

**BYLAWS OF LAKESHORE REGIONAL ENTITY
As Amended March 2018**

**ARTICLE 1
PURPOSES and POWERS**

1.1 **Statutory Authority.** Lakeshore Regional Entity (the “Entity”), was formed as a regional entity authorized pursuant to Section 204b of Michigan’s Mental Health Code, Act 258 of 1974, as amended (the “Mental Health Code”), MCL § 330.1204b.

1.2 **Nature of the Entity.** Pursuant to MCL § 330.1204b (3), the Entity is a public governmental entity separate from the counties, authorities, or organizations that establish it.

1.3 **Purpose.** The Entity is formed to carry out the provisions of the Mental Health Code by coordinating and furthering the statutory purposes of its participating community mental health services programs which are organized and operated under the Mental Health Code as community mental health authorities, agencies or organizations (Allegan County Community Mental Health Services, Community Mental Health of Ottawa County, HealthWest, Kent County Mental Health Authority d/b/a network180, and West Michigan Community Mental Health; hereinafter referred to as the “Members”) and whose designated service areas are within the geographic boundaries of the following Michigan counties: Mason, Lake, Allegan, Oceana, Muskegon, Ottawa, and Kent (the “Lakeshore Region”). The Entity’s purposes include, but are not necessarily limited to the following:

1.3.1 Directly arrange for the provision of mental health, developmental disability and substance use disorder services (“Behavioral Health Services”).

1.3.2 Advance the availability of quality whole person health care (physical and behavioral) and a meaningful life to all persons with a mental illness, developmental disability, or substance abuse disorder and their families.

1.3.3 Maintain and improve quality of management and delivery of Behavioral Health Services.

1.3.4 Increase uniformity and reduce undesired variance in the quality and cost of Behavioral Health Services.

1.3.5 Develop, maintain, and improve information technology, including, but not limited to health information protection for coordinating and managing care and reporting performance and outcome indicators for the Members to key payers.

1.3.6 Receive and distribute Medicaid payments or savings related to services provided by the Entity or the Members.

1.3.7 Develop, maintain, and improve resources for patient education and support for the Members and persons receiving services from the Entity or the Members.

1.3.8 Act as regional coordinating agency for substance use disorder (“SUD”) treatment and prevention programs administered by the Members and otherwise provided within the designated service areas of the Members.

1.3.9 Promote efficiencies in local operations of the Members across the Lakeshore Region.

1.3.10 Coordinate the Members and the Entity marketing with health plans, health maintenance organizations, insurance companies and other organizations involved in the health exchange of the State of Michigan, particularly with regard to availability of Behavioral Health Services.

1.3.11 Improve quality and integration of services provided by the Entity and the Members by, among other things, facilitating the Entity wide quality improvement efforts and promoting standardization and broad implementation of best practices by the Entity and the Members throughout the designated service areas of the Members.

1.3.12 Improve uniformity and effectiveness of revenue contracting of the Entity and the Members by, among other things, negotiating contracts with payers on behalf of the Entity and the Members, participating in efforts to develop “administrative services only” relationships (“ASO”) with medical and behavioral health providers and large payers engaging in activities within the Lakeshore Region, which may include, but is not necessarily limited to state government, managed care plans, and insurance companies, and coordinating contracting by the Members. Nothing in these Bylaws shall preclude the Members from individually entering into payer contracts.

1.4 **Powers.** Except as otherwise stated in these Bylaws, the Entity has all of the powers provided in MCL § 330.1204b(2), including, but not limited to, the following:

1.4.1 The power, privilege, or authority that the Members share in common and may exercise separately under the Mental Health Code, whether or not that power, privilege, or authority is specified in these Bylaws.

1.4.2 The power to contract with the state to serve as the Medicaid specialty service prepaid inpatient health plan for the designated service areas of the Members.

1.4.3 The power to accept funds, grants, gifts, or services from the federal government or a federal agency, the state or a state department, agency, instrumentality, or political subdivision, or any other governmental unit whether or not that governmental unit participates in the Entity, and from private or civic sources which are in furtherance of the goals and objectives of the entity.

