

**BYLAWS OF LAKESHORE REGIONAL ENTITY**  
**As Amended**  
**August 10, 2022**

**ARTICLE 1**  
**Definitions**

**1.1 BOARD OF DIRECTORS.** Means the governing body of the ENTITY, appointed by the CMHSP Members.

**1.2 BYLAWS.** Mean rules and regulations adopted by the ENTITY that govern all ongoing activities.

**1.3 CMHSP MEMBER (MEMBER).** Means a Community Mental Health Service Program within the Lakeshore Regional Entity (The ENTITY is a seven-county region for whom the ENTITY is the acting PIHP).

**1.4 COMMUNITY MENTAL HEALTH SERVICES PROGRAM (CMHSP).** Means a program operated under Chapter 2 of the Michigan Mental Health Code as a county community mental health agency, a community mental health authority, or a community mental health organization.

**1.5 ENTITY.** Means the Lakeshore Regional Entity formed pursuant to 1974 P.A. 258, as amended, MCL§330.1204b, a public governmental ENTITY separates from the authority, county or organization that establishes it. (MCL §330.1204b(3)).

**1.6 MDHHS.** Means Michigan Department of Health and Human Services.

**1.7 MENTAL HEALTH CODE.** Means 1974 P.A. 258, as amended.

**1.8 OPERATING AGREEMENT.** Means this written agreement amongst the CMHSP Members and the ENTITY that describes the terms and conditions of the operation of the ENTITY, as approved by the CMHSP Members respective governing bodies. The ENTITY's Operating Agreement shall be incorporated in the Bylaws by reference.

**1.9 PERSON SERVED.** Means a person receiving services from a CMHSP Member or a provider contracted with the CMHSP Member, also referred to as Person Served.

**ARTICLE 2**  
**PURPOSES AND POWERS**

**2.1 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.

**2.2 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.

**2.3 PURPOSE.** The ENTITY is formed for the purpose of carrying out the provisions of the Mental Health Code as set forth in these Bylaws and the Operating Agreement, relative to serving as a prepaid inpatient health plan, as defined in 42 CFR 438.2 (“PIHP”), to manage the Medicaid Specialty Support and Services Concurrent 1915(b)/(c) Waiver Programs (“Medicaid”); ensuring a comprehensive array of services and supports as provided in the PIHP Medicaid Contract with MDHHS; and exercising the powers and authority set forth in these Bylaws and the Operating Agreement. The ENTITY’s primary mission is to organize its actions in a manner that preserves the local public community mental health safety net, ensure access to Medicaid services for all Eligible citizens, and support the delivery of locally accountable health care services by the participating members. If there is any conflict between the Operating Agreement and these Bylaws, the Operating Agreement shall apply. The Operating Agreement is incorporated by reference herein and attached hereto as Attachment 1.

**2.4 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:

2.4.1 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.

2.4.2 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.

2.4.3 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.

2.4.4 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.

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

2.4.6 The power to review, alter and approve annual capital and operating budgets and strategic plans of the ENTITY.

2.4.7 The power to calculate, assess, and collect from the Members payments attributable to their designated share of the ENTITY’s costs and expenses.

**2.5 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 as set forth in these Bylaws or as delegated by the Board to officers, committees or other agents as permitted by these Bylaws.

**2.6 CMHSP MEMBER RETAINED POWERS.** CMHSP Members shall retain all 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 delegated to the ENTITY under these Bylaws and as further defined under an Operating Agreement to be entered into by the CMHSP Members are transferred to the ENTITY.

### **ARTICLE 3 THE MEMBERS**

**3.1 THE MEMBERS.** The CMHSP Members of the ENTITY shall be community mental health services programs, organized and operated as a community mental health authority, county community mental health agency or community mental health organization, whose designated service areas are within the Service Area and who have entered into the Operating Agreement.

**3.2 CMHSP MEMBER VOTE.** The CMHSP Members of the ENTITY will each have one (1) vote on those matters reserved to the CMHSP Members. The CMHSP Member's vote shall be conveyed in the form of duly adopted written resolutions of the governing body of each of the CMHSP Members.

