

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1115

A bill to amend 1987 PA 230, entitled
"Municipal health facilities corporations act,"
by amending sections 103, 207, 208, 256, 257, and 306 (MCL
331.1103, 331.1207, 331.1208, 331.1256, 331.1257, and 331.1306),
section 103 as amended and sections 256 and 257 as added by 1988 PA
502 and section 306 as amended by 1998 PA 62, and by adding section
305a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 103. As used in this act:
- 2 (a) "Board of trustees" means the board of trustees of a
- 3 corporation created under or governed by this act.

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

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

5 (d) "Corporation" means a municipal health facilities
6 corporation incorporated under this act or created under ~~Act No.~~
7 ~~350 of the Public Acts of 1913, being sections 331.151 to 331.169~~
8 ~~of the Michigan Compiled Laws 1913 PA 350, MCL 331.151 TO 331.169,~~
9 or under ~~Act No. 109 of the Public Acts of 1945, being sections~~
10 ~~331.201 to 331.213 of the Michigan Compiled Laws 1945 PA 109, MCL~~
11 ~~331.201 TO 331.213,~~ and governed by this act. **THE TERM INCLUDES A**
12 **RESTRUCTURED CORPORATION.**

13 (e) "Corporation obligation" means a bond, note, or any other
14 legal instrument issued by a corporation or subsidiary corporation
15 ~~pursuant to~~ **UNDER** chapter 4 ~~which~~ **THAT** evidences indebtedness of a
16 corporation or a subsidiary corporation, including principal,
17 interest, and premiums, if any, ~~thereon~~ **ON THAT INDEBTEDNESS.** Notes
18 issued ~~pursuant to~~ **UNDER** section 401 ~~shall~~ **ARE** not ~~be~~ considered ~~to~~
19 ~~be~~ corporation obligations.

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

22 (g) "County public hospital" means a public corporation
23 organized and existing or purportedly organized and existing under
24 ~~Act No. 350 of the Public Acts of 1913, or under Act No. 109 of the~~
25 ~~Public Acts of 1945~~ **1913 PA 350, MCL 331.151 TO 331.169, OR UNDER**
26 **1945 PA 109, MCL 331.201 TO 331.213,** on the effective date of this
27 act.

1 (h) "Direct provider of health care" means a person or
2 organization whose primary current activity is ~~the provision of~~
3 **PROVIDING** health services to individuals. ~~, including~~ **THE TERM**
4 **INCLUDES** a person or organization licensed, certified, or
5 registered under ~~parts 61 to 65 or article 15 of the public health~~
6 ~~code, Act No. 368 of the Public Acts of 1978, being sections~~
7 ~~333.6101 to 333.6523 and 333.16101 to 333.18838 of the Michigan~~
8 ~~Compiled Laws, and~~ **ARTICLE 6 OR 15 OF THE PUBLIC HEALTH CODE, 1978**
9 **PA 368, MCL 333.6101 TO 333.6523 AND 333.16101 TO 333.18838, OR**
10 a professional corporation or other public or private organization
11 composed of or employing direct providers of health care.

12 (i) "Health care facilities" means buildings, structures, or
13 equipment suitable and intended for, or incidental or ancillary to,
14 use in providing health services, including, but not limited to,
15 hospitals; hospital long-term care units; infirmaries; sanatoria;
16 nursing homes; medical care facilities; outpatient clinics;
17 ambulatory care facilities; surgical and diagnostic facilities;
18 hospices; clinical laboratories; shared service facilities;
19 laundries; meeting rooms; classrooms and other educational
20 facilities; students', nurses', interns', or physicians'
21 residences; administration buildings; facilities for use as or by
22 health maintenance organizations; facilities for ambulance
23 operations, advanced mobile emergency care services, and limited
24 advanced mobile emergency care services; research facilities;
25 facilities for the care of dependent children; maintenance,
26 storage, and utility facilities; parking lots and structures;
27 garages; office facilities not less than 80% of the net leasable

1 space of which is intended for lease to or other use by direct
2 providers of health care; facilities for the temporary lodging of
3 outpatients or families of patients; residential facilities for use
4 by the aged or disabled; and all necessary, useful, or related
5 equipment, furnishings, and appurtenances and all lands necessary
6 or convenient as sites for the ~~foregoing~~ **HEALTH CARE FACILITIES**
7 **DESCRIBED IN THIS SUBDIVISION.**

