



SENATE BILL No. 1070

July 3, 1996, Introduced by Senators HOFFMAN and SHUGARS
and referred to the Committee on Local, Urban and State
Affairs.

A bill to amend section 209 of Act No. 230 of the Public
Acts of 1987, entitled as amended
"Municipal health facilities corporations act,"
as amended by Act No. 398 of the Public Acts of 1994, being sec-
tion 331.1209 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 209 of Act No. 230 of the Public Acts of 1987, as
2 amended by Act No. 398 of the Public Acts of 1994, being section
3 331.1209 of the Michigan Compiled Laws, is amended to read as
4 follows:

5 Sec. 209. (1) Each board of trustees of a corporation and
6 subsidiary board of a subsidiary corporation shall consist of not
7 fewer than 5 or more than 15 trustees. The exact number of
8 trustees and the length of their terms of office shall be as
9 specified in the articles of incorporation or as provided in

1 section 203(1). Except for the initial appointments to boards of
2 trustees and subsidiary boards of newly incorporated corporations
3 and subsidiary corporations, terms of office begin on January 1.
4 The term of office of a trustee appointed to fill a vacancy on a
5 board of trustees or subsidiary board of a corporation or subsid-
6 iary corporation established by a county begins upon appointment
7 and shall continue for the remainder of the term of the former
8 trustee whose position became vacant. Terms of office shall be
9 staggered so that an approximately equal number of terms expire
10 at the end of each year or each 2 years, except that terms may be
11 fixed so that the shortest terms do not expire until the end of
12 the second year following the incorporation of a corporation or a
13 subsidiary corporation. Notwithstanding any other provision of
14 this subsection, all trustees shall serve until their successors
15 are appointed. In the case of corporations governed by Act
16 No. 350 of the Public Acts of 1913, being sections 331.151 to
17 331.169 of the Michigan Compiled Laws, on February 27, 1988, the
18 chief executive of the corporation shall serve as a member of the
19 board of trustees until and unless the duly adopted articles of
20 incorporation provide otherwise, and in other cases the chief
21 executive officer of a corporation or subsidiary corporation
22 established by a county is eligible to serve on the board of
23 trustees or a subsidiary board, either by appointment or, if pro-
24 vided in the articles of incorporation, ex officio.

25 (2) Upon incorporation of a corporation by a county pursuant
26 to this act, the county board of commissioners shall appoint
27 trustees to all positions on the board of trustees. Adoption of

1 articles of incorporation for a corporation succeeding a county
2 public hospital organized and existing under Act No. 350 of the
3 Public Acts of 1913 or under Act No. 109 of the Public Acts of
4 1945, being sections 331.201 to 331.213 of the Michigan Compiled
5 Laws, on February 27, 1988 does not constitute incorporation of a
6 corporation for purposes of this subsection. The terms of office
7 of trustees serving on the board of such a county public hospital
8 shall not be diminished, except that the adopted articles may
9 prospectively establish new lengths of terms of office for the
10 board of trustees, and may prospectively alter the board size.
11 Nominations for a position on a board of trustees or subsidiary
12 board of a corporation or subsidiary corporation established by a
13 county, other than an ex officio position filled by a chief execu-
14 tive officer, shall be made by submitting the names of 3 quali-
15 fied nominees to the county board of commissioners. During the
16 September immediately preceding the expiration of a term of
17 office on the board of trustees or subsidiary board of a corpora-
18 tion or subsidiary corporation established by a county, that
19 board of trustees or subsidiary board shall make nominations for
20 each position for which the term of office is about to expire.
21 Upon creation of a vacancy on the board of trustees or subsidiary
22 board of a corporation or subsidiary corporation established by a
23 county, that board of trustees or subsidiary board shall make
24 nominations for the vacant position. Upon incorporation of a
25 subsidiary corporation by a county, the board of trustees of the
26 parent corporation shall make nominations for each position on
27 the new subsidiary board. The county board of commissioners, at

1 a meeting in that or the following month, shall consider the
2 nominations and shall make appointments to the board of trustees
3 or subsidiary board ~~from among the persons nominated~~ as consid-
4 ered appropriate by the county board of commissioners. The
5 county board of commissioners is not required to fill a position
6 with 1 of the 3 persons nominated. ~~, but if it declines to do~~
7 ~~so, it shall consider nominees and request additional nominees in~~
8 ~~the manner provided in this subsection until the position is~~
9 ~~filled.~~

10 (3) All trustees of corporations and subsidiary corporations
11 established by a county shall be chosen with reference to their
12 fitness for the office, but not more than 1/3 of the trustees
13 serving at any time shall be direct providers of health care.
14 Trustees shall be citizens of the county unless the articles of
15 incorporation permit individuals who are not citizens of the
16 county to be trustees. Trustees of the parent corporation, the
17 chief executive officer of the parent corporation, and the chief
18 executive officer of a subsidiary corporation are eligible for
19 appointment to a subsidiary board and a trustee or chief execu-
20 tive officer of a parent corporation are eligible for appointment
21 as chief executive officer of a subsidiary corporation, and these
22 offices are not incompatible. Trustees are eligible for
23 reappointment.

24 (4) Before the tenth day after commencement of their term of
25 office, trustees shall qualify by taking the oath provided by
26 section 1 of article XI of the state constitution of 1963.

1 (5) Any trustee of a corporation established by a county may
2 be removed from office for cause either by vote of a majority of
3 the members then serving on the county board of commissioners or
4 by vote of a majority of the members then serving on the board of
5 trustees of the corporation. Any trustees of a subsidiary corpo-
6 ration incorporated by a county may be removed from office for
7 cause either by vote of a majority of the members then serving on
8 the county board of commissioners or by vote of a majority of the
9 members then serving on the board of trustees of the parent
10 corporation. As used in this subsection, "cause" includes ~~—~~
11 but is not limited to ~~incompetency~~ 1 OR MORE OF THE
12 FOLLOWING:

13 (A) INCOMPETENCY to properly exercise duties. ~~official~~
14 (B) OFFICIAL misconduct. ~~or habitual~~
15 (C) HABITUAL or willful neglect of duty, including but not
16 limited to, failure to attend COMMITTEE OR OTHER meetings ~~—~~
17 ~~including committee meetings,~~ in accordance with standards
18 determined from time to time by the board of trustees of the cor-
19 poration or subsidiary board.

20 (6) A trustee shall not be removed from office on grounds of
21 misconduct or neglect unless the trustee is served with a notice
22 of hearing and a copy of the asserted ground for removal, and is
23 given full opportunity to be heard, either in person or by coun-
24 sel, before a vote is taken on the question of removal from
25 office.