1.4.4 The power to enter into a contract with one or more of the Members for any service to be performed for, by, or from one or more of the Members.

1.4.5 The power to create a risk pool and take other actions as necessary to reduce the risk that the Members otherwise bear individually.

1.4.6 The power to calculate, assess, and collect from the Members payments attributable to their designated share of the Entity's costs and expenses.

1.5 **2012 PA 500.** If the Entity is a department-designated community mental health entity, as defined in 2012 PA 500, the Entity will have the power to assume the responsibilities of providing substance use disorder services in the region served by the Entity.

1.6 **Manner of Acting.** The Manner by which the Entity's purposes will be accomplished and powers will be exercised will be through the actions of the Members for those powers reserved to the Members under these Bylaws and through the actions of the Board of Directors as set forth in these Bylaws or as delegated by the Board of Directors to officers, committees or other agents as permitted by these Bylaws.

ARTICLE 2 THE MEMBERS

2.1 **The Members.** The Members forming the Entity will remain separate legal governmental entities and will retain all the powers, rights and authority afforded community mental health services programs, organized and operated as county mental health authorities, agencies or organizations under the Mental Health Code. Only the powers and authority specifically vested in the Entity under these Bylaws and as further defined under an Operating Agreement, entered into by the Members, are transferred to the Entity.

2.2 **Membership.** The Members of the Entity will be community mental health services programs, organized and operated as a community mental health authority, agency or organization under the Mental Health Code: (a) whose designated service areas are within the geographic boundaries of the Lakeshore Region (or Region as defined by the State of Michigan); and (b) either (i) are original signatories to these Bylaws; or (ii) elect to become the Member of the Entity by entering into an Operating Agreement with the Entity, which includes, but is not limited to, the requirement that the Member abide by the terms and conditions of these Bylaws, as may be amended from time to time, and the policies and standard operating procedures established by the Entity's Executive Committee and Board of Directors from time to time. The Members are "participating community mental health services programs" as that term is used in MCL § 330.1204b.

2.3 **The Executive Committee of the Board of Directors.** The Members will each appoint one Director to serve on the Entity Executive Committee of the Board of Directors to vote on those matters identified in Section 2.9. A two-thirds vote of the Executive Committee will be required to constitute authorized actions of the Executive Committee as to those matters set forth in Section 2.9. Each Member's appointment of a Director to serve on the Executive Committee will be at the exclusive discretion of the Member with

respect to qualifications, terms of service, removal and replacement. Each Member may also appoint an alternate who may serve in the stead of the appointed Director on the Executive Committee in the event the primary appointed Director is unable to attend a noticed and authorized meeting.

2.4 Withdrawal of the Member. Any Member may withdraw from participation with the Entity effective upon providing to the Chief Executive Officer of the Entity written notice. Upon the effective date of such withdrawal, the Member will have no further rights or benefits of the Member of the Entity. The Executive Committee Director and other At Large Directors appointed or nominated by the withdrawing Member will terminate upon the effective date of the withdrawal of the Member and no replacement will be appointed nor vacancy be deemed to occur by reason of the Member withdrawal and dissolution of positions. Written notice required will be a duly adopted resolution of the Member Board withdrawing from the entity.

2.5 Removal of the Member. A Member may be removed from participating in the Entity by a vote of two-thirds (2/3) of the Executive Committee of the Board of Directors as set forth in the Operating Agreement.

2.6 New Participating Member. New Members may be admitted by a vote of two-thirds (2/3) of the Executive Committee of the Board of Directors as set forth in the Operating Agreement. At any time that the new Member is admitted and enters into the Operating Agreement to participate in the Entity, the new Member will be entitled to all of the rights of governance provided in these Bylaws to the Member.

2.7 Dispute Resolution. Dispute resolution between or among the Members and/or the entity will be conducted according to the terms of the Operating Agreement, and the Conflict of Interest Policy, as both may be amended from time to time.

