is organized and operated exclusively for charitable, scientific, educational, or religious purposes and authorized to provide health services, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(m) "Project costs" means the total of the reasonable or necessary costs incurred for carrying out the acquisition, construction, repair, remodeling, equipping, or re-equipping of health care facilities. The term includes, but is not limited to, any of the following costs: studies, surveys, plans, and specifications; architectural and engineering services; fees, charges, and expenses incurred in obtaining permits, approvals, and licenses for the acquisition, and initial operation of the health care construction, financing, facilities; legal, organizational, marketing, and other special services; acquisition, demolition, construction, equipment, and site development of new and rehabilitated buildings; rehabilitation, construction, repair, or remodeling of existing buildings; interest and carrying charges during construction and before full earnings are achieved but for a period not to exceed 3 years after the date of the corporation obligations; operating expenses before full earnings are achieved, but for a period not to exceed 1 year following completion of construction; and reasonable reserves for payment of principal and interest on corporation obligations, not exceeding 15% of the principal amount of the corporation obligations. Project costs shall also include reimbursement of a corporation or a subsidiary corporation for any of the project costs described in this section expended before the issuance and delivery of the corporation obligations.

(n) "Restructured corporation" means a corporation that has completed the process described in section 305a.

(o) "Restructured subsidiary corporation" means a subsidiary corporation that has completed the process described in section 305a.

(p) "Subsidiary board" means the board of trustees of a subsidiary corporation.

(q) "Subsidiary corporation" means a subsidiary municipal health facilities corporation incorporated under this act. The term includes a restructured subsidiary corporation.

(r) "Trustee" means a person serving on a board of trustees or a subsidiary board.

(s) "Village" means a village establishing a corporation incorporated under, or governed by, this act.

(t) "Village public hospital" means a health care facility that is owned or operated by a village.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010

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Chapter 2

331.1201 Question of establishing corporation; election required.

Sec. 201.

Any county board of commissioners of a county not having a county public hospital on the effective date of this act may incorporate 1 or more corporations under this act. Except as provided in sections 203 and 204, and except in counties having a population of 100,000 or more as determined by the most recent published federal decennial census, the question of establishing a corporation shall be presented to the county electors at a special or regular county election prior to incorporation. The election proceedings under this section shall be conducted in accordance with the Michigan election law, Act No. 116 of the Public Acts of 1954, being sections 168.1 to 168.992 of the Michigan Compiled Laws.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1202 Holding election; canvass; ballots.

Sec. 202.

An election required under section 201 shall be held at the usual places in the county for the election of county officers, the vote to be canvassed in the same manner as that for county officers. The ballots to be used at any election at which the question is submitted shall be printed with a statement as follows:

"Shall the county of _____ establish a county health facilities corporation in accordance with the terms of the county health facilities corporations act?

Yes ___ No ___".

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1203 Corporation as successor to county public hospital.

Sec. 203.

(1) Upon the expiration of 90 days after the effective date of this act, a county public hospital organized and existing under Act No. 350 of the Public Acts of 1913, being sections 331.151 to 331.169 of the Michigan Compiled Laws, or Act No. 109 of the Public Acts of 1945, being sections 331.201 to 331.213 of the Michigan Compiled Laws, on the effective date of this act shall be considered to be a corporation incorporated and existing under this act without the adoption or filing of articles of incorporation, without a vote of county electors, and without diminishing the terms of office of persons serving as trustees on the effective date of this act. A county public hospital shall not be considered to be a corporation incorporated and existing under this act upon the expiration of the 90-day period if, within the 90-day period, the county board of commissioners of the county in which the county public hospital is located passes a resolution prohibiting incorporation of the county public hospital under this act. Any such resolution shall be effective for not longer than 12 months after the date of passage. Before the expiration of the 12-month period, and annually thereafter, the county board of commissioners may pass a succeeding resolution prohibiting the incorporation of the county public hospital under this act. If the county board of commissioners fails to pass a succeeding resolution before the expiration of a 12-month period, the county public hospital automatically shall be incorporated under this act. The county board of commissioners of the county may at any time after the effective date of this act adopt articles of incorporation for the corporation in accordance with section 206. Until such time as any such articles of incorporation are effective, the provisions of this act shall be considered to constitute the articles of incorporation of the corporation. Unless and until articles of incorporation providing different numbers of trustees or terms of office are effective, corporations governed by Act No. 350 of the Public Acts of 1913 on the effective date of this act shall have a board of 9 trustees serving 6-year terms, and corporations governed by Act No. 109 of the Public Acts of 1945 on the effective date of this act shall have a board of 5 trustees serving 3-year terms.

(2) Unless a resolution prohibiting incorporation of the county public hospital under this act has been passed and is in effect as provided in subsection (1), any county public hospital which has continuously operated for not less than the 15 years immediately preceding the effective date of this act and which has functioned or purported to function under Act No. 350 of the Public Acts of 1913, but which is unable to document compliance with sections 1, 2, and 3 of Act No. 350 of the Public Acts of 1913, being sections 331.151, 331.152, and 331.153 of the Michigan Compiled Laws, or any county public hospital which has continuously operated for not less than the 15 years immediately preceding the effective date of this act and which has functioned or purported to function under Act No. 109 of the Public Acts of 1945, but which is unable to document compliance with section 2 of Act No. 109 of the Public Acts of 1945, being section 331.202 of the Michigan Compiled Laws, shall be considered to be a corporation described in subsection (1). All actions taken by its board of hospital trustees in good faith prior to the effective date of this act shall be validated, ratified, and confirmed, provided the county public hospital files a notice of its intention to utilize this subsection with the county board of commissioners and the county clerk within 90 days after the effective date of this act. If necessary, the board of trustees shall be reconstituted in accordance with section 209(2), but without diminishing the terms of office of persons serving as trustees on the effective date of this act.

(3) Upon the expiration of 90 days after the effective date of this act, unless a resolution prohibiting incorporation of the county public hospital under this act has been passed and is in effect as provided in subsection (1), each corporation described in subsection (1) or (2) shall be considered to be the successor to the county public hospital for the county, and the terms of office of trustees shall continue. The corporation shall have all of the rights, privileges, immunities, and franchises of its predecessor county public hospital, all personal property, all debts due on whatever account, and all choses in action. All interests and licenses of or belonging to the county public hospital shall be considered to be transferred to and vested in the corporation without further act or deed. Such interests and licenses shall not be considered to have undergone any change of ownership for the purpose of

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any law or regulation, nor shall the fiscal year of any county public hospital be considered to have ended solely because this act takes effect. The title to any real estate, or any interest in real estate, vested in any county or county public hospital, shall not revert or in any way be impaired because a corporation succeeds a county public hospital pursuant to this act.

(4) Upon the expiration of 90 days after the effective date of this act, unless a resolution prohibiting incorporation of the county public hospital under this act has been passed and is in effect as provided in subsection (1), each corporation described in subsection (1) or (2) shall be considered to be the owner of all money and other property then deposited in the treasury of the county to the credit of the hospital fund and shall be entitled to all interest and other earnings accruing on those funds on and after the effective date of this act. The corporation shall be the owner of all other personal property used exclusively by or for the county public hospital. The treasurer of any county having custody of money and other property belonging to a corporation pursuant to this subsection shall arrange for the prompt transfer of such money and other property to the custody of the corporation.

(5) Upon the expiration of 90 days after the effective date of this act, unless a resolution prohibiting incorporation of the county public hospital under this act has been passed and is in effect as provided in subsection (1), each corporation described in subsection (1) or (2) shall be the employer of all persons employed by the county public hospital and shall assume and be bound by any labor agreement in existence on the effective date of this act and applicable to the county public hospital, but shall not be subject to greater obligations with respect to the terms, conditions, or duration of employment than was the county public hospital immediately preceding the effective date of this act. A representative of the employees or a group of employees who is entitled to represent the employees or group of employees under Act No. 336 of the Public Acts of 1947, being sections 423.201 to 423.216 of the Michigan Compiled Laws, shall continue to be the representative of the employees or group of employees. This subsection does not limit the rights of the hospital employees, under applicable law, to assert that a bargaining representative protected by this subsection is no longer the representative of the employees.

(6) Upon the expiration of 90 days after the effective date of this act, unless a resolution prohibiting incorporation of the county public hospital under this act has been passed and is in effect as provided in subsection (1), each corporation described in subsection (1) or (2) shall be responsible and liable for all liabilities and obligations of the county public hospital it succeeds. A claim existing or an action or proceeding pending by or against a county public hospital may be prosecuted by the corporation succeeding it in the name of the county public hospital, or the corporation may be substituted. The rights of creditors and any lien upon the property of a county or a county public hospital existing on the effective date of the act shall not be impaired.

History: 1987, Act 230, Eff. Feb. 27, 1988

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331.1204 Organization of health care facilities.

Sec. 204.

Any county owning and operating a county hospital pursuant to charter or any statute other than Act No. 350 of the Public Acts of 1913, or Act No. 109 of the Public Acts of 1945, may organize any or all of the health care facilities, other than county medical care facilities, as a corporation under this act by the adoption and filing of articles of incorporation in accordance with section 206 without a vote of the county electors.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1205 Corporation or subsidiary corporation; incorporation; name.

Sec. 205.

If, in accordance with sections 201 and 202, a majority of all the votes cast upon the question are in favor of establishing a corporation, or if no vote of the electors is required for the establishment of a corporation pursuant to section 201 or 204, the county board of commissioners may incorporate a corporation in order to implement or further the public purposes stated in section 102 through the exercise of all or some of the powers provided in this act. The board of trustees of a corporation may incorporate 1 or more subsidiary corporations in order to implement or further the public purposes stated in section 102 through the exercise of all or some of the powers

provided in this act. The county board of commissioners shall adopt a suitable name for any corporation which it incorporates. The board of trustees of a corporation shall adopt a suitable name for any subsidiary corporation which it incorporates.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1206 Articles of incorporation; approval; contents.

Sec. 206.

Except as provided in section 203, the incorporation of a corporation by a county shall be accomplished by approval of articles of incorporation by resolution of the county board of commissioners. The incorporation of a subsidiary corporation by a county shall be accomplished by approval of articles of incorporation by resolution of the county board of commissioners. The articles of incorporation of a corporation or subsidiary corporation established by a county shall set forth the name of the corporation or subsidiary corporation; the purposes for which it is created, which may include all of the purposes for which a corporation or subsidiary corporation may be organized under this act; the number, terms, and manner of selection of the officers of its board of trustees or subsidiary board, which shall include a chairperson and a secretary, and a general description of their respective powers and duties; the date upon which the incorporation becomes effective; and the name of the newspaper in which the articles of incorporation shall be published. The articles of incorporation of a subsidiary corporation shall also contain the name of the corporation acting as its parent, and shall specify the size of the subsidiary board in accordance with section 209(1). The articles of incorporation of a corporation established by a county may specify transactions otherwise within the powers of its board of trustees which shall require approval by resolution of the county board of commissioners, and may also contain other matters considered expedient to be included in the articles of incorporation. The articles of incorporation of a subsidiary corporation incorporated by a county may specify transactions otherwise within the powers of its subsidiary board which shall require approval by resolution of the board of trustees of its designated parent corporation, and may also contain other matters considered expedient to be included in the articles of incorporation.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1994, Act 398, Imd. Eff. Dec. 29, 1994

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331.1207 Articles of incorporation; execution; delivery; filing; publication; certificate; effective date of incorporation; validity of incorporation conclusively presumed; section inapplicable to articles of incorporation of restructured corporation or subsidiary.

