

**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

1 corporation created under or governed by this act.

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

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

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

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

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

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

1 act.

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

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

1 garages; office facilities not less than 80% of the net leasable
2 space of which is intended for lease to or other use by direct
3 providers of health care; facilities for the temporary lodging of
4 outpatients or families of patients; residential facilities for use
5 by the aged or disabled; and all necessary, useful, or related
6 equipment, furnishings, and appurtenances and all lands necessary
7 or convenient as sites for the ~~foregoing~~ **HEALTH CARE FACILITIES**
8 **DESCRIBED IN THIS SUBDIVISION.**

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

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

27 (ii) Conduct of or participation in programs for the education

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

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

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

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

24 (m) "Project costs" means the total of the reasonable or
25 necessary costs incurred for carrying out the acquisition,
26 construction, repair, remodeling, equipping, or re-equipping of
27 health care facilities. ~~These include~~ **THE TERM INCLUDES**, but ~~are~~ **IS**

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

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

23 (O) "RESTRUCTURED SUBSIDIARY CORPORATION" MEANS A SUBSIDIARY
24 CORPORATION THAT HAS COMPLETED THE PROCESS DESCRIBED IN SECTION
25 305A.

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

1 (Q) ~~(e)~~—"Subsidiary corporation" means a subsidiary municipal
2 health facilities corporation incorporated under this act. **THE TERM**
3 **INCLUDES A RESTRUCTURED SUBSIDIARY CORPORATION.**

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

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

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

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

27 (2) The county clerk shall file 1 printed copy of ~~the~~ articles

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

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

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

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

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

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

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

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

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

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

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

25 (4) The validity of the incorporation ~~shall be~~ **OF A**
26 **CORPORATION OR A SUBSIDIARY CORPORATION DESCRIBED IN THIS SECTION**
27 **IS** conclusively presumed unless questioned in a court of competent

1 jurisdiction within 60 days after ~~filing a~~ **THE** certified copy of
2 the articles of incorporation **OF THAT CORPORATION OR SUBSIDIARY**
3 **CORPORATION IS FILED** with the secretary of state ~~pursuant to~~ **UNDER**
4 subsection (2).

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

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

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

27 **(3) THE ARTICLES OF INCORPORATION OF A CORPORATION OR**

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

10 SEC. 305A. (1) SUBJECT TO APPLICABLE LICENSING AND OTHER
11 REGULATORY REQUIREMENTS, THE REQUIREMENTS OF THE NONPROFIT ACT, AND
12 THE REQUIREMENTS OF THIS SECTION, THE BOARD OF TRUSTEES OR THE
13 SUBSIDIARY BOARD MAY RESTRUCTURE A CORPORATION OR SUBSIDIARY
14 CORPORATION AS A NONPROFIT CORPORATION SUBJECT TO THE NONPROFIT
15 ACT.

16 (2) A BOARD OF TRUSTEES OR SUBSIDIARY BOARD PROPOSING TO
17 RESTRUCTURE A CORPORATION OR SUBSIDIARY CORPORATION UNDER THIS
18 SECTION MUST ADOPT A RESTRUCTURING PLAN THAT INCLUDES ALL OF THE
19 FOLLOWING:

20 (A) THE TERMS AND CONDITIONS OF THE PROPOSED RESTRUCTURING.

21 (B) THE PROPOSED ARTICLES OF INCORPORATION AND BYLAWS THAT ARE
22 TO GOVERN THE RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY
23 CORPORATION. THE ARTICLES AND BYLAWS MUST COMPLY WITH THE
24 REQUIREMENTS OF THE NONPROFIT ACT.