2.8 The Member Payment of Designated Share of the Entity's Costs and Expenses. The Entity's Board of Director will approve the annual budget and all amendments. Member share is determined in accordance with 10.1.2 and the Operating Agreement.

2.9 Reserved Powers and Rights of the Members. Each Member will appoint one Director to serve on the Executive Committee of the Board of Directors as set forth in Section 2.3. This Executive Committee will have the exclusive authority to approve the following by two-thirds of the appointed Directors on the Executive Committee: :

2.9.1 all amendments, restatements or the adoption of new bylaws;

2.9.2 any amendment and dissolution of the Operating Agreement;

2.9.3 fix compensation of the Board of Directors, if any;

2.9.4 a plan of merger or consolidation or the addition or removal of Members;

- 2.9.5 the dissolution of the Entity and distribution of assets and liabilities, if any;
- 2.9.6 the issuance of debt which exceeds certain threshold amounts established by the Operating Agreement, Bylaws, or the Executive Committee;
- 2.9.7 secured borrowings and unsecured borrowings in excess of amounts established from time to time in the Operating Agreement, Bylaws or the Executive Committee;
- 2.9.8 the sale, transfer or other disposition of substantially all the assets of the Entity; and
- 2.9.9 the dissolution of the Entity.

**ARTICLE 3
BOARD OF DIRECTORS**

3.1 **General Powers.** The business, property, and affairs of the Entity will be managed by the Board of Directors.

3.2 **Number.** In addition to the Directors appointed by the Members to the Executive Committee as set forth in Section 2.3 there will be ten (10) At Large Directors. The At Large Directors will be determined as follows:

3.2.1 The Members will nominate potential At Large Directors who are to be neither board members of a Member nor County Commissioners of the County served by the Member and who possess the qualities established by the Executive Committee. In circumstances in which a CMH Member is otherwise required to make a nomination for an LRE board position it is to proffer no fewer than two nominees for each open position. The At Large Directors will serve two year terms subject to reappointment by the Executive Committee. The number of nominated At Large Directors by Member will be as follows:

HealthWest	2 Directors
West Michigan	1 Directors
Ottawa	2 Directors
Allegan	1 Directors
Network 180	4 Directors

The Executive Committee must approve by simple majority the nomination of an At Large Director before the nominee may serve on the Board of Directors. An alternate may not be identified for an At Large Director. Initially upon approval of these Amended Bylaws current sitting Directors appointed by the Members may serve as At Large Directors from the appointing Member for one term regardless of whether they otherwise meet the qualifications for At Large Directors. Thereafter, all At Large Directors will only serve pursuant to the procedures set forth herein.

3.2.2 If the Entity is a department-designated community mental health entity, as defined in Section 100a(22) of 2012 PA 500, the Board of Directors will consist of representatives of mental health, developmental or intellectual disabilities and substance use disorder services as required under 2012 PA 500.

3.2.3 The Board of Directors will include consumer representation which may include a family member of a consumer.

3.2.4 The Board of Directors will include by way of example representatives from relevant stakeholder groups including but not limited to providers, managed care organizations, education, and law enforcement.

3.2.5 Directors may not hold staff positions with any of the Members.

3.3 **Term.** Each At Large Director will hold office for a term of two years and may be reappointed by the Executive Committee for subsequent like terms.

3.4 **Resignation.** Any Director may resign at any time by providing written notice to the Entity and to the Member Appointing/Nominating Board. The resignation will be effective on receipt of the notice or at a later time designated in the notice. A successor will be appointed as provided in Sections 3.2.1 and 2.3 of these Bylaws.

3.5 **Annual Meeting.** An annual meeting of the Board of Directors may be held each year at such time and place designated by the Executive Committee of the Board.

3.6 **Regular Meetings.** The Board of Directors will hold regular meetings each month or as agreed upon by the Board at such times and places as the Board shall from time to time determine. Notice in writing of each meeting will be given by email and/or ordinary mail to each Director at least five (5) days prior to each meeting, which notice must state the date, time, and place of such meeting.