Sec. 207.

(1) The articles of incorporation of a corporation incorporated by a county shall be executed in duplicate by the chairperson of the county board of commissioners or other commissioner designated by the county board of commissioners. The articles of incorporation of a subsidiary corporation of a corporation incorporated by a county shall be executed in duplicate by the chairperson of the board of trustees of the parent corporation, or other trustee designated by the board of trustees. The articles of incorporation shall then be delivered to the county clerk who shall file 1 copy in his or her office and the other with the secretary of the corporation or subsidiary corporation when a secretary is selected. The county clerk shall cause a copy of the articles of incorporation to be published once in a newspaper designated in the articles of incorporation and circulating within the county accompanied by a statement that the right exists to question the validity of the incorporation in court as provided in this section.

(2) The county clerk shall file 1 printed copy of articles of incorporation delivered to him or her under subsection (1) with the secretary of state and 1 printed copy in his or her office. The county clerk shall attach to each of the printed copies his or her certificate setting forth that the copy is a true and complete copy of the original articles of incorporation on file in his or her office.

(3) The incorporation of a corporation or a subsidiary corporation described in this section is effective at the time provided in the articles of incorporation.

(4) The validity of the incorporation of a corporation or a subsidiary corporation described in this section is conclusively presumed unless questioned in a court of competent jurisdiction within 60 days after the certified copy

of the articles of incorporation of that corporation or subsidiary corporation is filed with the secretary of state under subsection (2).

(5) This section does not apply to articles of incorporation of a restructured corporation or restructured subsidiary corporation described in section 305a.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010

331.1208 Articles of incorporation; amendment.

Sec. 208.

(1) The articles of incorporation of a corporation incorporated by a county may be amended by resolution approved by the affirmative vote of a majority of the members serving on the county board of commissioners. The articles of incorporation of a subsidiary corporation of a corporation incorporated by a county may be amended by resolution approved by the affirmative vote of a majority of the trustees serving on the board of trustees of the parent corporation.

(2) The county clerk shall file certified copies of any amendment to the articles of incorporation of a corporation or subsidiary corporation approved under subsection (1) in his or her office, with the secretary of state, and with the secretary of the corporation or subsidiary corporation. The amendment is effective when filed with the secretary of state unless a later effective date is specified in the resolution adopting the amendment. This subsection does not apply to an amendment to the articles of incorporation of a restructured corporation or a restructured subsidiary corporation.

(3) The articles of incorporation of a corporation or subsidiary corporation described in this section may be amended to include any provision that could be lawfully included in articles of incorporation initially adopted under this act at the time the amendment is approved, and may provide for the alteration or changing of the name, structure, organization, purposes, powers, programs, or activities of the corporation or subsidiary corporation. However, an amendment shall not be effective to impair the obligation of a corporation obligation, bond, note, or contract.

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History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010

331.1209 Board of trustees and subsidiary board incorporated by county; appointment and terms of trustees; qualifications; oath; removal from office; notice of hearing; hearing; vote.

Sec. 209.

(1) All of the following apply to each board of trustees of a corporation and subsidiary board of a subsidiary corporation incorporated by a county:

(a) The board shall consist of at least 5 and not more than 15 trustees. The exact number of trustees and the length of their terms of office shall be as specified in the articles of incorporation or as provided under section 203(1).

(b) Except for the initial appointments to a board of trustees or subsidiary board of a newly incorporated corporation or subsidiary corporation, the term of office of a trustee begins on January 1.

(c) The term of office of a trustee appointed to fill a vacancy on a board of trustees or subsidiary board begins when he or she is appointed and continues for the remainder of the term of the former trustee whose position became vacant.

(d) Terms of office of trustees shall be staggered so that an approximately equal number of terms expire at the end of each year or each 2 years, except that terms may be fixed so that the shortest terms do not expire until the end of the second year following the incorporation of a corporation or a subsidiary corporation.

(e) A trustee whose term of office has expired shall continue to serve until his or her successor is appointed.

(f) The chief executive of a corporation established by a county and governed by 1913 PA 350, MCL 331.151 to 331.169, shall serve as a member of the board of trustees until and unless the duly adopted articles of incorporation provide otherwise. The chief executive officer of any other corporation or subsidiary corporation established by a

county is eligible to serve on the board of trustees or a subsidiary board, either by appointment or, if provided in the articles of incorporation, ex officio.

(2) If a county incorporates a corporation under this act, the county board of commissioners shall appoint the initial board of trustees. After the initial board of trustees, when a trustee's term of office expires or if a trustee's office is otherwise vacant, the remaining members of the board of trustees shall fill the vacancy with the advice and consent of the county board of commissioners. This subsection does not apply to an ex officio member of a board of trustees who is appointed by a chief executive officer.

(3) Adoption of articles of incorporation for a corporation succeeding a county public hospital organized and existing under 1913 PA 350, MCL 331.151 to 331.169, or 1945 PA 109, MCL 331.201 to 331.213, on February 27, 1988 does not constitute incorporation of a corporation for purposes of subsection (2). The terms of office of trustees serving on the board of that county public hospital shall not be diminished, except that the adopted articles may prospectively establish new lengths of terms of office for the board of trustees, and may prospectively alter the board size.

(4) If a county incorporates a subsidiary corporation, the board of trustees of the parent corporation shall appoint the initial subsidiary board with the advice and consent of the county board of commissioners. After the initial subsidiary board, when a trustee's term of office expires or if a trustee's office is otherwise vacant, the board of trustees of the parent corporation shall fill the vacancy with the advice and consent of the county board of commissioners. This subsection does not apply to an ex officio member of a subsidiary board who is appointed by a chief executive officer.

(5) A trustee of a corporation or subsidiary corporation established by a county shall be chosen based on his or her qualifications for that office, but not more than 1/3 of the trustees serving at any time shall be direct providers of health care. A trustee shall be a resident of the county unless the articles of incorporation permit individuals who are not residents of the county to be a trustee. A trustee of the parent corporation, the chief executive officer of the parent corporation, and the chief executive officer of a subsidiary corporation are eligible for appointment to a subsidiary board and a trustee or chief executive officer of a parent corporation are eligible for appointment as chief executive officer of a subsidiary corporation, and those offices are not incompatible. A trustee is eligible for reappointment.

(6) Within 9 days after commencing his or her term of office, a trustee shall take the oath of office as provided in section 1 of article XI of the state constitution of 1963.

(7) A trustee of a corporation incorporated by a county may be removed from office for cause either by vote of a majority of the members then serving on the county board of commissioners or by vote of a majority of the members then serving on the board of trustees of the corporation. A trustee of a subsidiary corporation incorporated by a county may be removed from office for cause either by vote of a majority of the members then serving on the county board of commissioners or by vote of a majority of the members then serving on the board of trustees of the parent corporation. As used in this subsection, "cause" includes, but is not limited to, incompetency to properly exercise duties; official misconduct; or habitual or willful neglect of duty, including, but not limited to, failure to attend meetings, including committee meetings, in accordance with standards determined by the board of trustees of the corporation or subsidiary board.

(8) A trustee shall not be removed from office on grounds of misconduct or neglect unless the trustee is served with a notice of hearing and a copy of the asserted ground for removal, and is given full opportunity to be heard, either in person or by counsel, before a vote is taken on the question of removal from office.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1994, Act 398, Imd. Eff. Dec. 29, 1994 ;-- Am. 2011, Act 195, Imd. Eff. Oct. 18, 2011

331.1210 Board of trustees and subsidiary board; quorum; action by vote of majority.

Sec. 210.

A majority of the trustees serving on a board or subsidiary board shall constitute a quorum for the transaction of business of the corporation or subsidiary corporation, respectively. Except as otherwise specifically provided in this act, actions taken by a board of trustees or subsidiary board shall be by a vote of a majority of the members serving on the board or subsidiary board.

History: 1987, Act 230, Eff. Feb. 27, 1988

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331.1211 Availability of writings to public; confidentiality.

Sec. 211.

A writing prepared, owned, used, in the possession of, or retained by a board of trustees or subsidiary board in the performance of an official function shall be made available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws. This section does not abrogate any confidentiality provisions established by state or federal law, including, but not limited to, those pertaining to the provision or review of health services.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1212 Compensation of trustees; bond; trustees as public servants; conflicts of interest; disclosure.

Sec. 212.

(1) Each trustee of a corporation or subsidiary corporation may receive compensation as shall be established by the county board of commissioners for his or her services as a trustee, including, but not limited to, attendance at meetings of the board of trustees or subsidiary board, or their committees, and per diem and travel expenses, at rates approved by the county board of commissioners. A trustee may receive reimbursement for other necessary expenses which are properly substantiated and approved by the board of trustees or subsidiary board. A corporation or subsidiary corporation may provide travel and accident insurance for its trustees.

(2) A bond shall not be required for trustees or officers of corporations or subsidiary corporations.

(3) Trustees shall be considered public servants subject to Act No. 317 of the Public Acts of 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws, to the extent provided in that act, and subject to any other applicable law with respect to conflict of interest. A board of trustees may establish policies and procedures for a corporation and any subsidiary corporations requiring periodic disclosure of relationships which may give rise to conflicts of interest. A board of trustees may require that a trustee who has a direct interest in any matter before a corporation or a subsidiary corporation disclose the trustee's interest and any reasons reasonably known to the trustee why the transaction may not be in the best interest of the corporation or the subsidiary corporation before the corporation or subsidiary corporation takes any action with respect to the matter. The disclosure shall become part of the record of the corporation's or subsidiary corporation's proceedings.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1213 Corporation and subsidiary corporation as body corporate; power to sue and be sued; official seal; liability or debt.

Sec. 213.

Each corporation and subsidiary corporation organized or existing under this act shall be a body corporate with power to sue and be sued and to adopt an official seal and alter it at its discretion. A debt, claim, liability, corporation obligation, note, bond, or other obligation incurred by a corporation or a subsidiary corporation after the effective date of this act shall not be a liability or debt of or enforceable against the county, except as specifically otherwise provided by written agreement of the county approved by its board of commissioners. A debt, claim, liability, corporation obligation, note, bond, or other obligation incurred by a subsidiary corporation shall not be a liability or debt of or enforceable against its parent corporation or another subsidiary corporation nor shall any debt, claim, liability, corporation obligation, note, bond, or other obligation incurred by a corporation be a liability or debt of or enforceable against its subsidiaries, except as specifically otherwise provided in writing duly authorized by the corporation or subsidiary corporation charged.

