

# HOUSE BILL NO. 6420

November 12, 2020, Introduced by Reps. Bolden, Meerman, Coleman and Steven Johnson and referred to the Committee on Government Operations.

A bill to amend 1987 PA 230, entitled "Municipal health facilities corporations act," by amending sections 206, 207, 255, and 256 (MCL 331.1206, 331.1207, 331.1255, and 331.1256), section 206 as amended by 1994 PA 398, sections 207 and 256 as amended by 2010 PA 331, and section 255 as added by 1988 PA 502.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**1**       Sec. 206. **(1)** Except as provided in section 203, the

incorporation of a corporation by a county ~~shall be~~ **is** 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~~ **is** accomplished by approval of articles of incorporation by resolution of the county board of commissioners.

(2) The articles of incorporation of a corporation or subsidiary corporation established by a county ~~shall set forth the~~ **must include all of the following:**

(a) **The** name of the corporation or subsidiary corporation. ~~the~~

(b) **The** purposes for which ~~it the~~ **corporation or subsidiary corporation** is created, ~~which that~~ may include all of the purposes for which a corporation or subsidiary corporation may be organized under this act. ~~the~~

(c) **The** number, terms, and manner of selection of the officers of ~~its the~~ board of trustees **of the corporation or subsidiary board of the subsidiary corporation, as applicable, which shall that must** include a chairperson and a secretary, and a general description of their respective powers and duties. ~~the~~

(d) **The** date ~~upon on~~ which the incorporation ~~becomes of the~~ **corporation or subsidiary corporation is** effective. ~~and the~~

(e) **The** name of the newspaper ~~in which or link to the website~~ **where the county clerk is publishing or posting** the articles of incorporation ~~shall be published. under section 207(1).~~

(3) The articles of incorporation of a subsidiary corporation ~~shall must~~ also contain the name of the corporation acting as its parent, ~~and shall must~~ specify the size of the subsidiary board in accordance with section 209(1).

1           (4) The articles of incorporation of a corporation established  
 2 by a county may specify transactions otherwise within the powers of  
 3 its board of trustees ~~which shall~~ **that must** require approval by  
 4 resolution of the county board of commissioners, and may also  
 5 contain other ~~matters~~ **provisions** considered expedient ~~to be~~  
 6 ~~included~~ **for inclusion** in the articles of incorporation.

7           (5) The articles of incorporation of a subsidiary corporation  
 8 incorporated by a county may specify transactions otherwise within  
 9 the powers of its subsidiary board ~~which shall~~ **that must** require  
 10 approval by resolution of the board of trustees of its designated  
 11 parent corporation, and may also contain other ~~matters~~ **provisions**  
 12 considered expedient ~~to be included~~ **for inclusion** in the articles  
 13 of incorporation.

14           Sec. 207. (1) The articles of incorporation of a corporation  
 15 incorporated by a county ~~shall~~ **must** be executed in duplicate by the  
 16 chairperson of the county board of commissioners or other  
 17 commissioner designated by the county board of commissioners. The  
 18 articles of incorporation of a subsidiary corporation of a  
 19 corporation incorporated by a county ~~shall~~ **must** be executed in  
 20 duplicate by the chairperson of the board of trustees of the parent  
 21 corporation, or other trustee designated by the board of trustees.  
 22 The articles of incorporation ~~shall~~ **must** then be delivered to the  
 23 county clerk who shall file 1 copy in his or her office and the  
 24 other with the secretary of the corporation or subsidiary  
 25 corporation when a secretary is selected. The county clerk shall  
 26 ~~cause~~ **provide public notice of the incorporation of the corporation**  
 27 **or subsidiary corporation by meeting 1 of the following:**

28           (a) **Before January 1, 2022, publishing** a copy of the articles  
 29 of incorporation ~~to be published~~ once in a newspaper designated in

1 the articles of incorporation and circulating within the county,  
2 accompanied by a statement that the right exists to question the  
3 validity of the incorporation in court as provided in this section.

4 **(b) Beginning January 1, 2022, providing public notice of the**  
5 **incorporation by publishing or posting the articles of**  
6 **incorporation and the statement described in subdivision (a) as**  
7 **provided in the local government public notice act.**

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

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

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

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

27 Sec. 255. **(1)** The incorporation of a corporation by a city or  
28 village ~~shall be~~ **is** accomplished by approval of articles of  
29 incorporation by resolution of the city council or village council.

