

**URBAN COOPERATION ACT OF 1967 (EXCERPT)**  
**Act 7 of 1967 (Ex. Sess.)**

**124.507 Separate legal entity; commission, board, or council; public body, corporate or politic; appointment and removal of members; operation for profit prohibited; earnings; title to property; powers; limitation; bonds or notes.**

Sec. 7.

(1) An interlocal agreement may provide for a separate legal entity to administer or execute the agreement which may be a commission, board, or council constituted pursuant to the agreement. If an interlocal agreement does not expressly provide for a separate legal entity, then a separate legal entity shall not be created. If an interlocal agreement does expressly provide for a separate legal entity, the entity shall be a public body, corporate or politic for the purposes of this act. The governing body of each public agency shall appoint a member of the commission, board, or council constituted pursuant to the agreement. That member may be removed by the appointing governing body at will. The separate legal entity shall not be operated for profit. No part of its earnings shall inure to the benefit of a person other than the public agencies that created it. Upon termination of the interlocal agreement, title to all property owned by the entity shall vest in the public agencies that incorporated it.

(2) A separate legal entity created by an interlocal agreement shall possess the common power specified in the agreement and may exercise it in the manner or according to the method provided in the agreement. The separate legal entity may also make and enter into contracts; employ agencies or employees; acquire, construct, manage, maintain, or operate buildings, works, or improvements; acquire, hold, or dispose of property; incur debts, liabilities, or obligations that, except as expressly authorized by the parties, do not constitute the debts, liabilities, or obligations of any of the parties to the agreement; cooperate with a public agency, an agency or instrumentality of that public agency, or another legal entity created by that public agency under this act; make loans from the proceeds of gifts, grants, assistance funds, or bequests pursuant to the terms of the interlocal agreement creating the entity; and form other entities necessary to further the purpose of the interlocal agreement. The separate legal entity may sue and be sued in its own name.

(3) No separate legal entity created by an interlocal agreement shall possess the power or authority to levy any type of tax within the boundaries of any governmental unit participating in the interlocal agreement, or to issue any type of bond in its own name, or to in any way indebted a governmental unit participating in the interlocal agreement.

(4) A separate legal entity created by an interlocal agreement may be authorized by the interlocal agreement to borrow money and to issue bonds or notes in its name for local public improvements or for economic development purposes as provided in the interlocal agreement.

(5) The entity created by the interlocal agreement shall not borrow money or issue bonds or notes for a sum that, together with the total outstanding bonded indebtedness of the entity, exceeds 2 mills of the taxable value of the taxable property within the local governmental units participating in the interlocal agreement as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(6) Bonds or notes issued under this act are a debt of the entity created by the interlocal agreement and not of the participating local governmental units.

(7) Bonds or notes issued under this act are declared to be issued for an essential public and governmental purpose and, together with interest on those bonds or notes and income from those bonds or notes, are exempt from all taxes.

(8) Bonds or notes issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

**History:** 1967, Ex. Sess., Act 7, Eff. Mar. 22, 1968 ;-- Am. 1985, Act 10, Imd. Eff. Apr. 15, 1985 ;-- Am. 2002, Act 445, Imd. Eff. June 17, 2002 ;-- Am. 2014, Act 36, Imd. Eff. Mar. 20, 2014