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

9 (i) Diagnosis and medical and surgical treatment by direct
10 providers of health care of persons suffering from illness, injury,
11 and disability, including persons suffering from tuberculosis and
12 other contagious and infectious diseases, and persons requiring
13 maternity care, rehabilitation, psychiatric care, or substance
14 abuse services; dentistry and related services; podiatric medicine
15 and surgery; optometric services; psychological services; skilled,
16 basic, and visiting nursing services and home health services;
17 ambulance operations; advanced mobile emergency care services and
18 limited advanced emergency services; physical, respiratory, and
19 occupational therapy; health maintenance services; services for the
20 prevention of illness, injury, and disability and for the
21 promotion, maintenance, and improvement of public health and
22 welfare; food services and care for dependent children, the
23 disabled, and the elderly; ~~together with~~ **AND** social work and
24 chaplaincy services **PROVIDED** in conjunction with other health
25 services **DESCRIBED IN THIS SUBPARAGRAPH.**

26 (ii) Conduct of or participation in programs for the education
27 and training of health services personnel, including undergraduate,

1 internship, residency, postgraduate, and continuing education
2 programs for physicians; schools and other training programs for
3 nurses, technicians, therapists, pharmacists, and other health
4 services personnel; and in-service education of employees of health
5 care facilities.

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

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

11 (l) "Nonprofit health care organization" means a public body
12 organized and existing under the laws of this state and authorized
13 to provide health services, ~~or a nonprofit corporation incorporated~~
14 ~~under the nonprofit corporation act, Act No. 162 of the Public Acts~~
15 ~~of 1982, being sections 450.2101 to 450.3192 of the Michigan~~
16 ~~Compiled Laws 1982 PA 162, MCL 450.2101 TO 450.3192,~~ or a not-for-
17 profit corporation incorporated under the laws of another state and
18 qualified to do business in this state, ~~which~~ **THAT** is organized and
19 operated exclusively for charitable, scientific, educational, or
20 religious purposes and authorized to provide health services, no
21 part of the net earnings of which inures to the benefit of any
22 private shareholder or individual.

23 (m) "Project costs" means the total of the reasonable or
24 necessary costs incurred for carrying out the acquisition,
25 construction, repair, remodeling, equipping, or re-equipping of
26 health care facilities. ~~These include~~ **THE TERM INCLUDES**, but ~~are~~ **IS**
27 not limited to, **ANY OF** the following costs: studies, surveys,

1 plans, and specifications; architectural and engineering services;
2 fees, charges, and expenses incurred in obtaining permits,
3 approvals, and licenses for the acquisition, and initial operation
4 of the health care construction, financing, facilities; legal,
5 organizational, marketing, and other special services; acquisition,
6 demolition, construction, equipment, and site development of new
7 and rehabilitated buildings; rehabilitation, construction, repair,
8 or remodeling of existing buildings; interest and carrying charges
9 during construction and before full earnings are achieved but for a
10 period not to exceed 3 years after the date of the corporation
11 obligations; operating expenses before full earnings are achieved,
12 but for a period not to exceed 1 year following completion of
13 construction; and reasonable reserves for payment of principal and
14 interest on corporation obligations, not exceeding 15% of the
15 principal amount of the corporation obligations. Project costs
16 shall also include reimbursement of a corporation or a subsidiary
17 corporation for any of the ~~foregoing~~ **PROJECT** costs **DESCRIBED IN**
18 **THIS SECTION** expended ~~prior to~~ **BEFORE THE** issuance and delivery of
19 the corporation obligations.

20 (N) "RESTRUCTURED CORPORATION" MEANS A CORPORATION THAT HAS
21 COMPLETED THE PROCESS DESCRIBED IN SECTION 305A.

22 (O) "RESTRUCTURED SUBSIDIARY CORPORATION" MEANS A SUBSIDIARY
23 CORPORATION THAT HAS COMPLETED THE PROCESS DESCRIBED IN SECTION
24 305A.