25 (3) IF A RESTRUCTURING PLAN DESCRIBED IN SUBSECTION (2) IS
26 APPROVED UNDER THIS SECTION, THE CORPORATION OR SUBSIDIARY
27 CORPORATION SHALL FILE THE ARTICLES OF INCORPORATION DESCRIBED IN

1 SUBSECTION (2) (B) WITH THE ADMINISTRATOR, IN THE MANNER PROVIDED IN
2 THE NONPROFIT ACT.

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

7 (A) THE RESTRUCTURED CORPORATION OR RESTRUCTURED SUBSIDIARY
8 CORPORATION IS CONSIDERED A CONTINUATION OF THE RESTRUCTURING
9 CORPORATION OR SUBSIDIARY CORPORATION.

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

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

20 (D) THE RIGHTS, PRIVILEGES, POWERS, AND INTERESTS IN PROPERTY
21 OF THE CORPORATION OR SUBSIDIARY CORPORATION, AS WELL AS THE DEBTS,
22 LIABILITIES, AND DUTIES OF THE CORPORATION OR SUBSIDIARY
23 CORPORATION, SHALL NOT BE CONSIDERED, AS A CONSEQUENCE OF THE
24 RESTRUCTURING, TO HAVE BEEN TRANSFERRED TO THE RESTRUCTURED
25 CORPORATION OR RESTRUCTURED SUBSIDIARY CORPORATION FOR ANY PURPOSE
26 OF THE LAWS OF THIS STATE.

27 (E) A PROCEEDING PENDING AGAINST THE CORPORATION OR SUBSIDIARY

1 CORPORATION MAY BE CONTINUED AS IF THE RESTRUCTURING HAD NOT
2 OCCURRED, OR THE RESTRUCTURED CORPORATION OR RESTRUCTURED
3 SUBSIDIARY CORPORATION MAY BE SUBSTITUTED IN THE PROCEEDING FOR THE
4 CORPORATION OR SUBSIDIARY CORPORATION.

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

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

14 (H) THE ARTICLES OF INCORPORATION OF THE CORPORATION OR THE
15 SUBSIDIARY CORPORATION FILED WITH THE COUNTY CLERK UNDER SECTION
16 207 OR THE CITY CLERK OR VILLAGE CLERK UNDER SECTION 256 ARE
17 CONSIDERED TERMINATED AND THE ARTICLES OF INCORPORATION FILED UNDER
18 THE NONPROFIT ACT APPLY TO THE CORPORATION OR SUBSIDIARY
19 CORPORATION. THE CORPORATION OR SUBSIDIARY CORPORATION SHALL
20 DELIVER A COPY OF THE ARTICLES OF INCORPORATION OF THE RESTRUCTURED
21 CORPORATION OR RESTRUCTURED SUBSIDIARY CORPORATION TO THAT COUNTY
22 CLERK, CITY CLERK, OR VILLAGE CLERK, AND THE COUNTY CLERK, CITY
23 CLERK, OR VILLAGE CLERK WILL INDICATE IN HIS OR HER RECORDS THAT
24 THE CORPORATION OR SUBSIDIARY CORPORATION HAS RESTRUCTURED UNDER
25 THIS SECTION AND THAT THE ARTICLES OF INCORPORATION PREVIOUSLY
26 FILED WITH HIM OR HER UNDER SECTION 207 OR 256 ARE NO LONGER IN
27 EFFECT.

Sneate Bill No. 1115 as amended March 25, 2010

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

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

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

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

24 (8) AS USED IN THIS SECTION:

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

27 (B) "NONPROFIT ACT" MEANS THE NONPROFIT CORPORATION ACT, 1982

1 PA 162, MCL 450.2101 TO 450.3192.

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

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

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

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

26 (b) The assumption by the nonprofit health care organization
27 of liabilities, obligations, and risks associated with ownership or

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

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

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

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

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

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

26 (4) Any board of trustees or subsidiary board ~~transferring~~
 27 ~~health care facilities pursuant to~~ **THAT SELLS OR TRANSFERS A**

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

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

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

25 (a) The health care facilities or health services to be
 26 transferred provided more than 10% of the gross revenues of the
 27 corporation or subsidiary corporation making the transfer,

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

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

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