3.7 **Special Meetings.** Special meetings of the Board of Directors may be held at the call of the Chair of the Board or, in the Chair's absence, the Vice Chair, or by four of the Board Directors.

3.8 **Waiver of Notice.** The attendance of a Director at a Board of Directors meeting will constitute a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. In addition, the Director may submit a signed waiver of notice that will constitute a waiver of notice of the meeting.

3.9 **Meeting by Telephone or Similar Equipment.** A Director may participate in a meeting by conference telephone or any similar communications equipment through which all persons participating in the meeting can communicate with each other. Participation in a meeting pursuant to this Section 3.9 constitutes presence in person at the meeting. This subsection 3.9 is subject to the requirements under the Open Meetings Act.

3.10 **Quorum and Voting.** A majority of the Directors then in office constitutes a quorum for the transaction of any business at any meeting of the Board of Directors. Actions voted on by a majority of the Board of Directors present at a meeting where a quorum is present will constitute authorized actions of the Board of Directors.

3.11 **Order of Business.** Meetings will be conducted in accordance with *Roberts Rules of Order*, unless otherwise directed by the Board of Directors.

3.12 **Non-Voting Advisors.** The Board of Directors may, by authorized action, invite non-voting advisors to participate in Board meetings and to provide information and advice to the Board of Directors from time-to-time including, but not limited to, a member of the legal community. Further, the Entity's acting Chief Executive Officer will participate in Board of Directors meetings but will not have a vote.

3.13 **Conflict of Interest.** The Board of Directors will adopt a conflict of interest policy which will require, among other things, the disclosure to the Board Chair and any committee chairperson any actual or possible conflicts of interest, including but not limited to, financial interest and professional interests, and will reveal any material facts or relevant information regarding the possible conflict of interest. The Board of Directors will ensure that any disclosures are written into the minutes of the Board meeting or committee meeting as applicable.

3.14 **Alternates/Designees.** The Members may appoint official designees to serve in place of their appointed Executive Committee Directors in the event that the appointed Executive Committee Director is unable to attend a regularly scheduled meeting. This designee will have full voting rights for the purpose of the meeting he/she is designated to attend. Alternates must comply with Article 3.2. Alternates will not be permitted for At Large members.

3.15 **Compliance with Laws.** The Entity and its Members, the Board of Directors, officers, staff and other employees will fully comply with all applicable laws, regulations and rules, including without limitation 1976 PA 267 (the "Open Meetings Act") and 1976 PA 422 (the "Freedom of Information Act." In the event any such noncompliance is found, immediate corrective action will be taken by the appropriate source. The Entity will develop such compliance policies and procedures. In the event that any such noncompliance is found, immediate corrective action as defined in the Operating Agreement will be taken by the appropriate source to ensure compliance. Compliance policies and procedures will be defined in the Operating Agreement.

ARTICLE 4 COMMITTEES

4.1 **General Powers.** The Board of Directors, by resolution adopted by a vote of a majority, may designate one or more committees, each committee consisting of one or more Directors and other appointed members. The Board may also designate one or more Director as alternate committee members who may replace an absent or disqualified

member at a committee meeting. All committees designated by the Board will serve at the pleasure of the Board of Directors.

A committee designated by the Board of Directors may exercise any powers of the Board in managing the Entity's business and affairs, to the extent provided by resolution of the Board of Directors. However, no committee will have the power to

4.1.1 exercise those powers reserved to the Members under Section 2.9 of these Bylaws;

4.1.2 fill vacancies on the Board of Directors or committee; or.

4.1.3 fix compensation for serving on the Board of Directors or on a committee.

4.2 **Meetings.** Committees will meet as directed by the Board of Directors, and their meetings will be governed by the rules provided in Section 3.12 of these Bylaws for meetings of the Board. Minutes will be recorded at each committee meeting and will be presented to the Board of Directors.