25 (P) ~~(n)~~ "Subsidiary board" means the board of trustees of a
26 subsidiary corporation.

27 (Q) ~~(e)~~ "Subsidiary corporation" means a subsidiary municipal

1 health facilities corporation incorporated under this act. **THE TERM**
2 **INCLUDES A RESTRUCTURED SUBSIDIARY CORPORATION.**

3 (R) ~~(p)~~—"Trustee" means a person serving on a board of
4 trustees or a subsidiary board.

5 (S) ~~(q)~~—"Village" means a village establishing a corporation
6 incorporated under, or governed by, this act.

7 (T) ~~(r)~~—"Village public hospital" means a health care facility
8 that is owned or operated by a village.

9 Sec. 207. (1) The articles of incorporation of a corporation
10 **INCORPORATED BY A COUNTY** shall be executed in duplicate by the
11 chairperson of the county board of commissioners or other
12 commissioner designated by the county board of commissioners. The
13 articles of incorporation of a subsidiary corporation **OF A**
14 **CORPORATION INCORPORATED BY A COUNTY** shall be executed in duplicate
15 by the chairperson of the board of trustees of the parent
16 corporation, or other trustee designated by the board of trustees.
17 The articles of incorporation shall then be delivered to the county
18 clerk who shall file 1 copy in his or her office and the other with
19 the secretary of the corporation or subsidiary corporation when a
20 secretary is selected. The county clerk shall cause a copy of the
21 articles of incorporation to be published once in a newspaper
22 designated in the articles of incorporation and circulating within
23 the county accompanied by a statement that the right exists to
24 question the validity of the incorporation in court as provided in
25 this section.

26 (2) The county clerk shall file 1 printed copy of ~~the~~ articles
27 of incorporation **DELIVERED TO HIM OR HER UNDER SUBSECTION (1)** with

1 the secretary of state and 1 printed copy in his or her office. 7
 2 ~~attached to each of which~~ **THE COUNTY CLERK SHALL ATTACH TO EACH OF**
 3 **THE** printed copies ~~shall be~~ his or her certificate setting forth
 4 that the copy is a true and complete copy of the original articles
 5 of incorporation on file in his or her office.

6 (3) The incorporation ~~shall become~~ **OF A CORPORATION OR A**
 7 **SUBSIDIARY CORPORATION DESCRIBED IN THIS SECTION IS** effective at
 8 the time provided in the articles of incorporation.

9 (4) The validity of the incorporation ~~shall be~~ **OF A**
 10 **CORPORATION OR A SUBSIDIARY CORPORATION DESCRIBED IN THIS SECTION**
 11 **IS** conclusively presumed unless questioned in a court of competent
 12 jurisdiction within 60 days after ~~filing a~~ **THE** certified copy with
 13 ~~the secretary of state~~ **OF THE ARTICLES OF INCORPORATION OF THAT**
 14 **CORPORATION OR SUBSIDIARY CORPORATION IS FILED WITH THE SECRETARY**
 15 **OF STATE UNDER SUBSECTION (2).**

16 (5) **THIS SECTION DOES NOT APPLY TO ARTICLES OF INCORPORATION**
 17 **OF A RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY**
 18 **CORPORATION DESCRIBED IN SECTION 305A.**

19 Sec. 208. (1) The articles of incorporation of a corporation
 20 **INCORPORATED BY A COUNTY** may be amended by resolution approved by
 21 the affirmative vote of a majority of the members serving on the
 22 county board of commissioners. The articles of incorporation of a
 23 subsidiary corporation **OF A CORPORATION INCORPORATED BY A COUNTY**
 24 may be amended by resolution approved by the affirmative vote of a
 25 majority of the trustees serving on the board of trustees of the
 26 parent corporation.