History: 1987, Act 230, Eff. Feb. 27, 1988

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331.1251 Public hospital or other health care facility; incorporation of corporation; election required.

Sec. 251.

The city council of a city or the village council of a village that owns or operates a public hospital may incorporate 1 or more corporations under this act. The city council of a city or the village council of a village that does not own or operate a public hospital may also establish such a hospital or other health care facility, or both, by incorporating 1 or more corporations under this act. The question of establishing 1 or more corporations under this act shall be presented to the city or village electors at a special or regular city or village election before incorporation. An election under this section shall be conducted pursuant to the Michigan election law, Act No. 116 of the Public Acts of 1954, being sections 168.1 to 168.992 of the Michigan Compiled Laws.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

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331.1252 Election; place; canvassing vote; ballots.

Sec. 252.

An election required under section 251 shall be held at the usual places in the city or village for the election of city or village officers, the vote to be canvassed in the same manner as that for city or village officers. The ballots to be used at any election at which the question is submitted shall be printed with a statement as follows:

"Shall the city (or village) of _____ establish a health facilities corporation in accordance with the terms of the municipal health facilities corporations act?

Yes ___ No ___".

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

331.1253 Corporation as successor to city or village public hospital; terms of trustees continued; rights, privileges, immunities, and franchises, personal property, debts, and choses in action; interests and licenses; title or interest in real estate; transfer of money and other property; corporation as employer; labor agreement; bargaining representative; liabilities and obligations; claims; pending action or proceeding; rights of creditors; liens.

Sec. 253.

(1) If the city or village electors approve the incorporation of a corporation under this act, the corporation shall be considered to be the successor to the city public hospital for the city or the village public hospital for the village, and the terms of office of the trustees of the city public hospital or village public hospital shall continue. The corporation shall have all of the rights, privileges, immunities, and franchises of its predecessor city public hospital or village public hospital, all personal property, all debts due on whatever account, and all choses in action. All interests and licenses of or belonging to the city public hospital or village public hospital shall be considered to be transferred to, and vested in, the corporation without further act or deed. Such interests and licenses shall not be considered to have undergone any change of ownership for the purpose of any law or regulation, nor shall the fiscal year of any city public hospital or village public hospital be considered to have ended solely because the city or village incorporates a corporation under this act. The title to any real estate, or any interest in real estate, vested in any city or city public hospital or village or village public hospital, shall not revert or in any way be impaired because a corporation succeeds a city public hospital or village public hospital pursuant to this act.

(2) A corporation incorporated by a city or village under this act shall be considered to be the owner of all money and other property then deposited in the treasury of the city or village to the credit of the hospital fund and shall be entitled to all interest and other earnings accruing on those funds on and after the effective date of the

incorporation. The corporation shall be the owner of all other personal property used exclusively by or for the city public hospital or village public hospital. The treasurer of any city or village having custody of money and other property belonging to a corporation pursuant to this subsection shall arrange for the prompt transfer of such money and other property to the custody of the corporation.

(3) A corporation incorporated by a city or village under this act shall be the employer of all persons employed by the city public hospital or village public hospital and shall assume and be bound by any labor agreement in existence on the effective date of the incorporation and applicable to the city public hospital or village public hospital, but shall not be subject to greater obligations with respect to the terms, conditions, or duration of employment than was the city public hospital or village public hospital immediately preceding the effective date of the incorporation. A representative of the employees or a group of employees who is entitled to represent the employees or group of employees under Act No. 336 of the Public Acts of 1947, being sections 423.201 to 423.216 of the Michigan Compiled Laws, shall continue to be the representative of the employees or group of employees. This subsection does not limit the rights of the hospital employees, under applicable law, to assert that a bargaining representative protected by this subsection is no longer the representative of the employees.

(4) A corporation incorporated by a city or village under this act shall be responsible and liable for all liabilities and obligations of the city public hospital or village public hospital it succeeds. A claim existing or an action or proceeding pending by or against a city public hospital or village public hospital may be prosecuted by the corporation succeeding it in the name of the city public hospital or village public hospital, or the corporation may be substituted. The rights of creditors and any lien upon the property of a city or a city public hospital or a village or village public hospital existing on the effective date of the incorporation shall not be impaired.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

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331.1254 Incorporation of corporation and subsidiary corporations; names.

Sec. 254.

If, in accordance with sections 251 and 252, a majority of all the votes cast upon the question are in favor of establishing a corporation, the city council or village council may incorporate a corporation in order to implement or further the public purposes stated in section 102 through the exercise of all or some of the powers provided in this act. The board of trustees of a corporation may incorporate 1 or more subsidiary corporations in order to implement or further the public purposes stated in section 102 through the exercise of all or some of the powers provided in this act. The city council or village council shall adopt a suitable name for any corporation which it incorporates. The board of trustees of a corporation shall adopt a suitable name for any subsidiary corporation which it incorporates.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

331.1255 Articles of incorporation generally.

Sec. 255.

The incorporation of a corporation by a city or village shall be accomplished by approval of articles of incorporation by resolution of the city council or village council. The incorporation of a subsidiary corporation shall be accomplished by approval of articles of incorporation by resolution of the city council or village council. The articles of incorporation shall set forth the name of the corporation or subsidiary corporation; the purposes for which it is created, which may include all of the purposes for which a corporation or subsidiary corporation may be organized under this act; the number, terms, and manner of selection of the officers of its board of trustees or subsidiary board, which shall include a chairperson and a secretary, and a general description of their respective powers and duties; the date upon which the incorporation shall become effective; and the name of the newspaper in which the articles of incorporation shall be published. The articles of incorporation of a subsidiary corporation shall also contain the name of the corporation acting as its parent, and shall specify the size of the subsidiary board in accordance with section 258(2). The articles of incorporation of a corporation may specify transactions otherwise within the powers of its board of trustees which shall require approval by resolution of the city council or village

council, and may also contain other matters considered expedient to be included in the articles of incorporation. The articles of incorporation of a subsidiary corporation may specify transactions otherwise within the powers of its subsidiary board which shall require approval by resolution of the board of trustees of its designated parent corporation, and may also contain other matters considered expedient to be included in the articles of incorporation.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

331.1256 Articles of incorporation; execution; delivery; publication; filing; certificate; effective date; validity of incorporation; section inapplicable to articles of incorporation of restructured corporation or subsidiary.

Sec. 256.

(1) The articles of incorporation of a corporation incorporated by a city or village shall be executed in duplicate by the chairperson of the city council or the president of the village council or other member of the city council or village council designated by the city council or village council. The articles of incorporation of a subsidiary corporation of a corporation incorporated by a city or village shall be executed in duplicate by the chairperson of the board of trustees of the parent corporation, or other trustee designated by the board of trustees. The articles of incorporation shall then be delivered to the city clerk or village clerk who shall file 1 copy in his or her office and the other with the secretary of the corporation or subsidiary corporation when a secretary is selected. The city clerk or village clerk shall cause a copy of the articles of incorporation to be published once in a newspaper designated in the articles of incorporation and circulating within the city or village accompanied by a statement that the right exists to question the validity of the incorporation in court as provided in this section.

(2) The city clerk or village clerk shall file 1 printed copy of articles of incorporation delivered to him or her under subsection (1) with the secretary of state and 1 printed copy in his or her office. The city clerk or village clerk shall attach to each of the printed copies his or her certificate setting forth that the copy is a true and complete copy of the original articles of incorporation on file in his or her office.

(3) The incorporation of a corporation or a subsidiary corporation described in this section is effective at the time provided in the articles of incorporation, but not before approval of the question of incorporation by the city or village electors under section 251.

(4) The validity of the incorporation of a corporation or a subsidiary corporation described in this section is conclusively presumed unless questioned in a court of competent jurisdiction within 60 days after the certified copy of the articles of incorporation of that corporation or subsidiary corporation is filed with the secretary of state under subsection (2).

(5) This section does not apply to articles of incorporation of a restructured corporation or restructured subsidiary corporation described in section 305a.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010

331.1257 Articles of incorporation; amendment.

Sec. 257.

(1) The articles of incorporation of a corporation incorporated by a city or village may be amended by resolution approved by the affirmative vote of a majority of the members serving on the city council or village council. The articles of incorporation of a subsidiary corporation of a corporation incorporated by a city or village may be amended by resolution approved by the affirmative vote of a majority of the trustees serving on the board of trustees of the parent corporation.

(2) The city clerk or village clerk shall file certified copies of any amendment to the articles of incorporation of a corporation or subsidiary corporation approved under subsection (1) in his or her office, with the secretary of state, and with the secretary of the corporation or subsidiary corporation. The amendment is effective when filed with the secretary of state unless a later effective date is specified in the resolution adopting the amendment. This subsection does not apply to an amendment to the articles of incorporation of a restructured corporation or a restructured

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subsidiary corporation.

(3) The articles of incorporation of a corporation or subsidiary corporation described in this section may be amended to include any provision that could be lawfully included in articles of incorporation initially adopted under this act at the time the amendment is approved, and may provide for the alteration or changing of the name, structure, organization, purposes, powers, programs, or activities of the corporation or subsidiary corporation. However, an amendment shall not be effective to impair the obligation of a corporation obligation, bond, note, or contract.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010

331.1258 Board of trustees and subsidiary board incorporated by city or village; appointment and terms of trustees; qualifications; oath; removal from office; notice of hearing; hearing; vote.

Sec. 258.

(1) All of the following apply to each board of trustees and subsidiary board of a corporation incorporated by a city or village:

(a) The board shall consist of at least 5 and not more than 15 trustees. The exact number of trustees and the length of their terms of office shall be as specified in the articles of incorporation.

(b) Except for the initial appointments to a board of trustees or subsidiary board of a newly incorporated corporation or subsidiary corporation, the term of office of a trustee begins on January 1.

(c) The terms of office of trustees shall be staggered so that an approximately equal number of terms expire at the end of each year or each 2 years, except that terms may be fixed so that the shortest terms do not expire until the end of the second year following the incorporation of a corporation or a subsidiary corporation. A trustee whose term of office has expired shall continue to serve until his or her successor is appointed.

(2) If a city or village incorporates a corporation under this act, the city council or village council shall appoint the initial board of trustees. After the initial board of trustees, when a trustee's term of office expires or if a trustee's office is otherwise vacant, the remaining members of the board of trustees shall fill the vacancy with the advice and consent of the city council or village council. This subsection does not apply to an ex officio member of a board of trustees who is appointed by a chief executive officer.