**3.3 CMHSP MEMBER RESERVED POWERS.** Each CMHSP Member shall possess the powers and rights retained and reserved to the CMHSP Member under these Bylaws which shall include the power to approve through unanimous vote the following :

3.3.1 All amendments, restatements or adoption of new bylaws;

3.3.2 The Operating Agreement, any amendment thereto and its termination;

3.3.3 Any proposal of the ENTITY related to merger, consolidation, joint venture or formation of a new organization;

**3.4 NEW PARTICIPATING MEMBER.** New Members may be admitted by a unanimous vote of the Board. 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.

**3.5 REMOVAL OF THE MEMBER.** A Member may be removed from participating in the ENTITY by a unanimous vote of the other Members.

**3.6 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. Notice shall be given at least 6 months prior to the end of any fiscal year. Upon the effective date of such withdrawal, the Member will have no further rights or benefits of the Member of the ENTITY. The 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. Any Directors appointed by the Board would also be terminated if appointed by the withdrawing member. Written notice required will be a duly adopted resolution of the Member Board withdrawing from the ENTITY.

**3.7 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.

## **ARTICLE 4 BOARD OF DIRECTORS**

**4.1 GENERAL POWERS.** The business, property, and affairs of the ENTITY will be managed by the Board. The Board of the ENTITY shall be a Policy Board. They shall not directly operate the ENTITY, only determine policy that the Chief Executive Officer will execute.

**4.2 NUMBER.** The Board of Directors shall consist of fifteen (15) Directors. Each Member shall have 3 individuals to serve on the governing board.

4.2.1 A total of three Directors will be appointed per CMHSP. Each of the Members may appoint two individuals from the Members' current Board roster to serve on the Governing Board. The composition of the three individuals per member CMHSP should be representative of the community at large, individuals served according to the Michigan Mental Health Code, and the Member CMSHP Board roster. Individuals may represent more than one of the identified groups.

4.2.2 A Director shall have their primary place of residence in the CMHSP Member's Service area;

4.2.3 A Director shall not be an employee of the Michigan Department of Health and Human Services or a community mental health services program;

4.2.4 A Director shall not be a party to a contract with a community mental health program or administering or benefitting financially from a contract with a community mental health services program;

4.2.5 A Director shall not serve in a policy making position with an agency under contract with a community mental health services program;

4.2.6 At least one (1) Director from each CMHSP Member shall be a primary person served or family member of a primary person served as defined in the Michigan Mental Health Code;

4.2.7 If the ENTITY is a Department-Designated Community Mental Health ENTITY, as defined in Section 100a(22) of 2012 P.A. 500, the Board shall also consist of representatives of mental health, developmental or intellectual disabilities and substance use disorder services as required under Section 287 of 2012 P.A. 500; and

4.2.8 Notwithstanding anything to the contrary in these Bylaws, any board member of the CMHSP Members may also serve on the ENTITY Board.

**4.3 TERM.** The term of office for an ENTITY Board Director shall be three (3) years from May 1st of the year of appointment. The initial ENTITY Board appointments will be staggered into one (1) year, two (2) year and three (3) year terms.

**4.4 REMOVAL.** The Members may remove its appointee/s to the Board at any time. The Board is responsible for informing the Member if there is a lack of participation or attendance by the Member's appointee/s. The Board may recommend to the relevant Member the removal of a Board Director for either neglect of official duty or misconduct in office, after the individual is given a written statement of the reasons for the removal and an opportunity to be heard.

**4.5 RESIGNATION.** Any Board Director may resign at any time by providing written notice to the ENTITY. The resignation will be effective on receipt of the notice or at a later time designated in the notice. A vacancy shall be filled for an unexpired term by the CMHSP Member in the same manner as the original appointment.

**4.6 MEETINGS.** The Board shall determine the frequency of meetings as required to effectively govern and operate the ENTITY and shall meet not less than quarterly.

**4.7 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.

**4.8 MEETING BY REMOTE COMMUNICATION.** A Director may participate in a meeting by teleconference, a virtual platform or other technological means that facilitate participation and the identity of the Director may be discerned and through which all persons participating in the meeting can communicate with each other. All Board Directors shall be present for in person voting. This subsection 4.8 is subject to the requirements under the Open Meetings Act.

**4.9 QUORUM AND VOTING.** A majority of the Board Directors then in office constitutes a quorum for the transaction of any business at any meeting of the Board.

Actions voted on by a majority of the Board Directors present at a meeting where a quorum is present shall constitute authorized actions of the Board. Each Board Director shall have one (1) vote.

**4.10 PARLIAMENTARY AUTHORITY.** Robert's Rules of Order shall govern all questions of procedures that are not otherwise provided for by these Bylaws, or by State law.