27 (2) The county clerk shall file certified copies of any

1 amendment **TO THE ARTICLES OF INCORPORATION OF A CORPORATION OR**
2 **SUBSIDIARY CORPORATION APPROVED UNDER SUBSECTION (1)** in his or her
3 office, with the secretary of state, and with the secretary of the
4 corporation or subsidiary corporation. The amendment ~~shall be~~ **IS**
5 effective ~~upon filing~~ **WHEN FILED** with the secretary of state unless
6 a later effective date is specified in the resolution adopting the
7 amendment. ~~Articles of incorporation~~ **THIS SUBSECTION DOES NOT APPLY**
8 **TO AN AMENDMENT TO THE ARTICLES OF INCORPORATION OF A RESTRUCTURED**
9 **CORPORATION OR A RESTRUCTURED SUBSIDIARY CORPORATION.**

10 (3) **THE ARTICLES OF INCORPORATION OF A CORPORATION OR**
11 **SUBSIDIARY CORPORATION DESCRIBED IN THIS SECTION** may be amended to
12 include any provision ~~which~~ **THAT** could be lawfully included in
13 articles of incorporation initially adopted under this act at the
14 time the amendment is approved, and may provide for the alteration
15 or changing of the name, structure, organization, purposes, powers,
16 programs, or activities of the corporation or subsidiary
17 corporation. However, an amendment shall not be effective to impair
18 the obligation of a corporation obligation, bond, note, or
19 contract.

20 Sec. 256. (1) The articles of incorporation of a corporation
21 incorporated by a city or village shall be executed in duplicate by
22 the chairperson of the city council or the president of the village
23 council or other member of the city council or village council
24 designated by the city council or village council. The articles of
25 incorporation of a subsidiary corporation **OF A CORPORATION**
26 **INCORPORATED BY A CITY OR VILLAGE** shall be executed in duplicate by
27 the chairperson of the board of trustees of the parent corporation,

1 or other trustee designated by the board of trustees. The articles
2 of incorporation shall then be delivered to the city clerk or
3 village clerk who shall file 1 copy in his or her office and the
4 other with the secretary of the corporation or subsidiary
5 corporation when a secretary is selected. The city clerk or village
6 clerk shall cause a copy of the articles of incorporation to be
7 published once in a newspaper designated in the articles of
8 incorporation and circulating within the city or village
9 accompanied by a statement that the right exists to question the
10 validity of the incorporation in court as provided in this section.

11 (2) The city clerk or village clerk shall file 1 printed copy
12 of ~~the~~ articles of incorporation **DELIVERED TO HIM OR HER UNDER**
13 **SUBSECTION (1)** with the secretary of state and 1 printed copy in
14 his or her office. ~~, attached to each of which~~ **THE CITY CLERK OR**
15 **VILLAGE CLERK SHALL ATTACH TO EACH OF THE** printed copies ~~shall be~~
16 his or her certificate setting forth that the copy is a true and
17 complete copy of the original articles of incorporation on file in
18 his or her office.

19 (3) The incorporation ~~shall become~~ **OF A CORPORATION OR A**
20 **SUBSIDIARY CORPORATION DESCRIBED IN THIS SECTION IS** effective at
21 the time provided in the articles of incorporation, but not before
22 approval of the question of incorporation by the city or village
23 electors under section 251.

24 (4) The validity of the incorporation ~~shall be~~ **OF A**
25 **CORPORATION OR A SUBSIDIARY CORPORATION DESCRIBED IN THIS SECTION**
26 **IS** conclusively presumed unless questioned in a court of competent
27 jurisdiction within 60 days after ~~filing a~~ **THE** certified copy of

1 the articles of incorporation **OF THAT CORPORATION OR SUBSIDIARY**
2 **CORPORATION IS FILED** with the secretary of state ~~pursuant to~~ **UNDER**
3 subsection (2).

4 **(5) THIS SECTION DOES NOT APPLY TO ARTICLES OF INCORPORATION**
5 **OF A RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY**
6 **CORPORATION DESCRIBED IN SECTION 305A.**

7 Sec. 257. (1) The articles of incorporation of a corporation
8 incorporated by a city or village may be amended by resolution
9 approved by the affirmative vote of a majority of the members
10 serving on the city council or village council. The articles of
11 incorporation of a subsidiary corporation **OF A CORPORATION**
12 **INCORPORATED BY A CITY OR VILLAGE** may be amended by resolution
13 approved by the affirmative vote of a majority of the trustees
14 serving on the board of trustees of the parent corporation.