(3) The terms of office of trustees serving on the board of a city public hospital or village public hospital before incorporation that is subsequently incorporated under this act shall not be diminished, except that the articles of incorporation for that successor corporation may prospectively establish new lengths of terms of office for the board of trustees, and may prospectively alter the board size.

(4) If a city or village incorporates a subsidiary corporation, the board of trustees of the parent corporation shall appoint the initial subsidiary board with the advice and consent of the city council or village council. After the initial subsidiary board, when a trustee's term of office expires or if a trustee's office is otherwise vacant, the board of trustees of the parent corporation shall fill the vacancy with the advice and consent of the city council or village council. This subsection does not apply to an ex officio member of a subsidiary board who is appointed by a chief executive officer.

(5) A trustee of a corporation or subsidiary corporation established by a city or village shall be chosen based on his or her qualifications for that office, but not more than 1/3 of the trustees serving at any time shall be direct providers of health care. The articles of incorporation of the corporation or subsidiary corporation may require that a trustee be a resident of the city or village. A trustee of the parent corporation, including its chief executive officer, and the chief executive officer of a subsidiary corporation are eligible for appointment to a subsidiary board, and those offices are not incompatible. A trustee is eligible for reappointment.

(6) Within 9 days after commencing his or her term of office, a trustee shall take the oath of office as provided in section 1 of article XI of the state constitution of 1963.

(7) A trustee of a corporation incorporated by a city or village may be removed from office for cause either by vote of a majority of the members then serving on the city council or village council or by vote of a majority of the members then serving on the board of trustees of the corporation. A trustee of a subsidiary corporation may be removed from office for cause either by vote of a majority of the members then serving on the city council or village council or by vote of a majority of the members then serving on the board of trustees of the parent corporation. As used in this subsection, "cause" includes, but is not limited to, incompetency to properly exercise duties; official misconduct; or habitual or willful neglect of duty, including, but not limited to, failure to attend meetings, including committee meetings, in accordance with standards determined by the board of trustees of the corporation or subsidiary board.

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(8) A trustee shall not be removed from office on grounds of misconduct or neglect unless the trustee is served with a notice of hearing and a copy of the asserted ground for removal, and is given full opportunity to be heard, either in person or by counsel, before a vote is taken on the question of removal from office.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 1990, Act 273, Imd. Eff. Dec. 3, 1990 ;-- Am. 2011, Act 195, Imd. Eff. Oct. 18, 2011

331.1259 Board of trustees and subsidiary board; quorum; actions.

Sec. 259.

A majority of the trustees serving on a board or subsidiary board of a corporation incorporated by a city or village shall constitute a quorum for the transaction of business of the corporation or subsidiary corporation, respectively. Except as otherwise specifically provided in this act, actions taken by a board of trustees or subsidiary board shall be by a vote of a majority of the members serving on the board or subsidiary board.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

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331.1260 Board of trustees and subsidiary board; availability of writings to public; confidentiality.

Sec. 260.

A writing prepared, owned, used, in the possession of, or retained by a board of trustees or subsidiary board of a corporation incorporated by a city or village in the performance of an official function shall be made available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws. This section does not abrogate any confidentiality provisions established by state or federal law, including, but not limited to, those pertaining to the provision or review of health services.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

331.1261 Board of trustees and subsidiary board; compensation and expenses; bond; trustees as public servants; policies and procedures; conflicts of interest; disclosure.

Sec. 261.

(1) Each trustee of a corporation or subsidiary corporation incorporated by a city or village may receive compensation as established by the city council or village council for his or her services as a trustee, including, but not limited to, attendance at meetings of the board of trustees or subsidiary board, or their committees, and per diem and travel expenses, at rates approved by the city council or village council. A trustee may receive reimbursement for other necessary expenses which are properly substantiated and approved by the board of trustees or subsidiary board. A corporation or subsidiary corporation may provide travel and accident insurance for its trustees.

(2) A bond shall not be required for trustees or officers of corporations or subsidiary corporations incorporated by a city or village.

(3) Trustees shall be considered public servants subject to Act No. 317 of the Public Acts of 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws, to the extent provided in that act, and subject to any other applicable law with respect to conflict of interest. A board of trustees may establish policies and procedures for a corporation and any subsidiary corporations requiring periodic disclosure of relationships which may give rise to conflicts of interest. A board of trustees may require that a trustee who has a direct interest in any matter before a corporation or a subsidiary corporation disclose the trustee's interest and any reasons reasonably known to the

trustee why the transaction may not be in the best interest of the corporation or the subsidiary corporation before the corporation or subsidiary corporation takes any action with respect to the matter. The disclosure shall become part of the record of the corporation's or subsidiary corporation's proceedings.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

331.1262 Corporation and subsidiary corporation as body corporate; powers; liability or debt.

Sec. 262.

Each corporation and subsidiary corporation incorporated by a city or village and organized under this act shall be a body corporate with power to sue and be sued and to adopt an official seal and alter the official seal at its discretion. A debt, claim, liability, corporation obligation, note, bond, or other obligation incurred by a corporation or a subsidiary corporation after the effective date of the incorporation shall not be a liability or debt of or enforceable against the city or village, except as specifically otherwise provided by written agreement of the city or village approved by the city council or village council. A debt, claim, liability, corporation obligation, note, bond, or other obligation incurred by a subsidiary corporation shall not be a liability or debt of or enforceable against its parent corporation or another subsidiary corporation nor shall any debt, claim, liability, corporation obligation, note, bond, or other obligation incurred by a corporation be a liability or debt of or enforceable against its subsidiaries, except as specifically otherwise provided in writing duly authorized by the corporation or subsidiary corporation charged.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989

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Chapter 3

331.1301 Corporation and subsidiary corporation; powers generally.

Sec. 301.

Each corporation and subsidiary corporation governed by this act shall possess all of the powers necessary to carry out the purposes of its incorporation and those incident thereto. Such powers shall be vested in and exercised by its board of trustees or subsidiary board. The enumeration of any powers in this act shall not be considered as a limitation upon the general powers of the corporation or subsidiary corporation.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1302 Bylaws.

Sec. 302.

Each corporation, and each subsidiary corporation with the approval of its parent corporation, may adopt and amend 1 or more sets of bylaws consistent with the applicable provisions of this act, the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws, its articles of incorporation, and other applicable law providing for conduct of its affairs and operation of its activities and health care facilities, which may include, but shall not be limited to, provisions with respect to the following:

(a) The frequency, call, and conduct of meetings of the board of trustees or subsidiary board.

(b) The powers and responsibilities of officers, including the chief executive officer.

(c) The size, manner of appointment, and term of committees, which, except as otherwise provided in the bylaws, may include persons who are not trustees, and the purposes and powers of such committees. Responsibility

may be assigned to committees for monitoring implementation of policies adopted by the board of trustees or subsidiary board and for the formulation of budgets, plans, and policies and the development of other recommendations for adoption by the board of trustees or subsidiary board. Committees shall not be empowered to exercise governmental or proprietary authority or to perform a governmental or proprietary function.

(d) Procedures for appointment, removal, and discipline of medical staff or other direct providers of health care and for delineation of their clinical privileges, together with provisions for the organization of such staff for the purpose of reviewing and improving the health services provided, and for administrative and other purposes.

(e) The purposes, organization, and control of auxiliaries and other voluntary organizations supporting the work of the corporation or subsidiary corporation.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1303 Board of trustees and subsidiary board; powers generally.

Sec. 303.

Without limiting the powers described in section 301 and elsewhere in this act, each board of trustees and subsidiary board, in furtherance of its purposes and consistent with the provisions of its articles of incorporation, but subject to applicable licensing and other regulatory requirements, may do any or all of the following:

(a) Establish, modify, discontinue, operate, and manage health services, either alone or in conjunction with other entities.

(b) Select physicians and such other direct providers of health care as it may determine for membership on its medical staff, delineate the clinical privileges of direct providers of health care within its health care facilities, and provide for the termination, suspension, or restriction of medical staff membership and clinical privileges. In making appointments and reappointments to the medical staff and in granting or withdrawing clinical privileges, the board of trustees or subsidiary board shall consider training, experience, and other professional qualifications, and may also consider health status, professional liability coverage, the character and capacity of the health care facilities, the needs of the community served by the health care facility, and such other factors as such board of trustees or subsidiary board reasonably considers to be appropriate.

(c) Provide for the organization of physicians and such other direct providers of health care as it may determine into a medical staff and establish additional procedures for review of the professional practices in its health care facilities pursuant to the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.1101 to 333.25211 of the Michigan Compiled Laws, and other applicable law.

(d) Establish reasonable rules and regulations for the provision of health services in its health care facilities, for the use of its health care facilities by patients, visitors, and others, and for management of its business and affairs.

(e) Employ a chief executive officer and such other employees as may be required to carry out its purposes; establish policies with respect to the duties, qualifications, compensation, benefits, and other terms of employment of its employees; provide for participation by its employees in retirement or pension plans of the local governmental unit, establish its own retirement or pension plans, or participate in other public programs for the provision of retirement or pension benefits; establish rules for a system of civil service; and enter into collective bargaining and other agreements with respect to these matters. Each corporation and subsidiary corporation shall be considered to be a public employer separate from the local governmental unit.

(f) Establish reasonable fees and charges for the use of its health care facilities and for the health services it provides, and provide policies for the care of those unable to pay fully for their care at reduced rates or without charge.

(g) Enter into contracts and participate in programs with federal and state government, insurers, health care corporations, health maintenance organizations, prudent purchaser arrangements, alternative health care delivery and financing systems, employers, individuals, and other public and private entities, for the provision of health services and for the payment for health services furnished on any basis considered appropriate by the board of trustees and subsidiary board, including, but not limited to, payment prospectively or retrospectively determined based upon its full or discounted rates and charges or costs, or based upon fixed rates per individual, group, visit, procedure, or other unit of service. As used in this subdivision, "health care corporation" means a health care corporation incorporated under the nonprofit health care corporation reform act, Act No. 350 of the Public Acts of 1980, being sections 550.1101 to 550.1704 of the Michigan Compiled Laws.

(h) Make and execute contracts, leases, and all other agreements or instruments necessary or convenient to fulfill its purposes, including but not limited to, exclusive and nonexclusive contracts or leases with direct providers of health care for the provision of health services to patients or the operation of health care facilities or departments of

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health care facilities on its behalf and contracts, leases, agreements, and other instruments relating to the joint conduct of health services and the operation of programs for sharing of goods, services, or facilities with other direct providers of health care.

(i) Appoint 1 or more attorneys to serve as legal advisors and representatives.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1304 Board of trustees and subsidiary board; additional powers.

Sec. 304.

Without limiting the powers described in section 301 and elsewhere in this act, each board of trustees and subsidiary board, in furtherance of its purposes and consistent with its articles of incorporation, but subject to applicable licensing and other regulatory requirements, may do any or all of the following:

(a) Establish sites for its health care facilities inside or outside the local governmental unit and relocate its health care facilities in the same municipality or elsewhere.

