

**MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)**  
**Act 230 of 1987**

**331.1261 Board of trustees and subsidiary board; compensation and expenses; bond; trustees as public servants; policies and procedures; conflicts of interest; disclosure.**

Sec. 261. (1) Each trustee of a corporation or subsidiary corporation incorporated by a city or village may receive compensation as established by the city council or village council for his or her services as a trustee, including, but not limited to, attendance at meetings of the board of trustees or subsidiary board, or their committees, and per diem and travel expenses, at rates approved by the city council or village council. A trustee may receive reimbursement for other necessary expenses which are properly substantiated and approved by the board of trustees or subsidiary board. A corporation or subsidiary corporation may provide travel and accident insurance for its trustees.

(2) A bond shall not be required for trustees or officers of corporations or subsidiary corporations incorporated by a city or village.

(3) Trustees shall be considered public servants subject to Act No. 317 of the Public Acts of 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws, to the extent provided in that act, and subject to any other applicable law with respect to conflict of interest. A board of trustees may establish policies and procedures for a corporation and any subsidiary corporations requiring periodic disclosure of relationships which may give rise to conflicts of interest. A board of trustees may require that a trustee who has a direct interest in any matter before a corporation or a subsidiary corporation disclose the trustee's interest and any reasons reasonably known to the trustee why the transaction may not be in the best interest of the corporation or the subsidiary corporation before the corporation or subsidiary corporation takes any action with respect to the matter. The disclosure shall become part of the record of the corporation's or subsidiary corporation's proceedings.

**History:** Add. 1988, Act 502, Eff. Jan. 1, 1989.