15 **(2)** The city clerk or village clerk shall file certified
16 copies of any amendment **TO THE ARTICLES OF INCORPORATION OF A**
17 **CORPORATION OR SUBSIDIARY CORPORATION APPROVED UNDER SUBSECTION (1)**
18 in his or her office, with the secretary of state, and with the
19 secretary of the corporation or subsidiary corporation. The
20 amendment ~~shall be~~ **IS** effective ~~upon filing~~ **WHEN FILED** with the
21 secretary of state unless a later effective date is specified in
22 the resolution adopting the amendment. ~~Articles of incorporation~~
23 **THIS SUBSECTION DOES NOT APPLY TO AN AMENDMENT TO THE ARTICLES OF**
24 **INCORPORATION OF A RESTRUCTURED CORPORATION OR A RESTRUCTURED**
25 **SUBSIDIARY CORPORATION.**

26 **(3) THE ARTICLES OF INCORPORATION OF A CORPORATION OR**
27 **SUBSIDIARY CORPORATION DESCRIBED IN THIS SECTION** may be amended to

1 include any provision ~~which~~ **THAT** could be lawfully included in
2 articles of incorporation initially adopted under this act at the
3 time the amendment is approved, and may provide for the alteration
4 or changing of the name, structure, organization, purposes, powers,
5 programs, or activities of the corporation or subsidiary
6 corporation. However, an amendment shall not be effective to impair
7 the obligation of a corporation obligation, bond, note, or
8 contract.

9 **SEC. 305A. (1) SUBJECT TO APPLICABLE LICENSING AND OTHER**
10 **REGULATORY REQUIREMENTS, THE REQUIREMENTS OF THE NONPROFIT ACT, AND**
11 **THE REQUIREMENTS OF THIS SECTION, THE BOARD OF TRUSTEES OR THE**
12 **SUBSIDIARY BOARD MAY RESTRUCTURE A CORPORATION OR SUBSIDIARY**
13 **CORPORATION AS A NONPROFIT CORPORATION SUBJECT TO THE NONPROFIT ACT**
14 **IF ALL OF THE FOLLOWING ARE MET:**

15 **(A) THE CORPORATION OR SUBSIDIARY CORPORATION IS LOCATED IN A**
16 **COUNTY THAT HAD A POPULATION OF MORE THAN 40,000 AND LESS THAN**
17 **44,000 AS OF THE 2000 DECENNIAL CENSUS.**

18 **(B) THE RESTRUCTURING IS COMPLETED BEFORE JULY 1, 2012.**

19 **(2) A BOARD OF TRUSTEES OR SUBSIDIARY BOARD PROPOSING TO**
20 **RESTRUCTURE A CORPORATION OR SUBSIDIARY CORPORATION UNDER THIS**
21 **SECTION MUST ADOPT A RESTRUCTURING PLAN THAT INCLUDES ALL OF THE**
22 **FOLLOWING:**

23 **(A) THE TERMS AND CONDITIONS OF THE PROPOSED RESTRUCTURING.**

24 **(B) THE PROPOSED ARTICLES OF INCORPORATION AND BYLAWS THAT ARE**
25 **TO GOVERN THE RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY**
26 **CORPORATION. THE ARTICLES AND BYLAWS MUST COMPLY WITH THE**
27 **REQUIREMENTS OF THE NONPROFIT ACT.**

1 (3) IF A RESTRUCTURING PLAN DESCRIBED IN SUBSECTION (2) IS
2 APPROVED UNDER THIS SECTION, THE CORPORATION OR SUBSIDIARY
3 CORPORATION SHALL FILE THE ARTICLES OF INCORPORATION DESCRIBED IN
4 SUBSECTION (2) (B) WITH THE ADMINISTRATOR, IN THE MANNER PROVIDED IN
5 THE NONPROFIT ACT.

6 (4) THE EFFECTIVE DATE OF A RESTRUCTURING UNDER THIS SECTION
7 IS THE EFFECTIVE DATE OF THE ARTICLES OF INCORPORATION UNDER THE
8 NONPROFIT ACT. ALL OF THE FOLLOWING APPLY WHEN A RESTRUCTURING
9 UNDER THIS SECTION TAKES EFFECT:

10 (A) THE RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY
11 CORPORATION IS CONSIDERED A CONTINUATION OF THE RESTRUCTURING
12 CORPORATION OR SUBSIDIARY CORPORATION.

