

MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)

Act 230 of 1987

Chapter 5

331.1501 Financial reports and annual audits.

Sec. 501.

Each corporation and subsidiary corporation shall prepare and file with the state treasurer annual financial reports and annual audits of its financial records in accordance with the uniform budgeting and accounting act, Act No. 2 of the Public Acts of 1968, being sections 141.421 to 141.440a of the Michigan Compiled Laws. Copies of all financial reports and annual audits filed with the state treasurer shall be filed with the county clerk, city clerk, or village clerk within the time prescribed by Act No. 2 of the Public Acts of 1968, for filing with the state treasurer, including extensions.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1502 Indemnification of certain persons.

Sec. 502.

(1) A corporation or subsidiary corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement and actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation or subsidiary corporation and the public, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that conduct was unlawful by reason of the fact the person acted in any of the following capacities:

(a) Is or was a trustee, officer, or employee of the corporation or the subsidiary corporation.

(b) Served as a member of a committee of the medical staff or as a member or officer of a department or other administrative unit of a health care facility of a corporation or subsidiary corporation charged with responsibility for reviewing the professional qualifications of applicants for employment, medical staff membership, or clinical privileges, for establishing, administering, or reviewing the professional standards applicable to health services provided by the corporation or subsidiary corporation or provided by others in its health care facilities or for reviewing utilization of health services.

(c) Executed any note, bond, or corporation obligation on behalf of the corporation or subsidiary corporation.

(d) Served at the request of the corporation as a trustee, director, officer, employee, or agent of another public or private corporation, partnership, joint venture, trust, or other enterprise. The termination of any action, suit, or proceeding by judgment, order, settlement conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation and the public and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

(2) Notwithstanding the provisions of subsection (1), no indemnification shall be made with respect to any claim, issue, or matter arising from any threatened, pending, or completed action by the corporation or subsidiary corporation as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the corporation or subsidiary corporation unless, and only to the extent that, the court in which such action or suit was brought determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

(3) A corporation or subsidiary corporation may, pursuant to bylaw, contract, agreement, or resolution of its board of trustees or subsidiary board obligate itself in advance to indemnify persons in accordance with subsections (1) and (2), may establish procedures for approval of indemnification in specific instances in accordance with subsections (1) and (2), and may pay expenses incurred in defending a civil or criminal action, suit, or proceeding described in subsection (1) in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking on behalf of a person who may be entitled to indemnification to repay such amount unless it is

ultimately determined that the person is entitled to be indemnified by the corporation or subsidiary corporation in accordance with subsections (1) and (2).

(4) A corporation or a subsidiary corporation may purchase and maintain insurance on behalf of any person described in subsection (1) against any liability asserted against the person and incurred by the person in any capacity or arising out of the status of the person described in subsection (1), whether or not the corporation would have the power to indemnify the person against such liability under this section.

(5) The powers conferred by this section, and the rights to indemnification which may be created pursuant to this section shall be in addition to all powers and rights with respect to indemnification otherwise provided by law.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1503 Dissolution of corporation or subsidiary corporation.

Sec. 503.

(1) Any corporation which has completed the purposes for which it was organized shall be dissolved by the adoption of a resolution by the affirmative vote of 2/3 of the members serving on its board of trustees, approved by a majority of the members serving on the county board of commissioners, city council, or village council and filed with the secretary of state. Unless a later date is specified in the resolution, such dissolution shall be effective upon filing with the secretary of state. Upon dissolution, all property of the corporation, real and personal, shall immediately vest in the local governmental unit, without further act or deed, and the local governmental unit shall be liable for all undischarged debts and liabilities of the corporation.

(2) Any subsidiary corporation which has completed the purposes for which it was organized shall be dissolved by the adoption of a resolution by the affirmative vote of 2/3 of the members serving on its subsidiary board, approved by a majority of the members serving on the board of trustees of its parent corporation and filed with the secretary of state. Unless a later date is specified in the resolution, such dissolution shall be effective upon filing with the secretary of state. Upon dissolution, all property of the subsidiary corporation shall immediately vest in its parent corporation, without further act or deed, and the parent corporation shall be liable for all undischarged debts and liabilities of the subsidiary corporation.

(3) Notwithstanding the provisions of subsections (1) and (2), a corporation or subsidiary corporation shall not dissolve as long as any notes or corporation obligations issued pursuant to this act remain outstanding, unless such dissolution is specifically authorized by the instruments governing such notes or corporation obligations.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1504 Tax exemption.

Sec. 504.

All property of any corporation or nonprofit subsidiary corporation and its income and operation is exempt from all taxation by the state or by any taxing unit therein.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1505 Cumulative authority for exercise of various powers; exercise of powers enumerated or not enumerated.

Sec. 505.

(1) This act grants cumulative authority for the exercise of the various powers conferred in this act, and neither

the powers nor any notes or corporation obligations issued under this act shall be affected or limited by any other statutory provision now or hereafter in force, other than as may be provided in this act, it being the purpose and intention of this act to create full, separate, and complete additional powers.

(2) The enumeration in this act of powers of county public hospitals and corporations and subsidiary corporations and their respective boards of trustees and subsidiary boards does not mean that those powers were not reasonably inferable or otherwise authorized under Act No. 350 of the Public Acts of 1913, or Act No. 109 of the Public Acts of 1945, or that powers not enumerated in this act may not be exercised, so long as such exercise is consistent with the purposes of this act, and not specifically prohibited by law.

(3) The enumeration in this act of powers of city public hospitals and village public hospitals and corporations and subsidiary corporations and their respective boards of trustees and subsidiary boards does not mean that those powers were not reasonably inferable or authorized under other state law or under city or village ordinance or charter, or that powers not enumerated in this act may not be exercised, so long as such exercise is consistent with the purposes of this act, and not specifically prohibited by law.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1507 Effective date.

Sec. 507.

This act shall take effect upon the expiration of 60 days after the date it is enacted into law.

History: 1987, Act 230, Eff. Feb. 27, 1988