**4.11 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 chair 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. All Board Directors will annually disclose any conflicts of interest while serving on the Board. The Board of Directors will ensure that any disclosures are written into the minutes of the Board meeting or committee meeting as applicable.

**4.12 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."). 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.

## **ARTICLE 5 COMMITTEES**

**5.1 COMMITTEES.** The Governing Board shall determine the number and type of committees required to effectively govern and operate the ENTITY.

**5.2 EXECUTIVE BOARD.** The Executive Committee shall:

5.2.1 Consist of the Board Chair, Vice Chair, Secretary, and the other two Directors will be one from each remaining Member of who do not have an elected officer for the ENTITY.

## **ARTICLE 6 BOARD OF DIRECTORS OFFICERS**

**6.1 OFFICERS.** The officers of the ENTITY will be appointed by the Board of Directors pursuant to a nomination and election process adopted by the Board. The initial officers will be a chairperson, a vice chairperson, and a secretary. No Member shall have more than one officer. 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.

**6.2 APPOINTMENT.** The election of officers of the ENTITY will occur during the annual meeting of the Board of Directors. The ENTITY Board will appoint a nominating committee for the annual meeting for the purpose of recommending officer candidates to the full Board to serve during the next twenty four (24) month period.

**6.3 TERM OF OFFICE.** The term of office of all officers will commence upon their election and continue for a two-year term. An officer may resign at any time upon written notice to the ENTITY Board of Directors. Notice of resignation is effective on receipt or at a time designated in the notice.

**6.4 VACANCIES.** A vacancy in any office for any reason may be filled by the Board of Directors. The acting officer shall fill the unexpired term of the vacancy until the next annual meeting of the ENTITY Board.

**6.5 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.

**6.6 CHAIR.** The Chair shall preside at all Board meetings. The Chair shall have the power to perform the duties of the office and as may be assigned by the Board.

**6.7 VICE CHAIR.** The Vice Chair shall assume the duties of the Chair in the absence of the Chair. The Vice Chair shall perform duties as assigned by the Chair or the Board. The Vice Chair shall perform all duties assigned to the office.

**6.8 SECRETARY.** The Secretary shall ensure completion of minutes of the ENTITY Board meetings, ensure that the notice of meetings is given to Board Directors as required by law or these Bylaws, ensure the safe storage of ENTITY records, ensure the maintenance of a register of names and addresses of all Board Directors, and ensure the completion of all required administrative filings as required by the ENTITY's legal structure, including compliance with the Open Meetings Act.

## **ARTICLE 7 STAFF POSITIONS**

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

**7.2 FISCAL OFFICER.** The Chief Financial Officer of the ENTITY shall serve as the fiscal officer as defined in MCL 330.1204b. The Chief Financial Officer shall have charge and custody over ENTITY funds and securities, maintain accurate records of ENTITY receipts and disbursements, deposit all moneys and securities received by the ENTITY at

such depositories in the ENTITY's name that may be designated by the Board and perform all duties incident to the office and as assigned by the Chief Executive Officer. The Chief Financial 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 of Directors in accordance with the ENTITY's Operating Agreement.

**7.3 OTHER OFFICER EMPLOYMENT AND POSITIONS.** An officer of the Board elected by the Board of Directors may concurrently hold another office with a CMHSP Member's governing body. An officer of the Board may not hold more than one (1) office with the ENTITY at any time.

## **ARTICLE 8 ADVISORY BOARD**

**8.1 ADVISORY BOARD:** The Board shall establish Advisory Boards and shall establish the purpose, membership, officers, and frequency of meetings via resolution as is necessary.

## **ARTICLE 9 CORPORATE DOCUMENT PROCEDURE AND ACCOUNTABILITY**

**9.1 FINANCIAL ACCOUNTABILITY.** On an annual basis, after the completion of each fiscal year, the Board will engage an independent public accounting firm to conduct an independent audit of the ENTITY's financial status and compliance with financial policies.

**9.2 REPORTS.** All reports included in these Bylaws or otherwise required by the Board from time to time will be presented to the Board by delivery of same to the Chief Executive Officer, who shall be responsible for distributing such reports to the Board of Directors. Each report will be presented by the Chair to the ENTITY Board of Directors at a meeting of the Board for discussion and approval or other actions as may be required. In addition, the Chief Executive Officer of the ENTITY on behalf of the Board will provide an annual report of its activities to each Member.

