

## HOSPITAL FINANCE AUTHORITY ACT (EXCERPT)

Act 38 of 1969

### 331.57 Powers of local authority.

Sec. 27. A local authority may:

(a) Construct, acquire by gift, purchase, lease, or condemnation, reconstruct, remodel, improve, add to, enlarge, repair, own, and lease hospital facilities, and acquire a site or sites for the facilities. For the purpose of condemnation, it may proceed under Act No. 149 of the Public Acts of 1911, as amended, being sections 213.21 to 213.41 of the Michigan Compiled Laws, or any other appropriate statute. The governing body of an incorporating unit by majority vote of the body's members elected and serving, may transfer any real property, except cemetery property, owned by the incorporating unit to a local authority established pursuant to this act.

(b) Issue revenue bonds to finance all or any part of the project costs of any hospital facilities or to refinance any outstanding indebtedness of a hospital if the local authority determines that the refinancing is necessary to realize the objectives and purposes of this act. Bonds issued to refinance outstanding hospital indebtedness pursuant to this subdivision shall not exceed the amount of principal, interest, and redemption premium, if any, of the indebtedness to be refinanced which has not been paid, plus the marketing, financing, legal, and other costs incurred in connection with the refinancing and the issuance of the bonds, including the costs of funding a bond reserve, and paying capitalized interest on the bonds for a period not to exceed 1 year after the issuance of the bonds. The determination of the local authority under this subdivision shall be conclusive except with respect to the approval of the municipal finance commission or its successor agency when prior approval is required.

(c) Enter into lease or lease-purchase agreements with a hospital for the use of the hospital facilities. The agreement shall provide that the rents to be charged for the use shall be fixed and revised to produce income and revenues sufficient to pay promptly when due the interest upon and the principal of all bonds issued payable from the income and revenues after provision has been made for the payment of operation and maintenance costs.

(d) Mortgage the hospital facilities in favor of the holders of the bonds issued for those facilities, and may pledge and create a lien in favor of the bondholders on all or part of the funds which are available for payment of principal and interest on the bonds.

(e) Sell and convey part or all of the hospital facilities and site, including without limitation a sale and conveyance subject to a mortgage, for a price and at a time which the local authority may determine. A sale or conveyance shall not be made in a manner as to impair the rights or interests of the holders of bonds.

(f) Make loans; participate in the making of loans; undertake commitments; make loans and mortgages; sell loans and mortgages at public or private sale; modify or alter loans and mortgages; discharge loans and mortgages; foreclose on a mortgage or commence an action to protect or enforce a right conferred upon it by law, mortgage, loan, contract, or other agreement; bid for and purchase property which was the subject of a mortgage at a foreclosure or other sale and acquire or take possession of the property and in that event complete, administer, pay the principal and interest on any obligations incurred in connection with the property; and dispose of and otherwise deal with the property in any manner necessary or desirable to protect the interests of the local authority in the property. The loans made by the authority may be secured by mortgages or not, as the local authority determines.

(g) Loan money to hospitals for the purpose of refinancing outstanding indebtedness of a hospital if the local authority determines that the refinancing is necessary to realize the objectives and purposes of this act. A hospital loan made pursuant to this subdivision shall not exceed the amount of the principal, interest, and redemption premium, if any, of the indebtedness to be refinanced which has not been repaid, plus the marketing, financing, legal, and other costs incurred in connection with the refinancing and the issuance of bonds of the local authority issued in whole or in part to provide funds to make the hospital loan described in this subdivision, including the costs of funding a bond reserve and paying capitalized interest on the bonds for a period not to exceed 1 year after the issuance of the bonds. The determination of the local authority under this subdivision shall be conclusive except with respect to the approval of the municipal finance commission or its successor agency when prior approval is required.

(h) Employ consulting engineers, architects, attorneys, accountants, construction and financial experts, superintendents, managers, and other employees and agents necessary in its judgment and fix their compensation.

(i) Receive and accept from a public or private agency loans or grants for or in aid of a project undertaken, or a portion of a project, and receive and accept loans, grants, aid, or contributions from any source of either money, property, labor, or other things of value, to be held, used, and applied only for the purposes for which the loans, grants, aid, and contributions are made.

(j) Charge, impose, and collect fees and charges in connection with its loans, commitments, and servicing, including reimbursement of costs of financing by the local authority, service charges, insurance premiums, and an allocable share of the operating expenses of the local authority; make provision for increasing the fees and charges, if necessary, as the local authority shall determine to be reasonable and as approved by the local authority; and collect fees and charges from the lessees of the hospital facilities sufficient to meet operation and maintenance expenses of the authority.

(k) Exercise its powers and undertake a project for the benefit of a single hospital or the joint benefit of a group or association of 1 or more hospitals.

(l) Invest funds not required for immediate use or disbursement, at its discretion, in obligations of the state or the United States, in obligations the principal and interest of which are guaranteed by the state or the United States, or in certificates of deposit of a bank which is a member of the federal reserve system or a savings and loan association which is a member of the federal home loan bank system.

**History:** 1969, Act 38, Imd. Eff. July 14, 1969;—Am. 1978, Act 277, Imd. Eff. July 3, 1978;—Am. 1983, Act 48, Imd. Eff. May 16, 1983.