13 (B) THE RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY
14 CORPORATION HAS ALL OF THE LIABILITIES OF THE RESTRUCTURING
15 CORPORATION OR SUBSIDIARY CORPORATION AND THE RESTRUCTURING DOES
16 NOT AFFECT ANY OBLIGATIONS OR LIABILITIES OF THE CORPORATION OR
17 SUBSIDIARY CORPORATION INCURRED BEFORE THE RESTRUCTURING OR THE
18 PERSONAL LIABILITY OF ANY PERSON INCURRED BEFORE THE RESTRUCTURING.

19 (C) THE TITLE TO ALL REAL ESTATE AND OTHER PROPERTY AND RIGHTS
20 OWNED BY THE CORPORATION OR SUBSIDIARY CORPORATION REMAIN VESTED IN
21 THE RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY CORPORATION
22 WITHOUT REVERSION OR IMPAIRMENT.

23 (D) THE RIGHTS, PRIVILEGES, POWERS, AND INTERESTS IN PROPERTY
24 OF THE CORPORATION OR SUBSIDIARY CORPORATION, AS WELL AS THE DEBTS,
25 LIABILITIES, AND DUTIES OF THE CORPORATION OR SUBSIDIARY
26 CORPORATION, SHALL NOT BE CONSIDERED, AS A CONSEQUENCE OF THE
27 RESTRUCTURING, TO HAVE BEEN TRANSFERRED TO THE RESTRUCTURED

1 CORPORATION OR RESTRUCTURED SUBSIDIARY CORPORATION FOR ANY PURPOSE
2 OF THE LAWS OF THIS STATE.

3 (E) A PROCEEDING PENDING AGAINST THE CORPORATION OR SUBSIDIARY
4 CORPORATION MAY BE CONTINUED AS IF THE RESTRUCTURING HAD NOT
5 OCCURRED, OR THE RESTRUCTURED CORPORATION OR RESTRUCTURED
6 SUBSIDIARY CORPORATION MAY BE SUBSTITUTED IN THE PROCEEDING FOR THE
7 CORPORATION OR SUBSIDIARY CORPORATION.

8 (F) THE RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY
9 CORPORATION IS CONSIDERED TO BE THE SAME ENTITY THAT EXISTED BEFORE
10 THE RESTRUCTURING AND IS CONSIDERED TO BE INCORPORATED ON THE DATE
11 THAT THE CORPORATION OR SUBSIDIARY CORPORATION WAS ORIGINALLY
12 INCORPORATED.

13 (G) THE RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY
14 CORPORATION IS SUBJECT TO THE NONPROFIT ACT AND, EXCEPT AS
15 OTHERWISE PROVIDED IN THIS ACT, IS SUBJECT TO THE PROVISIONS OF
16 THIS ACT.

17 (H) THE ARTICLES OF INCORPORATION OF THE CORPORATION OR THE
18 SUBSIDIARY CORPORATION FILED WITH THE COUNTY CLERK UNDER SECTION
19 207 OR THE CITY CLERK OR VILLAGE CLERK UNDER SECTION 256 ARE
20 CONSIDERED TERMINATED AND THE ARTICLES OF INCORPORATION FILED UNDER
21 THE NONPROFIT ACT APPLY TO THE CORPORATION OR SUBSIDIARY
22 CORPORATION. THE CORPORATION OR SUBSIDIARY CORPORATION SHALL
23 DELIVER A COPY OF THE ARTICLES OF INCORPORATION OF THE RESTRUCTURED
24 CORPORATION OR RESTRUCTURED SUBSIDIARY CORPORATION TO THAT COUNTY
25 CLERK, CITY CLERK, OR VILLAGE CLERK, AND THE COUNTY CLERK, CITY
26 CLERK, OR VILLAGE CLERK WILL INDICATE IN HIS OR HER RECORDS THAT
27 THE CORPORATION OR SUBSIDIARY CORPORATION HAS RESTRUCTURED UNDER

1 THIS SECTION AND THAT THE ARTICLES OF INCORPORATION PREVIOUSLY
2 FILED WITH HIM OR HER UNDER SECTION 207 OR 256 ARE NO LONGER IN
3 EFFECT.