4.3 **Executive Committee of the Board of Directors:** As set forth in Sec. 2.3 Each of the Members will appoint one Director to serve on the Entity Executive Committee of the Board of Directors to vote on those matters identified in Section 2.9. A two-thirds vote of the Executive Committee will be required to constitute authorized actions of the Executive Committee as to those matters set forth in Section 2.9. Each Member's appointment of a Director to serve on the Executive Committee will be at the exclusive discretion of the Member with respect to qualifications, terms of service, removal and replacement. Each Member may also appoint an alternate who may serve in the stead of the appointed Director on the Executive Committee in the event the primary appointed Director is unable to attend a noticed and authorized meeting

4.4 **Operations Committee:** An Operations Committee will be formed consisting of the Chief Executive Officers/Executive Directors of the Entity and the Members or their designees. The Operations Committee will meet monthly or as otherwise requested by the Chief Executive Officer and agreed upon by members of the Operations Committee, and have the responsibilities and authority assigned from time to time by the Board of Directors and as outlined in the Operating Agreement. The Operations Committee will provide a report to the Board of Directors.

4.5 **Substance Use Disorder Oversight Policy Board:** If the Entity is a department-designated community mental health entity, as defined in Section 100a (22) of 2012 PA 500, a Substance Use Disorder Oversight Policy Board will be created through a contract with each of the counties served by the Entity. The substance use disorder oversight policy board will include the members called for in the establishing agreement, but will have at least 1 board member appointed by the county board of commissioners for each county served by the department-designated community mental health entity. The substance use disorder oversight policy board will perform the functions and responsibilities assigned to

it through the establishing agreement, which will include at least the following responsibilities:

4.5.1 Approval of any department-designated community mental health entity budget containing local funds for treatment or prevention of substance use disorders.

4.5.2 Advice and recommendations regarding department-designated community mental health entity budgets for substance use disorder treatment or prevention using other nonlocal funding sources.

4.5.3 Advice and recommendations regarding contracts with substance use disorder treatment or prevention providers.

4.5.4 Any other terms as agreed to by the participating parties consistent with the authorizing legislation.

ARTICLE 5 OFFICERS

5.1 **Officers.** The officers of the Entity will be appointed by the Board of Directors from the Executive Committee. The initial officers will be a Chair Person, a Vice Chair Person, and a Secretary. Officers will be annually elected by authorized vote of the Board of Directors. The Board of Directors may choose to appoint other officers as the Board deems appropriate. The Chief Executive Officer will be appointed by the Board of Directors and may (but is not required to) be a paid employee of the Entity.

5.2 **Term of Office.** Each officer will hold office for the term of one year. An officer may resign at any time by providing written notice to the Entity. Notice of resignation is effective on receipt or at a later time designated in the notice.

5.3 **Vacancies.** A vacancy in any office for any reason may be filled by the Board of Directors.

5.4 **Removal.** An officer appointed by the Board may be removed from office with or without cause by a vote of a majority of the Board of Directors.

5.5 **Chairperson.** The Chairperson will, in general, supervise the affairs of the Board. The Chairperson will preside at all meetings of the Board; appoint the chairperson vice chairperson, and membership of all standing committees and special committees; call meetings of the Board in accordance with these Bylaws and the applicable law and serve as a voting ex officio member of all committees. The Chairperson shall execute the contracts between the Entity and the State of Michigan for or on behalf of the Board; and, in general, the Chairperson will perform all duties incident to the office of Chairperson and such other duties as may be prescribed by the Board from time to time.

5.6 **Vice Chairperson.** In the absence of the Chairperson on in the event of the Chairperson's inability to act, the Vice Chairperson will perform the duties of the Chairperson, and, when so acting, will have all the powers of and be subject to all the restrictions upon the Chairperson. The Vice Chairperson will perform such other duties as from time to time may be assigned by the Chairperson of the Board.