## **ARTICLE 10 IMMUNITY/LIABILITY/INSURANCE**

**10.1 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).

**10.2 LIABILITY.** 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, 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.

10.2.1 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 directors, 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 directors, officers, employees or representatives, by statute or court decisions.

10.2.2 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.

10.2.3 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.

10.2.4 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.

10.2.5 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.

10.3 **INSURANCE.** The ENTITY may purchase and maintain insurance on behalf of any person who is or was an ENTITY Board director, officer, employee or representative of the ENTITY, against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the ENTITY would have power to indemnify the person against such liability under these Bylaws or the laws of the State of Michigan.

10.4 **MEMBERS' FAILURE TO PAY.** The Board will regularly calculate, assess, vote on, and collect from the Members each Member's designated share of the ENTITY's cost and expenses prior to making distributions of funds to the Members, to avoid a Member's nonpayment of its designated share of the ENTITY's expenses and infringe upon the rights of the other Members (1204b(1)(h)).

## **ARTICLE 11 ALLOCATION OF ASSETS AND LIABILITIES**

**11.1 ALLOCATION.** The ENTITY's assets and liabilities will be allocated to each Member as provided in the Operating Agreement, which is incorporated herein by reference, or some other agreement approved by the Members and incorporated herein by reference.

11.1.1 **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 per 11.1 above.

11.1.2 **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 per 11.1 above.

11.1.3 **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 per 11.1 above.

11.1.4 **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.

11.1.5 **DISSOLUTION.** Should dissolution occur, the funds and assets will be distributed as agreed upon, by the Member CMHSPs, in accordance with the Medicaid Managed Specialty Supports and Services Contractual agreement.

11.1.6 **SPECIAL FUND ACCOUNT.** The ENTITY shall not be entitled to a Member's special fund account under MCL 330.1226a, unless that Member specifically contracts with the ENTITY for such activity or upon the revocation of the Member's community mental health services programs certification with the State of Michigan under MCL 330.1232a (1240b(1)(d)).

11.1.7 **OTHER ADMINISTRATION ACTIVITIES.** The Board of Directors will, on an ongoing basis, consider possible administrative efficiencies where appropriate through the recommendation of the CEO.

## **ARTICLE 12 SPECIAL EMPLOYMENT MATTERS**

**12.1 ASSUMING THE DUTIES OF MEMBERS.** The ENTITY shall only assume the duties of a Member if the Member loses certification under MCL §330.1232a or the Member's Board votes to approve the ENTITY assuming specified duties. If the ENTITY assumes the duties of a Member or contracts with a private individual or ENTITY to assume the duties of a Member, the ENTITY shall comply with all of the following (1204b(7)).

12.1.1 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:

- a. An employee of the ENTITY is a public employee
- b. The ENTITY and its employees are subject to 1947 P.A. 336, MCL 423.201 to 423.217 (1204b(7)(a)).

**12.2 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:

12.2.1 An employee of the ENTITY is a public employee; and

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

**ARTICLE 13  
CONTRACTS**

**13.1 CONTRACTS.** The Board shall delineate the parameters within governance policies which the Chief Executive Officer of the ENTITY may enter into contracts on behalf of the ENTITY with third parties, including contracts involving the acquisition, ownership, custody, operations, maintenance, lease or sale of real personal property and the deposit, division or distribution of property acquired by the execution of a contract (1204b(1)(f)).

**ARTICLE 14  
FISCAL YEAR**

**14.1 FISCAL YEAR.** The fiscal year of the ENTITY will begin on October 1 and end on September 30.

**ARTICLE 15  
AMENDMENTS**

**15.1 BYLAW AMENDMENTS.** Any action by the CMHSP Members to amend or repeal these Bylaws or adopt new Bylaws will require unanimous approval by vote of the existing CMHSP Members in the form of duly adopted written resolutions from their respective governing bodies, to be binding upon the ENTITY. Notice setting forth the terms of the proposed amendment or repeal shall be given in accordance with any notice requirement for a meeting of the ENTITY Board of Directors.

**15.2 FILING BYLAWS.** These Bylaws, including any amendment, shall be effective only after being duly adopted in accordance with MCL 330.1204b(1) and subsequently filed with the clerk of each county in which the CMHSP Members are located and with the Michigan Secretary of State.