

MUSKEGON COUNTY BOARD OF COMMISSIONERS  
MUSKEGON COUNTY, MICHIGAN  
AGENDA

**WAYS AND MEANS**

Hall of Justice  
990 Terrace, Muskegon, MI 49442  
May 2, 2013 - 4:00 p.m

James Derezinski, Chair  
Charles Nash, Vice-Chair

- 
1. Call to Order
  2. Roll Call
  3. Approval of the Minutes of April 16, 2013
  4. Public Comment (on an agenda item)
  5. Items for Consideration
    - WM13/05 – 36 (Administration) Approve Accounts Payable
    - WM13/05 – 37 (Administration) Create the Public Defender Position (NX00440) and Authorize Administration to Begin Recruitment
    - WM13/05 – 38 (Human Resources) Approve Termination of the Humana Contract and Approve Authorization to Contract with Delta Dental
    - WM13/05 – 39 (Mental Health) Authorize the Resolution to Render Final Approval of Final Bylaws and Approve Creation of the Regional Entity Known as the Region Three Prepaid Inpatient Health Plan
  6. Old Business
  7. New Business
  8. Public Comment (on a new topic)
  9. Closed Session – Pending Litigation
  10. Adjournment

**Public Comment**  
Persons may address the Commission during the time set aside for Public Comment or at any time by suspension of the rules. All persons must address the commission and state their name for the record. Comments shall be limited to **two (2) minutes** for each participant, unless time is extended prior to the public comment period by a vote of a majority of the commission.

**AMERICAN DISABILITY ACT POLICY FOR ACCESS TO OPEN MEETINGS OF THE MUSKEGON COUNTY BOARD OF COMMISSIONERS AND ANY OF ITS COMMITTEES OR SUBCOMMITTEES**

The County of Muskegon will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities who want to attend the meeting upon 24-hour notice to the County of Muskegon. Individuals with disabilities requiring auxiliary aids or services should contact the County of Muskegon by writing or calling: Administration, 990 Terrace Street Muskegon MI 49442 (231) 724-6520

**Muskegon County  
Ways & Means Committee  
April 16, 2013  
4:00 p.m.  
Hall of Justice  
990 Terrace  
Muskegon, MI**

**James Derezinski, Chair**

**Charles Nash, Vice-Chair**

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**MINUTES**

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**CALL TO ORDER**

The meeting was called to order by Commissioner Derezinski at 4:00 p.m.

**ROLL CALL**

Present: Benjamin Cross, James Derezinski, Marvin Engle, Susie Hughes, Kenneth Mahoney, Charles Nash, Rillastine Wilkins

Excused: Terry Sabo, Robert Scolnik

**APPROVAL OF MINUTES**

It was moved by Wilkins, supported by Cross, to approve the minutes of the April 4, 2013, meeting as written. Motion carried.

**PUBLIC COMMENT (On an agenda item)**

None.

**PRESENTATION: Tribute in Recognition of Robert Cutler**

Chairman Mahoney presented a Tribute in Recognition of Robert Cutler to Mr. Cutler's family on behalf of the Board of Commissioners.

**ITEMS FOR CONSIDERATION**

WM13/04 – 29 It was moved by Cross, supported by Mahoney, to approve payment of the accounts payable of \$3,143,582.11 covering the period of March 30, 2013 through April 9, 2013 as presented by the County Clerk. Motion carried.

WM13/04 – 30 It was moved by Cross, supported by Wilkins, to accept the funding in the amount of \$37,638 from the Michigan State Police, Bryne JAG program with a match of \$4,182 from the forfeiture fund and authorize

the County Administrator to sign the grant agreement on-line and the Chairman of the County Board of Commissioners to sign all other documents required for the completion of the project. Motion carried.

WM13/04 – 31 It was moved by Mahoney, supported by Hughes, to approve the resolution establishing the 2013 equalized valuation for Muskegon County as determined and submitted by the Muskegon County Equalization Department. Motion carried.

WM13/04 – 32 It was moved by Cross, supported by Wilkins, to implement the following funding transfers within the Muskegon County Prosecutor's Office effective March 1, 2013:

Position X75004 (Senior APA FT) be transferred from 2140-2320 to 1010-0229 (Prosecutor's General Fund)

Position X08502 (APA II FT 50%) be transferred from 2140-2320 to 1010-0229 (Prosecutor's General Fund)

Position X08504 (APA II FT) be transferred from 1010-0229 (Prosecutor's General Fund) to 2140-2320

Position X00805 (APA I FT 85%) be transferred from 1010-0229 (Prosecutor's General Fund) to 2140-2320 with the remaining 15% of this position continue to be funded by the Prosecutor's General Fund (1010-0229)

Position X08501 (APA II FT 35%) be transferred from 1010-0229 (Prosecutor's General Fund) to 2140-2320 with the remaining 65% of this position continue to be funded by the Prosecutor's General Fund (1010-0229) Motion carried.