4 (1) THE CORPORATION OR SUBSIDIARY CORPORATION SHALL DELIVER A
5 COPY OF THE ARTICLES OF INCORPORATION OF THE RESTRUCTURED
6 CORPORATION OR RESTRUCTURED SUBSIDIARY CORPORATION TO THE SECRETARY
7 OF STATE AND NOTIFY THE SECRETARY OF STATE THAT THE ARTICLES OF
8 INCORPORATION PREVIOUSLY FILED WITH HIM OR HER BY THE COUNTY CLERK,
9 CITY CLERK, OR VILLAGE CLERK UNDER SECTION 207 OR 256 ARE NO LONGER
10 IN EFFECT.

11 (5) A SUBSIDIARY BOARD MAY NOT RESTRUCTURE A SUBSIDIARY
12 CORPORATION AS A NONPROFIT CORPORATION UNDER THIS SECTION WITHOUT
13 THE PRIOR APPROVAL OF THE BOARD OF TRUSTEES OF ITS PARENT
14 CORPORATION TO THE RESTRUCTURING.

15 (6) A BOARD OF TRUSTEES OR SUBSIDIARY BOARD MAY NOT
16 RESTRUCTURE A CORPORATION OR SUBSIDIARY CORPORATION UNDER THIS
17 SECTION WITHOUT THE PRIOR MAJORITY APPROVAL OF THE COUNTY BOARD OF
18 COMMISSIONERS, CITY COUNCIL, OR VILLAGE COUNCIL, AS APPLICABLE.

19 (7) A BOARD OF TRUSTEES OR SUBSIDIARY BOARD MAY NOT
20 RESTRUCTURE A CORPORATION OR SUBSIDIARY CORPORATION UNDER THIS
21 SECTION IF THE RESTRUCTURING IN ANY MANNER IMPAIRS THE OBLIGATION
22 OF THE CORPORATION OR SUBSIDIARY CORPORATION WITH RESPECT TO ANY
23 OUTSTANDING OBLIGATION, BOND, NOTE, OR CONTRACT OF THAT
24 CORPORATION.

25 (8) AS USED IN THIS SECTION:

26 (A) "ADMINISTRATOR" MEANS THAT TERM AS DEFINED IN SECTION 105
27 OF THE NONPROFIT ACT, MCL 450.2105.

1 (B) "NONPROFIT ACT" MEANS THE NONPROFIT CORPORATION ACT, 1982
2 PA 162, MCL 450.2101 TO 450.3192.

3 (C) "NONPROFIT CORPORATION" MEANS A DOMESTIC CORPORATION, AS
4 THAT TERM IS DEFINED IN SECTION 106 OF THE NONPROFIT ACT, MCL
5 450.2106.

6 Sec. 306. (1) Subject to applicable licensing and other
7 regulatory requirements, and subject to ~~any approvals required~~
8 ~~under subsections (5) and (6)~~ **THE REQUIREMENTS OF THIS SECTION,**
9 ~~each~~ ~~A~~ board of trustees ~~and~~ ~~OR~~ ~~A~~ subsidiary board may enter into
10 and carry out agreements for the ~~reorganization and the~~ **SALE OR**
11 **TRANSFER OF THE OWNERSHIP OF A CORPORATION OR SUBSIDIARY**
12 **CORPORATION, OR THE SALE OR** transfer of ownership or operation of
13 some or all of ~~its~~ ~~THE~~ health care facilities and related assets or
14 health services **OF THE CORPORATION OR SUBSIDIARY CORPORATION,** to a
15 nonprofit health care organization or to a public authority on
16 behalf of a nonprofit health care organization by sale, installment
17 sales agreement, land contract, lease, lease with an option to
18 purchase, sublease, contract, option, or by any other means.

19 (2) In establishing the terms of a ~~reorganization pursuant to~~
20 ~~this section~~ **SALE OR TRANSFER DESCRIBED IN SUBSECTION (1),** the
21 board of trustees or subsidiary board may take into account, in
22 addition to the monetary consideration for the **SALE OR** transfer, if
23 any, 1 or more of the following:

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

27 (b) The assumption by the nonprofit health care organization

1 of liabilities, obligations, and risks associated with ownership or
2 operation of the **CORPORATION, SUBSIDIARY CORPORATION, OR** health
3 care facilities and health services **SOLD OR** transferred, including
4 those associated with outstanding bonds, notes and obligations,
5 pension, retirement, and other benefits for employees and employees
6 and conditions attached to public or private grants.