(b) Acquire by purchase, gift, devise, lease, sublease, installment purchase agreement, land contract, option, or by any other means, hold, and own in its own name health care facilities and interests therein and other real and personal property, including, but not limited to, interests in condominiums, and property subject to mortgages, security interests, or other liens, necessary or convenient to fulfill its purposes; and, for the purpose of condemnation, proceed under the uniform condemnation procedures act, Act No. 87 of the Public Acts of 1980, being sections 213.51 to 213.77 of the Michigan Compiled Laws, or other applicable statute.

(c) Construct, add to, repair, remodel, renovate, equip, and re-equip health care facilities and establish rules, regulations, or policies conforming with applicable law with respect to requirements for competitive bidding, advertising, advertising for bids and letting contracts. However, in all cases, the right to reject any and all bids shall be reserved.

(d) Dispose of its real and personal property by sale, lease, sublease, installment sale agreement, land contract, or other lawful means.

(e) Purchase, contract for, or acquire administrative, management, and other services necessary or convenient to the fulfillment of its purposes from the local governmental unit and from other sources and sell these services to the local governmental unit and to other public and private persons.

(f) Apply for, negotiate, receive, and accept gifts or grants of money, property, services, or other aid offered or made available to it, and comply, subject to the provisions of this act and other applicable law, with the terms of such gifts, grants, or other aid.

(g) Provide insurance, reinsurance, obtain indemnification or establish programs or trusts for self-insurance against loss in connection with its assets or any liability in connection with its activities. The insurance, reinsurance, indemnification, or self-insurance shall be in such forms and amounts, and from such sources, as it considers appropriate.

(h) Invest funds not immediately required for its purposes, funds accumulated to provide retirement or pension benefits, endowment funds created for charitable or educational purposes, and other funds in any manner in which a local governmental unit may then lawfully invest such property and loan its funds in furtherance of its purposes.

(i) Borrow money from the local governmental unit in accordance with section 305(e) and enter into agreements for the repayment of the loans.

(j) Grant mortgages, security interests, and other liens in its real and personal property, sell and lease back its real and personal property, and pledge its property or revenues in furtherance of its purposes.

(k) Guarantee, in whole or in part, bonds, notes, and other obligations of the local governmental unit undertaken for its benefit and grant mortgages, security interests, and other liens in its real and personal property and pledge its property or revenues to secure obligations of the local governmental unit undertaken for its benefit, with or without guaranteeing such obligations.

(l) Transfer real or personal property to subsidiary corporations or parent corporations in furtherance of its purposes or the purposes of the subsidiary or parent corporations, with or without monetary consideration, and transfer money and other real and personal property not required to carry out its purposes to the local governmental unit.

(m) Guarantee, in whole or in part, corporation obligations, bonds, notes, and other obligations of a subsidiary corporation or a parent corporation.

(n) Grant mortgages, security interests, or other liens in its real and personal property and pledge its property or revenues to secure corporation obligations, bonds, notes, or other obligations of 1 or more of its subsidiary

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corporations or its parent corporation, with or without guaranteeing such obligations.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1305 Powers of local governmental unit generally.

Sec. 305.

Subject to applicable licensing and other regulatory requirements, a local governmental unit may do any or all of the following:

(a) Acquire health care facilities by purchase, gift, devise, lease, sublease, installment purchase agreement, land contract, option, or other means; construct, add to, repair, remodel, renovate, equip, and reequip health care facilities for use, in whole or in part, by a corporation or a subsidiary corporation; borrow money and issue bonds in accordance with 1923 PA 118, MCL 141.61 to 141.66; enter into contracts of lease under 1948 (1st Ex Sess) PA 31, MCL 123.951 to 123.965; or enter into obligations under other applicable laws to acquire health care facilities. However, whether or not otherwise permitted by law, a local governmental unit shall not borrow funds, lease property, or acquire property pursuant to a lease purchase agreement with a local hospital authority incorporated under the hospital finance authority act, 1969 PA 38, MCL 331.31 to 331.84, nor shall a local governmental unit otherwise receive the proceeds of bonds issued by a local hospital authority, except as consideration for property transferred by the local governmental unit to a third party. Any bonding proposal requiring approval of the electors of a local governmental unit may be presented at the same election described in sections 201 and 202 or sections 251 and 252.

(b) Transfer or make available health care facilities and other real and personal property to a corporation or a subsidiary corporation by sale, lease, sublease, installment sale agreement, contract, or other means on terms, with or without monetary consideration, approved by the county board of commissioners, city council, or village council. A health care facility owned and operated by a corporation or a subsidiary corporation is not considered to be owned or operated by the local governmental unit.

(c) Grant mortgages, security interests, and other liens in, pledge or sell and lease back its interests in health care facilities and other real and personal property to secure bonds, notes, or other obligations of a corporation or subsidiary corporation, upon terms approved by the county board of commissioners, city council, or village council. The amount of the bonds, notes, or other obligations must not be included in computing the net bonded indebtedness of the local governmental unit for the purposes of debt limitations imposed by any constitutional, statutory, or charter provision, unless the local governmental unit pledges full faith and credit to the payment of the bond, note, or other obligation.

(d) Guarantee any corporation obligation, bond, note, or other obligation of a corporation or a subsidiary corporation on terms approved by the county board of commissioners, city council, or village council, and pledge specified revenues or assets of the local governmental unit or the full faith and credit of the local governmental unit to the payment of the guaranty. The resolution of the county board of commissioners, city council, or village council approving any guaranty which pledges the full faith and credit of the local governmental unit must contain a proviso that the resolution must not become effective and binding upon the local governmental unit until it has been approved by a majority of the electors voting at a special or regular local governmental unit election. The election proceedings under this subdivision must be conducted in accordance with the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992. The amount of any bonds, notes, or other obligations secured by a guaranty that pledges the full faith and credit of the local governmental unit must be included in computing the net bonded indebtedness of the local governmental unit for the purposes of debt limitations imposed by any constitutional, statutory, or charter provision.

(e) Loan to a corporation or a subsidiary corporation money from the general fund of the local governmental unit or from funds not raised by taxation available to the local governmental unit for the acquisition of or improvements to health care facilities, operation of health services or for any other purpose of the corporation or subsidiary corporation, and enter into agreements with the borrowing corporation or subsidiary corporation for the repayment of those loans over a term not to exceed 30 years, with or without security.

(f) Appropriate money and transfer the money to 1 or more corporations or subsidiary corporations established by the local governmental unit for the acquisition of or improvements to health care facilities, operation of health services, or any other purpose of the corporations or subsidiary corporations. The total sums appropriated for those purposes each year from the general fund of the local governmental unit must be in addition to any taxes and appropriations to satisfy local governmental unit indebtedness under bonds, notes, or guaranties described in subdivisions (a) and (d). Money may be appropriated from funds not raised by taxation and available to the local

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governmental unit for those purposes without limitation.

(g) Notwithstanding subdivision (f), a county with a county public hospital organized and operated under 1945 PA 109, MCL 331.201 to 331.213, on February 27, 1988 may assess taxes not to exceed in any 1 year 1 mill on each dollar of assessed valuation of the county for the purpose of acquisition, construction, and operation of any health care facilities without a vote of county electors, and may appropriate money from its general fund for the acquisition, construction, and operation of any health care facilities without limitation.

(h) Enter into agreements or arrangements for a corporation or a subsidiary corporation to provide health services to local governmental unit employees, dependents of local governmental unit employees, indigents, or others, providing for payment for health services in any of the ways described in section 303(g).

(i) Sell, contract, or make available to corporations or subsidiary corporations established by the local governmental unit, administrative, management, and other services necessary or convenient to fulfill the purposes of the corporation or subsidiary corporation, and purchase the services from a corporation or subsidiary corporation that may be required for any local governmental unit purpose.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 497, Imd. Eff. Dec. 29, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 2002, Act 484, Imd. Eff. June 27, 2002 ;-- Am. 2018, Act 312, Imd. Eff. June 29, 2018

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331.1305a Restructure of corporation or subsidiary corporation as nonprofit.

Sec. 305a.

(1) Subject to applicable licensing and other regulatory requirements, the requirements of the nonprofit act, and the requirements of this section, the board of trustees or the subsidiary board may restructure a corporation or subsidiary corporation as a nonprofit corporation subject to the nonprofit act if all of the following are met:

(a) The corporation or subsidiary corporation is located in a county that had a population of more than 5,000 and less than 7,500 as of the most recent federal decennial census.

(b) The restructuring is completed before June 30, 2025.

(2) A board of trustees or subsidiary board proposing to restructure a corporation or subsidiary corporation under this section must adopt a restructuring plan that includes all of the following:

(a) The terms and conditions of the proposed restructuring.

(b) The proposed articles of incorporation and bylaws that are to govern the restructured corporation or restructured subsidiary corporation. The articles and bylaws must comply with the requirements of the nonprofit act.

(3) If a restructuring plan described in subsection (2) is approved under this section, the corporation or subsidiary corporation shall file the articles of incorporation described in subsection (2)(b) with the administrator, in the manner provided in the nonprofit act.

(4) The effective date of a restructuring under this section is the effective date of the articles of incorporation under the nonprofit act. All of the following apply when a restructuring under this section takes effect:

(a) The restructured corporation or restructured subsidiary corporation is considered a continuation of the restructuring corporation or subsidiary corporation.

(b) The restructured corporation or restructured subsidiary corporation has all of the liabilities of the restructuring corporation or subsidiary corporation and the restructuring does not affect any obligations or liabilities of the corporation or subsidiary corporation incurred before the restructuring or the personal liability of any person incurred before the restructuring.

(c) The title to all real estate and other property and rights owned by the corporation or subsidiary corporation remain vested in the restructured corporation or restructured subsidiary corporation without reversion or impairment.

(d) The rights, privileges, powers, and interests in property of the corporation or subsidiary corporation, as well as the debts, liabilities, and duties of the corporation or subsidiary corporation, must not be considered, as a consequence of the restructuring, to have been transferred to the restructured corporation or restructured subsidiary corporation for any purpose of the laws of this state.

(e) A proceeding pending against the corporation or subsidiary corporation may be continued as if the restructuring had not occurred, or the restructured corporation or restructured subsidiary corporation may be substituted in the proceeding for the corporation or subsidiary corporation.

(f) The restructured corporation or restructured subsidiary corporation is considered to be the same entity that existed before the restructuring and is considered to be incorporated on the date that the corporation or subsidiary corporation was originally incorporated.

(g) The restructured corporation or restructured subsidiary corporation is subject to the nonprofit act and, except as otherwise provided in this act, is subject to this act.