5.7 **Secretary.** The Secretary will ensure that minutes of the meetings of the Board are taken, maintained and distributed to all Board members. The Secretary will review Board minutes each month before they are included in the Board packet and sign off on the minutes after they are approved by the Board. The Secretary will also make certain that all notices are duly given in accordance with the provisions of these Bylaws, the Open Meetings Act or as otherwise required by law; be custodian of the Board records and Bylaws; and, in general, perform all duties incident to the office of Secretary and such other duties as the Chairperson of the Board may from time to time assign to the Secretary. In the absence of the other Board officers, the Secretary shall conduct the Board Meeting.

ARTICLE 6 STAFF POSITIONS

6.1 **Chief Executive Officer.** The Chief Executive Officer will have the authority delegated to that position from time to time by the Board of Directors. The Chief Executive Officer may not simultaneously hold another position (employee, board member or contractor) with any Member.

6.2 **Fiscal Officer:** The Fiscal Officer will serve as the fiscal officer as defined in MCL § 330.1204b and will (a) have charge and custody over corporate funds and securities; (b) keep accurate books and records of corporate receipts and disbursements; (c) deposit all moneys and securities received by the Entity at such depositories in the Entity's name that may be designated by the Board; the Fiscal Officer has the responsibilities set forth in MCL § 330.1204b and will be responsible for receiving, depositing, investing, and disbursing the Entity's funds in the manner authorized by these Bylaws and Board in accordance with the Entity's Operating Agreement and other duties as assigned by the Chief Executive Officer. The Fiscal Officer may not simultaneously hold another position (employee, board member or contractor) with any Member.

ARTICLE 7 CONSUMER ADVISORY PANEL

7.1 **Consumer Advisory Panel to the Board of Directors.** The Board of Directors may institute a Consumer Advisory Panel to advise and to counsel the Board of Directors regarding various issues relating to the Entity.

7.2 **Purpose.** The purpose of the Consumer Advisory Panel is to advance the purposes of the Entity by providing input, analysis, and advice to the Board of Directors concerning matters related to the Entity's purposes.

7.3 **Membership.** The Consumer Advisory Panel will consist of at least one consumer from each of the areas served by the Member and each of the populations served shall be represented by an individual appointed to the Consumer Advisory Panel from time to time by the Board of Directors. For purposes of this Article 7, a “consumer” means a “primary consumer” as that term is defined in MCL § 330.1100c (5) of the Mental Health Code. Each appointee serves at the pleasure of the Board of Directors and will serve until such appointee dies, resigns, or is removed by the Board of Directors.

7.4 **Officers.** The officers of the Consumer Advisory Panel will be chair and vice chair. The members of the Consumer Advisory Panel will select officers of the Consumer Advisory Panel by majority vote of the members of the Consumer Advisory Panel with each such Member being entitled to one vote. The term of the officers will be one year. The chair will preside at all Consumer Advisory Panel meetings and serve as the chief spokesman for the Consumer Advisory Panel. The vice chair will perform all the functions of the chair in her / his absence or other duties as assigned by the chair. The chair is responsible for preparing a written report of each meeting and distributing this report to all Consumer Advisory Panel members and to the Chair of the Board of Directors.

7.5 **Meetings.** The Consumer Advisory Panel will meet as directed by the Board of Directors, and their meetings will be governed by the rules provided in Section 3.12 of these Bylaws for meetings of the Board of Directors. Minutes will be recorded at each committee meeting and will be presented to the Board of Directors.

ARTICLE 8 CORPORATE DOCUMENT PROCEDURE AND ACCOUNTABILITY

8.1 **Financial Accountability.** The Chief Fiscal Officer, with the assistance of the Chief Executive Officer, will maintain a process providing for strict accountability of all funds and will provide to the Board of Directors a detailed financial report at intervals determined by the Board. On an annual basis, after the completion of each fiscal year, the Board of Directors will engage an independent public accounting firm to conduct an independent audit of the Entity’s financial status and compliance with financial policies.