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

10 (d) The elimination of or reduction in support required for
11 the **CORPORATION, SUBSIDIARY CORPORATION, OR** health care facilities
12 or health services from tax revenues or other public sources.

13 (e) The ability and willingness of the nonprofit health care
14 corporation to expand or improve the **CORPORATION, SUBSIDIARY**
15 **CORPORATION, OR** health care facilities or ~~the~~ health services being
16 **SOLD OR** transferred.

17 (f) ~~Such~~ **ANY** other factors bearing on the health and welfare
18 of the residents of the local governmental unit ~~as~~ **THAT** the board
19 of trustees or subsidiary board considers appropriate.

20 (3) A board of trustees or subsidiary board may accept secured
21 or unsecured notes, bonds, or obligations given by or on behalf of
22 a nonprofit health care organization or ~~such~~ **ANY** other forms of
23 payment ~~as~~ **THAT** it considers appropriate in full or partial
24 satisfaction of any monetary consideration provided under an
25 agreement for ~~reorganization pursuant to this section~~ **A SALE OR**
26 **TRANSFER DESCRIBED IN SUBSECTION (1).**

27 (4) Any board of trustees or subsidiary board ~~transferring~~

1 ~~health care facilities pursuant to~~ **THAT SELLS OR TRANSFERS A**
 2 **CORPORATION, SUBSIDIARY CORPORATION, OR HEALTH FACILITIES UNDER**
 3 this section shall require, for a term of not less than 30 years,
 4 that use of the health care facilities ~~transferred~~ **OWNED BY THE**
 5 **SOLD OR TRANSFERRED CORPORATION OR SUBSIDIARY CORPORATION OR THE**
 6 **SOLD OR TRANSFERRED HEALTH CARE FACILITIES** shall be open to all
 7 regardless of race, religion, color, national origin, sex, age,
 8 disability, marital status, sexual preference, or source of
 9 payment, and that the nonprofit health care organization acquiring
 10 ~~such~~ **THOSE** health care facilities **OR THAT CORPORATION OR SUBSIDIARY**
 11 **CORPORATION** shall provide an equal opportunity for employment,
 12 without discrimination as to race, religion, color, national
 13 origin, sex, age, disability, marital status, or sexual preference.

14 (5) Any transfer made by a subsidiary board in reliance ~~upon~~
 15 **ON** this section shall be made only with the prior approval of the
 16 board of trustees of its parent corporation.

17 (6) Any ~~transfer~~ **SALE OR TRANSFER OF OWNERSHIP OF A**
 18 **CORPORATION OR SUBSIDIARY CORPORATION UNDER THIS SECTION SHALL BE**
 19 **MADE ONLY WITH THE PRIOR APPROVAL OF THE COUNTY BOARD OF**
 20 **COMMISSIONERS, CITY COUNCIL, OR VILLAGE COUNCIL. ANY SALE OR**
 21 **TRANSFER OF OWNERSHIP OR OPERATION OF HEALTH CARE FACILITIES OR**
 22 **HEALTH SERVICES** by a corporation or a subsidiary corporation ~~in~~
 23 ~~reliance upon~~ **UNDER** this section shall be made only with the prior
 24 approval of the county board of commissioners, city council, or
 25 village council, if either of the following applies:

26 (a) The health care facilities or health services to be
 27 transferred provided more than 10% of the gross revenues of the

1 corporation or subsidiary corporation making the transfer,
2 determined in accordance with generally accepted accounting
3 principles, in either of the 2 full fiscal years of the corporation
4 or subsidiary corporation completed immediately preceding the date
5 of the transfer.

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

10 (7) Notwithstanding any other provision of this section, no
11 **SALE OR** transfer **UNDER THIS SECTION** shall be made in such a way as
12 to impair the obligation of the corporation or the subsidiary
13 corporation with respect to any outstanding corporation obligation,
14 bond, note, or contract.