(h) The articles of incorporation of the corporation or the subsidiary corporation filed with the county clerk under section 207 or the city clerk or village clerk under section 256 are considered terminated and the articles of incorporation filed under the nonprofit act apply to the corporation or subsidiary corporation. The corporation or subsidiary corporation shall deliver a copy of the articles of incorporation of the restructured corporation or restructured subsidiary corporation to that county clerk, city clerk, or village clerk, and the county clerk, city clerk, or village clerk will indicate in the county clerk's, city clerk's, or village clerk's records that the corporation or subsidiary corporation has restructured under this section and that the articles of incorporation previously filed with the county clerk, city clerk, or village clerk under section 207 or 256 are no longer in effect.

(i) The corporation or subsidiary corporation shall deliver a copy of the articles of incorporation of the restructured corporation or restructured subsidiary corporation to the secretary of state and notify the secretary of state that the articles of incorporation previously filed with the secretary of state by the county clerk, city clerk, or village clerk under section 207 or 256 are no longer in effect.

(5) A subsidiary board may not restructure a subsidiary corporation as a nonprofit corporation under this section without the prior approval of the board of trustees of its parent corporation to the restructuring.

(6) A board of trustees or subsidiary board may not restructure a corporation or subsidiary corporation under this section without the prior majority approval of the county board of commissioners, city council, or village council, as applicable.

(7) A board of trustees or subsidiary board may not restructure a corporation or subsidiary corporation under this section if the restructuring in any manner impairs the obligation of the corporation or subsidiary corporation with respect to any outstanding obligation, bond, note, or contract of that corporation.

(8) As used in this section:

(a) "Administrator" means that term as defined in section 105 of the nonprofit act, MCL 450.2105.

(b) "Nonprofit act" means the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

(c) "Nonprofit corporation" means a domestic corporation, as that term is defined in section 106 of the nonprofit act, MCL 450.2106.

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History: Add. 2010, Act 331, Imd. Eff. Dec. 21, 2010 ;-- Am. 2016, Act 45, Imd. Eff. Mar. 15, 2016 ;-- Am. 2017, Act 148, Imd. Eff. Nov. 2, 2017 ;-- Am. 2023, Act 319, Imd. Eff. Dec. 14, 2023

331.1306 Board of trustees or subsidiary board; sale or transfer of ownership or operation; terms; acceptance of notes, bonds, or obligations; discrimination prohibited; approval of transfer; transfer not to impair corporate obligation, bond, note, or contract.

Sec. 306.

(1) Subject to applicable licensing and other regulatory requirements, and subject to the requirements of this section, a board of trustees or a subsidiary board may enter into and carry out agreements for the sale or transfer of the ownership of a corporation or subsidiary corporation, or the sale or transfer of ownership or operation of some or all of the health care facilities and related assets or health services of the corporation or subsidiary corporation, to a nonprofit health care organization or to a public authority on behalf of a nonprofit health care organization by sale, installment sales agreement, land contract, lease, lease with an option to purchase, sublease, contract, option, or by any other means.

(2) In establishing the terms of a sale or transfer described in subsection (1), the board of trustees or subsidiary board may take into account, in addition to the monetary consideration for the sale or transfer, if any, 1 or more of the following:

(a) The ability and willingness of the nonprofit health care organization to continue to provide health services to residents of the local governmental unit.

(b) The assumption by the nonprofit health care organization of liabilities, obligations, and risks associated with ownership or operation of the corporation, subsidiary corporation, or health care facilities and health services sold or transferred, including those associated with outstanding bonds, notes and obligations, pension, retirement, and other benefits for employees and employees and conditions attached to public or private grants.

(c) The willingness and ability of the nonprofit health care organization to provide services to those unable to pay fully for their care.

(d) The elimination of or reduction in support required for the corporation, subsidiary corporation, or health care

facilities or health services from tax revenues or other public sources.

(e) The ability and willingness of the nonprofit health care corporation to expand or improve the corporation, subsidiary corporation, or health care facilities or health services being sold or transferred.

(f) Any other factors bearing on the health and welfare of the residents of the local governmental unit that the board of trustees or subsidiary board considers appropriate.

(3) A board of trustees or subsidiary board may accept secured or unsecured notes, bonds, or obligations given by or on behalf of a nonprofit health care organization or any other forms of payment that it considers appropriate in full or partial satisfaction of any monetary consideration provided under an agreement for a sale or transfer described in subsection (1).

(4) Any board of trustees or subsidiary board that sells or transfers a corporation, subsidiary corporation, or health facilities under this section shall require, for a term of not less than 30 years, that use of the health care facilities owned by the sold or transferred corporation or subsidiary corporation or the sold or transferred health care facilities shall be open to all regardless of race, religion, color, national origin, sex, age, disability, marital status, sexual preference, or source of payment, and that the nonprofit health care organization acquiring those health care facilities or that corporation or subsidiary corporation shall provide an equal opportunity for employment, without discrimination as to race, religion, color, national origin, sex, age, disability, marital status, or sexual preference.

(5) Any transfer made by a subsidiary board in reliance on this section shall be made only with the prior approval of the board of trustees of its parent corporation.

(6) Any sale or transfer of ownership of a corporation or subsidiary corporation under this section shall be made only with the prior approval of the county board of commissioners, city council, or village council. Any sale or transfer of ownership or operation of health care facilities or health services by a corporation or a subsidiary corporation under this section shall be made only with the prior approval of the county board of commissioners, city council, or village council, if either of the following applies:

(a) The health care facilities or health services to be transferred provided more than 10% of the gross revenues of the corporation or subsidiary corporation making the transfer, determined in accordance with generally accepted accounting principles, in either of the 2 full fiscal years of the corporation or subsidiary corporation completed immediately preceding the date of the transfer.

(b) A majority of the governing body of the nonprofit health care organization acquiring the health care facilities or health services is composed of persons who are also serving as trustees of the corporation or the subsidiary corporation making the transfer.

(7) Notwithstanding any other provision of this section, no sale or transfer under this section shall be made in such a way as to impair the obligation of the corporation or the subsidiary corporation with respect to any outstanding corporation obligation, bond, note, or contract.

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History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 1998, Act 62, Imd. Eff. Apr. 20, 1998 ;-- Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010

331.1307 Definitions; retention of employees; continuation of collective bargaining agreements; bargaining representative; standing of employee to commence action; rescission of transactions; continued participation in federal old age, survivors, and disability insurance benefits program.

Sec. 307.

(1) As used in this section:

(a) "Contractor" means an entity which enters into a contract or other agreement with a local governmental unit, corporation, or subsidiary corporation for the purpose of providing health services or for the management, administration, or operation of a health care facility or department of a health care facility, pursuant to section 303(h), 304(d), 304(e), 304(l), 305(b), 305(i), or 306. Contractor includes a local governmental unit, corporation, or subsidiary corporation.

(b) "Transferee" means an entity which receives, accepts, or comes into possession or an ownership or leasehold interest in a health care facility, department of a health care facility, or other real or personal assets of a health care facility pursuant to section 303(h), 304(d), 304(e), 304(l), 305(b), 305(i), or 306. Transferee includes a corporation, county, or subsidiary corporation.

(c) "Affected health care facility" means a health care facility or part or department of a health care facility regularly employing 5 or more persons on a full-time basis or the equivalent which is the subject of any transaction made pursuant to section 303(h), 304(d), 304(e), 304(l), 305(b), 305(i), or 306.

(2) A local governmental unit, corporation, or subsidiary corporation shall not enter into a contract, lease, agreement, transfer, or other arrangement authorized in section 303(h), 304(d), 304(e), 304(l), 305(b), 305(i), or 306 with a contractor or transferee under which the contractor or transferee agrees or can reasonably be expected to continue the operation of the affected health care facility for the purpose of providing health services unless the local governmental unit, corporation, or subsidiary corporation agrees to retain the employees of the affected health care facility and continue all collective bargaining agreements covering such employees or unless the contractor or transferee agrees to all of the following:

(a) That all collective bargaining agreements in effect and covering employees of the affected health care facility shall be continued in full force and effect by the contractor or transferee.

(b) That employees of the affected health care facility shall be employed by the contractor or transferee and shall not be replaced with new employees, except in accordance with applicable collective bargaining agreements and with policies applicable to the affected health care facility existing on the date of such contract, lease, agreement, transfer, or other arrangement.

(c) That the contractor or transferee shall continue the terms and conditions of employment of employees of the affected health care facility.

(d) That the contractor or transferee shall grant recognition to each collective bargaining agent of employees of the affected health care facility which had representation rights on the date of the contract, agreement, or other arrangement. However, a contract, lease, agreement, transfer, or other arrangement may permit such modifications of the obligations of the contractor or transferee as may be required to conform to an order of the national labor relations board in appropriate proceedings.

(3) This section does not limit employees' rights, under applicable law, to assert that their bargaining representative is no longer representative of the employee.

(4) If a local governmental unit, corporation, or subsidiary corporation enters into an agreement providing for a transaction that is subject to subsection (2), an employee of the affected health care facility or the collective bargaining agent of such an employee shall have standing to commence an action in the circuit court for the county to determine if the transaction is in compliance with subsection (2), if the action is commenced within 90 days after written notice by the local governmental unit, corporation, or subsidiary corporation to the employees and collective bargaining agent of the affected health care facility of the execution of such agreement. If the court determines that the agreement is not in compliance with subsection (2), and if the local governmental unit, corporation, or the subsidiary corporation and the contractor or transferee do not agree to amendments making the agreement in compliance with subsection (2), the court shall declare the agreement void and of no effect and provide for rescission of the transactions provided for under the agreement.

(5) An employee of a county public hospital, city public hospital, village public hospital, or other health care facility who, on the effective date of this act, participates in the federal old age, survivors, and disability insurance benefits program through a voluntary agreement made pursuant to section 218 of title II of the social security act, 42 U.S.C. 418, shall continue to participate in the program if the individual is employed by a corporation or subsidiary corporation pursuant to this act.

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History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

Chapter 4

331.1401 Board of trustees or subsidiary board; power to borrow money and issue notes; resolution; applicability of revised municipal finance act.

Sec. 401.

(1) A board of trustees or subsidiary board may borrow money and issue notes, which shall mature not more than 18 months from the date of their issuance, for the purpose of meeting current expenses of operation and maintenance of its health care facilities and health services. The resolution authorizing the issuance of the notes shall provide for the pledging of income and revenues of the corporation or subsidiary corporation for the payment of the notes, and may also provide for a special sinking fund into which there shall be paid as collected, a sufficient fund from the revenues of the corporation or subsidiary corporation to retire both the principal and interest of the notes at or before maturity. The resolution may also provide for the mortgaging, pledging, or granting of security interests or other liens in other assets of the corporation or subsidiary corporation as additional security for the payment of the notes.

(2) Except as provided in subsection (3), notes issued under this section are not subject to the revised municipal

finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The issuance of notes described in this subsection is subject to the agency financing reporting act.