8.2 **Reports.** All reports required by these Bylaws or otherwise required by the Board of Directors from time to time will be presented to the Board by delivery of the same to the Chief Executive Officer, who will be responsible for distributing such reports to the Directors. Each such report will be presented by the Chair to the Board of Directors at a meeting of the Board for discussion and approval or other action as required by the Board’s review and analysis of such report. To the extent required by MCL § 330.1204b (5), the Chair will direct the Chief Executive Officer or such other designee(s) as determined by the Chair to prepare and provide to the Members an annual report of the Entity’s activities. Reports will be deemed delivered to a Member by delivery of such report to the Member’s Executive Committee Director.

ARTICLE 9
IMMUNITY/LIABILITY/INSURANCE

9.1 **Governmental Immunity.** All the privileges and immunities from liability and exemptions from laws, ordinances, and rules provided under MCL § 330.1205(3) (b) of the Mental Health Code to county community mental health service programs and their board members, officers, and administrators, and county elected officials and employees of county government are retained by the Entity and the Entity Board of Directors, advisory board members, officers, agents, and employees, as provided in MCL § 330.1204b (4).

9.2 Except as otherwise required by law, these Bylaws, or any agreement between the Members or the Members and the Entity, the Members will not be responsible for the acts, omissions, debts or other obligations and responsibilities of the Entity or any other Member or the Board of Directors, employees, agents and representatives of the Entity or the other Members, whether acting separately or jointly under these Bylaws or pursuant to any such agreements. The Members will only be bound and obligated as expressly agreed to by each Member and no Member may otherwise obligate any other Member.

9.2.1 All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out by the Entity will be the sole and nontransferable responsibility of the Entity, and not the responsibility of the Member, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act by the Entity, its Board members, officers, employees or representatives; provided that nothing herein will be construed as a waiver of any governmental or other immunity that has been provided to the Entity or its Board members, officers, employees or representatives, by statute or court decisions.

9.2.2 All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out by the Member will be the sole and nontransferable responsibility of the Member and not the responsibility of the Entity, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act by the Member, its Board members, officers, directors, employees and authorized representatives; provided that nothing herein will be construed as a waiver of any governmental or other immunity that has been provided to the Member or its board members, officers, employees or representatives, by statute or court decisions.

9.2.3 Each Member and the Entity will obtain its own counsel and will bear its own costs including judgments in any litigation which may arise out of its activities to be carried out pursuant to its obligations under these Bylaws or any agreement between the Members or the Members and the Entity. It is specifically understood that no indemnification will be provided in such litigation.

9.2.4 In the event that liability to third parties, loss or damage arises as a result of activities conducted jointly under these Bylaws or any agreement between the Members or the Members and the Entity, such liability, loss or damages will be

borne by each party in relation to each party's responsibilities under the joint activities, provided that nothing herein will be construed as a waiver of any governmental or other immunity granted to any of said parties as provided by applicable statutes and/or court decisions.

9.2.5 Under these Bylaws, it is the intent that each of the Members and the Entity will separately bear and will be separately responsible for only those financial obligations related to their respective duties and responsibilities.

ARTICLE 10 ALLOCATION OF ASSETS AND LIABILITIES

10.1 Allocation. The manner in which the Entity's assets and liabilities will be allocated to each Member is as follows:

10.1.1 Revenues. The Entity's manner for equitably providing for, obtaining, and allocating revenues derived from a federal or state grant or loan, a gift, bequest, grant, or loan from a private source, or an insurance payment or service fee will be allocated to the Members as provided in the Operating Agreement or some other agreement approved by the Members and incorporated herein by reference.

10.1.2 Capital and Operating Costs. The Entity's method or formula for equitably allocating and financing the Entity's capital and operating costs, payments to reserve funds authorized by law, and payments of principal and interest on obligations will be allocated and financed as provided in the Operating Agreement or some other agreement approved by the Members and incorporated herein by reference.

10.1.3 Other Assets. The Entity's method for allocating any of the Entity's other assets not otherwise provided for in these Bylaws will be allocated as provided in the Operating Agreement or some other agreement approved by the Members and incorporated herein by reference.

