

MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)
Act 230 of 1987

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