(3) Notes issued under this section that pledge the full faith and credit of the corporation are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 2002, Act 395, Imd. Eff. May 30, 2002

331.1402 Corporation or subsidiary corporation; additional powers; prohibited conduct.

Sec. 402.

In addition to the powers provided elsewhere in this act, a corporation or subsidiary corporation may, subject to approval of the county board of commissioners, city council, or village council, borrow money, issue bonds, and exercise the powers provided in the revenue bond act of 1933, Act No. 94 of the Public Acts of 1933, being sections 141.101 to 141.139 of the Michigan Compiled Laws, or issue bonds, notes, or other obligations pursuant to other applicable law. However, whether or not otherwise permitted by law, a corporation or a subsidiary corporation shall not borrow funds from, lease property from, or acquire property pursuant to a lease purchase agreement with a local hospital authority incorporated under the hospital finance authority act, Act No. 38 of the Public Acts of 1969, being sections 331.31 to 331.84 of the Michigan Compiled Laws, nor shall a corporation or subsidiary corporation otherwise receive the proceeds of bonds issued by such a local hospital authority, except as consideration for property transferred by the corporation or subsidiary corporation to a third party.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

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331.1403 Corporation or subsidiary corporation; additional powers; refinancing or refunding indebtedness; redemption; limitation; determination of board of trustees or subsidiary conclusive; exception.

Sec. 403.

(1) Subject to the approvals required under sections 406(1) and 412, a corporation or a subsidiary corporation may do any or all of the following:

(a) Borrow money and issue 1 or more series of its corporation obligations pursuant to this act in order to finance all or part of the project costs of health care facilities.

(b) Either as part of an issue of corporation obligations for the purposes described in subdivision (a) or separately, borrow money and issue 1 or more series of corporation obligations in order to refinance, refund, or refund in advance any indebtedness of a corporation or subsidiary corporation or any existing indebtedness of the county undertaken for the benefit of the corporation or the subsidiary corporation, in whole or in part. Corporation obligations may be issued to refinance, refund, or refund in advance outstanding indebtedness for any 1 or more of the following purposes:

(i) To reduce the total amount of the debt service costs which would be payable over the term of the outstanding indebtedness.

(ii) To reduce the present value of the debt service costs which would be payable over the term of the outstanding indebtedness.

(iii) To produce a repayment schedule for the corporation obligations more favorable to the issuer than the payment schedule on the bonds being refinanced, refunded, or refunded in advance.

(iv) To secure the release of the local governmental unit from any indebtedness or guaranty undertaken on behalf of the corporation or the subsidiary corporation or to secure terms for any such indebtedness or guaranty more favorable to the local governmental unit.

(v) To enable the corporation or the subsidiary corporation to issue corporation obligations for the purposes described in subdivision (a).

(vi) To enable the corporation or the subsidiary corporation to provide adequate security for the corporation obligations being issued.

(vii) To eliminate restrictions or requirements determined by the corporation or the subsidiary corporation to be excessively burdensome to it or to the local governmental unit.

(viii) To pay when due outstanding corporation obligations or indebtedness incurred by a corporation or subsidiary corporation or by a local governmental unit on behalf of a corporation or subsidiary corporation.

(2) Corporation obligations issued for refinancing and refunding purposes may be issued whether the indebtedness to be refinanced or refunded has or has not matured, is or is not redeemable on the date of issuance of the corporation obligations or is or is not subject to redemption prior to maturity. Refunding corporation obligations shall not be issued unless the issuing corporation or subsidiary corporation determines that there will be sufficient assets or revenues to pay when due the principal or interest on the refunding corporation obligations, other costs, expenses, and charges in connection with the issuance of the refunding corporation obligations and any charges or obligations of the corporation or subsidiary corporation which may be prior or equal to the refunding corporation obligations.

(3) Outstanding indebtedness being refinanced, refunded, or refunded in advance may be called for redemption before maturity on the first possible date, or may be allowed to remain outstanding beyond the first possible date or redemption, either to a later redemption date or to maturity.

(4) Corporation obligations issued for the purposes of refinancing, refunding, or refunding in advance outstanding indebtedness shall not exceed the amount of principal, interest and redemption premium, if any, of the indebtedness to be refinanced, refunded, or refunded in advance, which has not been paid or provided for, plus such additional amounts as may be required to carry out the purposes of the refinancing or refunding described in subsection (1)(b), plus the marketing, financing, legal, and other costs incurred or to be incurred in connection with the refinancing, refunding, or refunding in advance and the issuance of the corporation obligations, including the costs of funding reserves and paying capitalized interest on the corporation obligations for a period not to exceed 1 year after issuance of the corporation obligations.

(5) The determination of the board of trustees or subsidiary board with respect to the necessity of refinancing, refunding, or refunding in advance, the expediency of refinancing, refunding, or refunding in advance, the sufficiency of assets and revenues to meet corporation obligations and the adequacy of security shall be conclusive, except with respect to the approval of the department of treasury when prior approval is required.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

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331.1404 Corporation obligations as general obligations of issuing corporation or subsidiary corporation; corporation obligations neither local governmental unit nor state debt.

Sec. 404.

(1) Except as expressly provided by the corporation or subsidiary corporation or as otherwise provided in this act, every issue of its corporation obligations shall be general obligations of the issuing corporation or subsidiary corporation payable out of any properties, revenues, or money available to the corporation or subsidiary corporation, including, without limitation, revenues derived from the operation of health services, from the operation, lease, or disposition of health care facilities and other properties, from gifts or grants available for these purposes, from amounts borrowed, including refinancings or refundings, from the proceeds of health care facilities and other assets and from investment earnings from any of those sources, subject only to agreements with holders of particular corporation obligations or holders of other notes and obligations mortgaging, pledging, or granting security interests or other liens in particular properties, revenues, or money.

(2) A corporation obligation shall not be an obligation of nor constitute a debt of the local governmental unit for purposes of any constitutional, charter or statutory limitation unless the local governmental unit has pledged its full faith and credit to the guaranty of such corporation obligation pursuant to section 305. A corporation obligation shall not constitute a debt of or in any way obligate the state.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1405 Provisions of resolution authorizing issuance of corporation obligations as part of contract.

Sec. 405.

A resolution authorizing issuance of corporation obligations may contain provisions, which shall be part of the

contract with the holders of such corporation obligations, as to:

(a) Use and disposition of net revenues derived from the operation of health care facilities and provision of health services, including the pledging or creation and perfection of security interests and other liens in such net revenues and investment earnings and profits thereon to pay principal or interest on the corporation obligations, the creation of reserves or sinking funds and the regulation and disposition of reserves and sinking funds.

(b) Operation, management, and control of health care facilities and health services provided by the corporation or subsidiary corporation, including the granting of mortgages, deeds of trust, security interests, and other liens in health care facilities and other property, which may include additions, improvements, or extensions made after issuance to secure payment of principal and interest on the corporation obligations.

(c) Limitations on the purposes to which the proceeds of corporation obligations may be applied and pledging those proceeds to secure payment of principal and interest on the corporation obligations.

(d) Limitations on the issuance of additional corporation obligations and other indebtedness, and the terms and conditions upon which additional corporation obligations and other indebtedness may be issued.

(e) Insurance to be maintained with respect to the health care facilities and health services or alternatives thereto and the collection, use, and disposition of the proceeds of insurance.

(f) The terms and conditions upon which the holders of corporation obligations, or a portion of the corporation obligations, or any trustees for such holders, shall be entitled to appointment of a receiver by a court which has jurisdiction for the corporation or subsidiary corporation or for all or part of the property of a corporation or subsidiary corporation.

(g) The procedure by which the contract with the holders of corporation obligations may be amended or abrogated, the amount of corporation obligations, if any, the holders of which must consent to an amendment or abrogation, and the manner in which a required consent may be given.

(h) Vesting in 1 or more trustees, which may be individuals or corporations domiciled or located within or outside the state, of property, rights, powers, remedies, and duties which are necessary or convenient, with or without the execution of a mortgage or deed of trust in favor of the trustee or trustees.

(i) Payment or rebate of investment earnings or profits on the proceeds of corporation obligations or on funds deposited for the payment of principal, interest, or premiums on such corporation obligations to the issuing corporation or subsidiary corporation or its successor.

(j) Covenants and agreements to safeguard the corporation obligations not inconsistent with this act and other applicable law.

History: 1987, Act 230, Eff. Feb. 27, 1988

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331.1406 Corporation obligations generally.

Sec. 406.

(1) Corporation obligations shall be authorized by resolution adopted by a majority vote of the members serving on the board of trustees of the corporation or the subsidiary board of the subsidiary corporation issuing the corporation obligations. However, the resolution shall not take effect until issuance of the corporation obligations has been approved by a majority vote of the members serving on the county board of commissioners, city council, or village council and, in the case of issuance of corporation obligations by a subsidiary corporation, also by a majority vote of the members serving on the board of trustees of its parent corporation. Approval of issuance of corporation obligations by the county board of commissioners, city council, or village council and, if applicable, by the board of trustees of the parent corporation, may take place before or after adoption of the resolution authorizing issuance by the issuing corporation or subsidiary corporation.

(2) Corporation obligations shall be dated, have the maturities, bear interest at the times and the rates, be in the denominations, be in the form, either coupon or registered or both and either certificate or book entry, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the place or places and be subject to the terms of redemption and other terms as the resolution provides. Corporation obligations may be sold and remarketed by the corporation or subsidiary corporation or by an authorized officer or agent of the corporation or subsidiary corporation, at public or private sale, at the price or prices, the interest rates, and the maturities as the corporation or subsidiary corporation or an authorized officer or agent of the corporation or subsidiary corporation determines in accordance with limits established by the corporation or subsidiary corporation. The corporation or subsidiary corporation may authorize rates of interest that are variable by reference to 1 or more interest rate indices designated by the corporation or subsidiary corporation or to the rate or rates of interest borne by 1 or more series of obligations of the state or the United States, or to a rate or rates of interest

announced by the bank or savings and loan association organized under the laws of the United States or any state as the corporation or subsidiary corporation may designate. The corporation obligations may be sold at a discount and at an interest rate or rates that may be varied by an authorized officer or agent of the corporation or subsidiary corporation within the limits established by the corporation or subsidiary corporation as provided in the resolution. Corporation obligations shall not be sold at a price that would make the interest costs on the money borrowed exceed the maximum interest rate then permitted by the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 2002, Act 395, Imd. Eff. May 30, 2002

331.1407 Refunding corporation obligations.

Sec. 407.

(1) To protect the rights of the holders of bonds or other obligations to be refunded, the proceeds of corporation obligations issued for refunding purposes and any other funds set aside for such purposes, and the investment earnings and profits, to the extent required to be held for future retirement of bonds or other obligations to be refunded, for interest or premiums thereon, or for expenses relating to the refunding, shall be held in trust by a qualified bank or savings and loan association organized under the laws of the United States or any state or the state treasurer pursuant to a trust agreement with the corporation or subsidiary corporation issuing the refunding corporation obligation. This subsection shall not apply if the instruments governing the bonds or other obligation to be refunded require a different disposition of such funds, in which case the terms of the instruments shall apply.