10.1.4 Surplus Funds. The Entity's manner in which, after the completion of its purpose as specified in these Bylaws, any surplus funds will be returned to the Members as provided in the Operating Agreement or some other agreement approved by the Members and incorporated herein by reference.

10.1.5 Dissolution. Should dissolution occur within the first three (3) years, funds and assets contributed to the Entity by the Members will be distributed back to the Members based on the proportion of the contribution. Distributions upon a dissolution following said three (3) year period, will be determined by the Members.

10.1.6 Other Administration Activities. The Board of Directors and its Operations Committee will, on an ongoing basis, consider possible administrative efficiencies where appropriate.

ARTICLE 11 SPECIAL EMPLOYMENT MATTERS

11.1 If the Entity assumes the duties of the Member, as a community mental health services program or contracts with a private individual or entity to assume such duties of the Member, the Entity will comply with all of the following:

11.2 **General Employment Practices.** The manner of employing, compensating, transferring, or discharging necessary personnel is subject to the provisions of the applicable civil service and merit systems and the following restrictions:

11.2.1 An employee of the Entity is a public employee; and

11.2.2 The Entity and its employees are subject to 1947 PA 336, MCL § 423.201 to 423.217.

11.3 **Transferred Employees.** Any employees of the Member who are transferred to the Entity and appointed as employees of the Entity will retain all the rights and benefits from their prior Member employment for 1 year. If, upon becoming a Member of the Entity, the Member ceases to operate, the employees of the Member will be transferred to the Entity and appointed as employees of the Entity who will retain all the rights and benefits from their prior Member employment for 1 year. An employee of the Entity will not, by reason of the transfer, be placed in a worse position for a period of 1 year with respect to worker's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or another benefit than the employee had as an employee of the Member. A transferred employee's accrued benefits or credits will not be diminished by reason of the transfer.

11.4 **Collective Bargaining.** If the Member was the designated employer or participated in the development of a collective bargaining agreement, the Entity assumes and is bound by the existing collective bargaining agreement. The Entity does not adversely affect existing rights or obligations contained in existing collective bargaining agreements to which the Members are parties. For the purposes of this Section, "participation in the development of a collective bargaining agreement" means that a representative of the Member actively participated in bargaining sessions with the employer representative and union or was consulted during the bargaining process.

ARTICLE 12 CONTRACTS

12.1 **Contract Process.** The Board of Directors will designate by resolution what positions of the Entity that will have authority to enter into contracts on behalf of the Entity with third parties, including contracts involving the acquisition, ownership, custody, operation, maintenance, lease or sale of real or personal property and the deposit, division or distribution of property acquired by the execution of a contract.

All contracts exceeding \$ 50,000.00-dollar amount must be approved by the Board of Directors prior to execution on behalf of the Entity.

ARTICLE 13 COMPENSATION

13.1 When authorized by the Board of Directors, a person will be reasonably compensated for services rendered to the Entity as an officer, Director, agent, or independent contractor, except as prohibited by these Bylaws.

ARTICLE 14 FISCAL YEAR

14.1 The fiscal year of the Entity will end on September 30.

ARTICLE 15 AMENDMENTS

15.1 The Executive Committee of the Board of Directors may amend or repeal these Bylaws, or adopt new bylaws by vote of two-thirds (2/3) of the Executive Committee of the Board of Directors in the manner set forth in Section 2.3 if notice setting forth the terms of the proposed amendment or repeal has been given in accordance with any notice requirement for a meeting of the Executive Committee of the Board.

ARTICLE 16 DISSOLUTION

16.1 The Executive Committee of the Board of Directors may dissolve the Entity by a vote of two-thirds (2/3) of the Executive Committee of the Board of Directors, as set forth in Section 2. after paying or making provision for the payment of all the debts, obligations and liabilities of the Entity and the pro rata distribution, if any, of the assets of the Entity to the respective Members. Any remaining assets not so disposed of will be disposed of by a court of competent jurisdiction in the county in which the principal office of the Entity is located, to a governmental entity as said court will determine to be organized and operated for purposes similar to the Entity's purposes.