1 The incorporation of a subsidiary corporation ~~shall be by a city or~~  
 2 **village is** accomplished by approval of articles of incorporation by  
 3 resolution of the city council or village council.

4 (2) The articles of incorporation ~~shall set forth the of a~~  
 5 **corporation or a subsidiary corporation established by a city or**  
 6 **village must include all of the following:**

7 (a) **The** name of the corporation or subsidiary corporation. ~~+~~  
 8 ~~the~~

9 (b) **The** purposes for which ~~it the~~ **corporation or subsidiary**  
 10 **corporation** is created ~~, which that~~ may include all of the purposes  
 11 for which a corporation or subsidiary corporation may be organized  
 12 under this act. ~~+~~ ~~the~~

13 (c) **The** number, terms, and manner of selection of the officers  
 14 of ~~its the~~ board of trustees **of the corporation** or subsidiary board  
 15 **of the subsidiary corporation, as applicable,** ~~which shall that must~~  
 16 include a chairperson and a secretary, and a general description of  
 17 their respective powers and duties. ~~+~~ ~~the~~

18 (d) **The** date ~~upon on~~ which the incorporation ~~shall become of~~  
 19 **the corporation or subsidiary corporation is** effective. ~~+~~ ~~and the~~

20 (e) **The** name of the newspaper ~~in which or link to the website~~  
 21 **where the city clerk or village clerk is publishing or posting** the  
 22 articles of incorporation ~~shall be published. under section 256(1).~~

23 (3) The articles of incorporation of a subsidiary corporation  
 24 ~~shall must~~ also contain the name of the corporation acting as its  
 25 parent ~~, and shall must~~ specify the size of the subsidiary board in  
 26 accordance with section 258(2).

27 (4) The articles of incorporation of a corporation may specify  
 28 transactions otherwise within the powers of its board of trustees  
 29 ~~which shall that must~~ require approval by resolution of the city

1 council or village council, and may also contain other ~~matters~~  
 2 **provisions** considered expedient ~~to be included for inclusion~~ in the  
 3 articles of incorporation.

4 (5) The articles of incorporation of a subsidiary corporation  
 5 may specify transactions otherwise within the powers of its  
 6 subsidiary board ~~which shall~~ **that must** require approval by  
 7 resolution of the board of trustees of its designated parent  
 8 corporation, and may also contain other ~~matters~~ **provisions**  
 9 considered expedient ~~to be included for inclusion~~ in the articles  
 10 of incorporation.

11 Sec. 256. (1) The articles of incorporation of a corporation  
 12 incorporated by a city or village ~~shall~~ **must** be executed in  
 13 duplicate by the chairperson of the city council or the president  
 14 of the village council or other member of the city council or  
 15 village council designated by the city council or village council.  
 16 The articles of incorporation of a subsidiary corporation of a  
 17 corporation incorporated by a city or village ~~shall~~ **must** be  
 18 executed in duplicate by the chairperson of the board of trustees  
 19 of the parent corporation, or other trustee designated by the board  
 20 of trustees. The articles of incorporation ~~shall~~ **must** then be  
 21 delivered to the city clerk or village clerk who shall file 1 copy  
 22 in his or her office and the other with the secretary of the  
 23 corporation or subsidiary corporation when a secretary is selected.  
 24 The city clerk or village clerk shall ~~cause~~ **provide public notice**  
 25 **of the incorporation of the corporation or subsidiary corporation**  
 26 **by meeting 1 of the following:**

27 (a) **Before January 1, 2022, publishing** a copy of the articles  
 28 of incorporation ~~to be published~~ once in a newspaper designated in  
 29 the articles of incorporation and circulating within the city or

1 village, accompanied by a statement that the right exists to  
2 question the validity of the incorporation in court as provided in  
3 this section.

4 **(b) Beginning January 1, 2022, providing public notice of the**  
5 **incorporation by publishing or posting the articles of**  
6 **incorporation and the statement described in subdivision (a) as**  
7 **provided in the local government public notice act.**

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

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

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

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

29 Enacting section 1. This amendatory act does not take effect

- 1 unless Senate Bill No.\_\_\_\_ or House Bill No. 6440 (request no.
- 2 02449'19) of the 100th Legislature is enacted into law.