(2) Proceeds of refunding corporation obligations not immediately required for the purposes set forth in subsection (1) may be invested pursuant to the trust agreement in direct obligations of the United States, or in obligations, the principal and interest of which are guaranteed by the United States. If, however, the instruments governing the bonds or other obligations to be refunded provide for defeasance of security upon issuance of the refunding corporation obligation or contain different requirements for the investment of funds, the funds shall be deposited and invested in accordance with the requirements of the instruments.

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History: 1987, Act 230, Eff. Feb. 27, 1988

331.1408 Security instruments to continue in effect until principal and interest on corporation obligations paid in full; terms of security instrument; recital.

Sec. 408.

(1) The provisions of this act, any resolution and any mortgage, deed of trust, or other security instrument shall continue in effect until all principal and interest on the corporation obligations has been fully paid or payment has been duly provided for. Any resolution, mortgage, deed of trust, or other security instrument governing the issuance of or securing corporation obligations may provide terms under which it is enforceable by the holder or holders of corporation obligations or a trustee or trustees for their benefit by mandamus, foreclosure, or other appropriate action in any court of competent jurisdiction.

(2) The resolution authorizing corporation obligations shall contain a recital that they are issued pursuant to this act, which recital shall be conclusive evidence of their validity and the regularity of their issuance.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1409 Lien of pledge.

Sec. 409.

Any pledge made by a corporation or a subsidiary corporation to secure corporation obligations shall be valid and binding from the time the pledge is made. The money or property so pledged and thereafter received by the corporation or subsidiary corporation shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act. The lien of the pledge shall be valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the corporation or the subsidiary corporation, without regard to whether such parties have notice thereof. Neither the resolution nor any instrument by which a pledge is made need be recorded.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1410 Personal liability on notes or corporation obligations.

Sec. 410.

Neither the trustees of a corporation or subsidiary corporation nor any person executing notes or corporation obligations under this act shall be liable personally on the notes or corporation obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

History: 1987, Act 230, Eff. Feb. 27, 1988

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331.1411 Pledge and agreement of state.

Sec. 411.

The state pledges and agrees with the holders of notes and corporation obligations issued under this act, that the state will not limit or alter the rights vested in any corporation or subsidiary corporation to fulfill the terms of any agreements made with the holders thereof, nor will in any way impair the rights and remedies of the holders until the notes or corporation obligations, together with interest thereon, with interest on any unpaid installments of interest, if applicable, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. Any corporation or subsidiary corporation is authorized to include this pledge and agreement of the state in any agreement with holders of such notes or corporation obligations.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1412 Corporation obligations; statutory provisions to which issuance of obligations subject; legality.

Sec. 412.

(1) Except as provided in subsection (2), the corporation obligations shall not be subject to the provisions of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The issuance of corporate obligations described in this subsection is subject to the agency financing reporting act.

(2) Corporate obligations for which a local governmental unit pledges its full faith and credit to guarantee payment are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 2002, Act 395, Imd. Eff. May 30, 2002

331.1413 Corporation obligations as negotiable instruments under uniform commercial code.

Sec. 413.

Whether or not notes or corporation obligations issued pursuant to this act are of such form or character as to be negotiable instruments under the uniform commercial code, Act No. 174 of the Public Acts of 1962, being sections 440.1101 to 440.11102 of the Michigan Compiled Laws, the notes and corporation obligations authorized to be issued under this act are negotiable instruments, within the meaning of and for all purposes of the uniform commercial code, Act No. 174 of the Public Acts of 1962, subject only to the provisions of the notes or corporation obligations for registration.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1414 Notes and corporation obligations as investment securities.

Sec. 414.

The notes and corporation obligations of any corporation or subsidiary issued pursuant to this act are securities in which all public officers and bodies of this state and all municipalities, municipal subdivisions, and public bodies corporate, all insurance companies and associations, and other persons carrying on the insurance business, all banks, trust companies, savings banks and savings associations, savings and loan associations, credit unions, investment companies, personal representatives, administrators, conservators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them.

History: 1987, Act 230, Eff. Feb. 27, 1988

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331.1415 State covenants with purchasers, subsequent holders, and transferees of notes and corporation obligations.

Sec. 415.

The state covenants with the purchasers and all subsequent holders and transferees of notes and corporation obligations issued pursuant to this act, in consideration of the acceptance of and payment for such notes and corporation obligations issued pursuant to this act and the income therefrom and all gifts, grants, revenues, receipts, and other money received or to be received, pledged to pay or secure the payment of such notes or corporation obligations shall be free and exempt from all state, city, county, or other taxation provided by the laws of this state, except for estate, inheritance and gift taxes, and taxes on transfers.

History: 1987, Act 230, Eff. Feb. 27, 1988

Chapter 5

331.1501 Financial reports and annual audits.

Sec. 501.

Each corporation and subsidiary corporation shall prepare and file with the state treasurer annual financial reports and annual audits of its financial records in accordance with the uniform budgeting and accounting act, Act No. 2 of the Public Acts of 1968, being sections 141.421 to 141.440a of the Michigan Compiled Laws. Copies of

all financial reports and annual audits filed with the state treasurer shall be filed with the county clerk, city clerk, or village clerk within the time prescribed by Act No. 2 of the Public Acts of 1968, for filing with the state treasurer, including extensions.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1502 Indemnification of certain persons.

Sec. 502.

(1) A corporation or subsidiary corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement and actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation or subsidiary corporation and the public, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that conduct was unlawful by reason of the fact the person acted in any of the following capacities:

(a) Is or was a trustee, officer, or employee of the corporation or the subsidiary corporation.

(b) Served as a member of a committee of the medical staff or as a member or officer of a department or other administrative unit of a health care facility of a corporation or subsidiary corporation charged with responsibility for reviewing the professional qualifications of applicants for employment, medical staff membership, or clinical privileges, for establishing, administering, or reviewing the professional standards applicable to health services provided by the corporation or subsidiary corporation or provided by others in its health care facilities or for reviewing utilization of health services.

(c) Executed any note, bond, or corporation obligation on behalf of the corporation or subsidiary corporation.

(d) Served at the request of the corporation as a trustee, director, officer, employee, or agent of another public or private corporation, partnership, joint venture, trust, or other enterprise. The termination of any action, suit, or proceeding by judgment, order, settlement conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation and the public and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

(2) Notwithstanding the provisions of subsection (1), no indemnification shall be made with respect to any claim, issue, or matter arising from any threatened, pending, or completed action by the corporation or subsidiary corporation as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the corporation or subsidiary corporation unless, and only to the extent that, the court in which such action or suit was brought determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

(3) A corporation or subsidiary corporation may, pursuant to bylaw, contract, agreement, or resolution of its board of trustees or subsidiary board obligate itself in advance to indemnify persons in accordance with subsections (1) and (2), may establish procedures for approval of indemnification in specific instances in accordance with subsections (1) and (2), and may pay expenses incurred in defending a civil or criminal action, suit, or proceeding described in subsection (1) in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking on behalf of a person who may be entitled to indemnification to repay such amount unless it is ultimately determined that the person is entitled to be indemnified by the corporation or subsidiary corporation in accordance with subsections (1) and (2).

(4) A corporation or a subsidiary corporation may purchase and maintain insurance on behalf of any person described in subsection (1) against any liability asserted against the person and incurred by the person in any capacity or arising out of the status of the person described in subsection (1), whether or not the corporation would have the power to indemnify the person against such liability under this section.

(5) The powers conferred by this section, and the rights to indemnification which may be created pursuant to this section shall be in addition to all powers and rights with respect to indemnification otherwise provided by law.

History: 1987, Act 230, Eff. Feb. 27, 1988

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331.1503 Dissolution of corporation or subsidiary corporation.

Sec. 503.

(1) Any corporation which has completed the purposes for which it was organized shall be dissolved by the adoption of a resolution by the affirmative vote of 2/3 of the members serving on its board of trustees, approved by a majority of the members serving on the county board of commissioners, city council, or village council and filed with the secretary of state. Unless a later date is specified in the resolution, such dissolution shall be effective upon filing with the secretary of state. Upon dissolution, all property of the corporation, real and personal, shall immediately vest in the local governmental unit, without further act or deed, and the local governmental unit shall be liable for all undischarged debts and liabilities of the corporation.

(2) Any subsidiary corporation which has completed the purposes for which it was organized shall be dissolved by the adoption of a resolution by the affirmative vote of 2/3 of the members serving on its subsidiary board, approved by a majority of the members serving on the board of trustees of its parent corporation and filed with the secretary of state. Unless a later date is specified in the resolution, such dissolution shall be effective upon filing with the secretary of state. Upon dissolution, all property of the subsidiary corporation shall immediately vest in its parent corporation, without further act or deed, and the parent corporation shall be liable for all undischarged debts and liabilities of the subsidiary corporation.

(3) Notwithstanding the provisions of subsections (1) and (2), a corporation or subsidiary corporation shall not dissolve as long as any notes or corporation obligations issued pursuant to this act remain outstanding, unless such dissolution is specifically authorized by the instruments governing such notes or corporation obligations.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

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331.1504 Tax exemption.

Sec. 504.

All property of any corporation or nonprofit subsidiary corporation and its income and operation is exempt from all taxation by the state or by any taxing unit therein.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1505 Cumulative authority for exercise of various powers; exercise of powers enumerated or not enumerated.

Sec. 505.

(1) This act grants cumulative authority for the exercise of the various powers conferred in this act, and neither the powers nor any notes or corporation obligations issued under this act shall be affected or limited by any other statutory provision now or hereafter in force, other than as may be provided in this act, it being the purpose and intention of this act to create full, separate, and complete additional powers.

(2) The enumeration in this act of powers of county public hospitals and corporations and subsidiary corporations and their respective boards of trustees and subsidiary boards does not mean that those powers were not reasonably inferable or otherwise authorized under Act No. 350 of the Public Acts of 1913, or Act No. 109 of the Public Acts of 1945, or that powers not enumerated in this act may not be exercised, so long as such exercise is consistent with the purposes of this act, and not specifically prohibited by law.

(3) The enumeration in this act of powers of city public hospitals and village public hospitals and corporations and subsidiary corporations and their respective boards of trustees and subsidiary boards does not mean that those powers were not reasonably inferable or authorized under other state law or under city or village ordinance or charter, or that powers not enumerated in this act may not be exercised, so long as such exercise is consistent with

the purposes of this act, and not specifically prohibited by law.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1507 Effective date.

Sec. 507.

This act shall take effect upon the expiration of 60 days after the date it is enacted into law.

History: 1987, Act 230, Eff. Feb. 27, 1988

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