

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

331.1258 Board of trustees and subsidiary board incorporated by city or village; appointment and terms of trustees; qualifications; oath; removal from office; notice of hearing; hearing; vote.

Sec. 258.

(1) All of the following apply to each board of trustees and subsidiary board of a corporation incorporated by a city or village:

(a) The board shall consist of at least 5 and not more than 15 trustees. The exact number of trustees and the length of their terms of office shall be as specified in the articles of incorporation.

(b) Except for the initial appointments to a board of trustees or subsidiary board of a newly incorporated corporation or subsidiary corporation, the term of office of a trustee begins on January 1.

(c) The terms of office of trustees shall be staggered so that an approximately equal number of terms expire at the end of each year or each 2 years, except that terms may be fixed so that the shortest terms do not expire until the end of the second year following the incorporation of a corporation or a subsidiary corporation. A trustee whose term of office has expired shall continue to serve until his or her successor is appointed.

(2) If a city or village incorporates a corporation under this act, the city council or village council shall appoint the initial board of trustees. After the initial board of trustees, when a trustee's term of office expires or if a trustee's office is otherwise vacant, the remaining members of the board of trustees shall fill the vacancy with the advice and consent of the city council or village council. This subsection does not apply to an ex officio member of a board of trustees who is appointed by a chief executive officer.

(3) The terms of office of trustees serving on the board of a city public hospital or village public hospital before incorporation that is subsequently incorporated under this act shall not be diminished, except that the articles of incorporation for that successor corporation may prospectively establish new lengths of terms of office for the board of trustees, and may prospectively alter the board size.

(4) If a city or village incorporates a subsidiary corporation, the board of trustees of the parent corporation shall appoint the initial subsidiary board with the advice and consent of the city council or village council. After the initial subsidiary board, when a trustee's term of office expires or if a trustee's office is otherwise vacant, the board of trustees of the parent corporation shall fill the vacancy with the advice and consent of the city council or village council. This subsection does not apply to an ex officio member of a subsidiary board who is appointed by a chief executive officer.

(5) A trustee of a corporation or subsidiary corporation established by a city or village shall be chosen based on his or her qualifications for that office, but not more than 1/3 of the trustees serving at any time shall be direct providers of health care. The articles of incorporation of the corporation or subsidiary corporation may require that a trustee be a resident of the city or village. A trustee of the parent corporation, including its chief executive officer, and the chief executive officer of a subsidiary corporation are eligible for appointment to a subsidiary board, and those offices are not incompatible. A trustee is eligible for reappointment.

(6) Within 9 days after commencing his or her term of office, a trustee shall take the oath of office as provided in section 1 of article XI of the state constitution of 1963.

(7) A trustee of a corporation incorporated by a city or village may be removed from office for cause either by vote of a majority of the members then serving on the city council or village council or by vote of a majority of the members then serving on the board of trustees of the corporation. A trustee of a subsidiary corporation may be removed from office for cause either by vote of a majority of the members then serving on the city council or village council or by vote of a majority of the members then serving on the board of trustees of the parent corporation. As used in this subsection, "cause" includes, but is not limited to, incompetency to properly exercise duties; official misconduct; or habitual or willful neglect of duty, including, but not limited to, failure to attend meetings, including committee meetings, in accordance with standards determined by the board of trustees of the corporation or subsidiary board.

(8) A trustee shall not be removed from office on grounds of misconduct or neglect unless the trustee is served with a notice of hearing and a copy of the asserted ground for removal, and is given full opportunity to be heard, either in person or by counsel, before a vote is taken on the question of removal from office.

History: Add. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 1990, Act 273, Imd. Eff. Dec. 3, 1990 ;-- Am. 2011, Act 195, Imd. Eff. Oct. 18, 2011