WM13/04 – 33 It was moved by Cross, supported by Mahoney, to authorize the purchase of the property known as 8434 Meinert Road for \$36,000 plus associated closing costs and real estate transfer tax to be paid from the Parks current fund balance (2080-0691) and further authorize the Chair of the Board of Commissioners to execute the Purchase Agreement and any other necessary documents. Motion carried.

WM13/04 – 34 It was moved by Hughes, supported by Wilkins, to authorize the Parks to contract with the Muskegon County Road Commission to accomplish the paving and shoulder work items (projects #1-7 on the attached quote) and further authorize the Parks to borrow the funds needed to complete this project (currently estimated at \$107,218) and from the Equipment Revolving fund, to be repaid over a period of 10 years with interest calculated at the current prime rate of 3.25%. Motion carried.

**OLD BUSINESS**

None.

**NEW BUSINESS**

WM13/04 – 35      It was moved by Wilkins, supported by Nash, to authorize the cancellation of both Transportation Committee and Community Development/Strategic Planning Committee meetings scheduled for Thursday, April 18<sup>th</sup>, 2013, due to lack of action items. Motion carried.

**PUBLIC COMMENT (On a new topic)**

Mr. Dan Stout, Emergency Services Director, addressed the Board and provided an update on the West Michigan Shoreline Regional Development Commission audit.

**ADJOURNMENT**

There being no further business to come before the Ways & Means Committee, the meeting adjourned at 4:22 p.m.

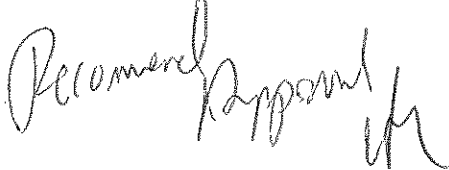

# REQUEST FOR BOARD CONSIDERATION-COUNTY OF MUSKEGON

COMMITTEE Ways & Means		BUDGETED    NON-BUDGETED    PARTIALLY BUDGETED		
REQUESTING DEPARTMENT Administration	COMMITTEE DATE May 2, 2013	REQUESTOR SIGNATURE Bonnie Hammerstey		
SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)				
Accounts payable - already distributed.				
SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)				
I move to approve payment of the accounts payable of \$69,528,400.18 covering the period of April 10, 2013 through April 26, 2013, as presented by the County Clerk.				
ADMINISTRATIVE ANALYSIS (AS APPLICABLE)				
<u>HUMAN RESOURCES ANALYSIS:</u>		<u>FINANCE &amp; MANAGEMENT ANALYSIS:</u>		
		Recommend Approval		
<u>CORPORATE COUNSEL ANALYSIS:</u>		<u>ADMINISTRATOR RECOMMENDATION:</u>		
		approval		
AGENDA DATE: 5/2/13	AGENDA NO.: WM13/05-36	BOARD DATE: 5/14/13	PAGE NO.	

**RECAP**  
**FOR ACCOUNTS PAYABLE**

Total checks issued	04/10/13	through	04/26/13	\$ 8,025,666.30
Total P-Card Purchases	03/01/13	through	03/30/13	\$ 112,951.67
Total Electronic Fund Transfers	10/01/12	through	03/31/13	<u>61,502,733.88</u>
TOTAL ACCOUNTS PAYABLE				<u>\$ 69,528,400.18</u>

# REQUEST FOR BOARD CONSIDERATION-COUNTY OF MUSKEGON

COMMITTEE Ways & Means		BUDGETED    NON-BUDGETED    PARTIALLY BUDGETED	
REQUESTING DEPARTMENT Administration	COMMITTEE DATE May 2, 2013	REQUESTOR SIGNATURE Bonnie B. Hammersley	
SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)			
<p>The FY2014 budget will include the creation of the Public Defender Department. Due to the complexity of creating a new department that serves the court system, the initial implementation of key activities will occur outside of the routine budget approval process. Over the next few months, the County Board will be presented with a number of motions for consideration and approval to begin the creation of a Muskegon County Public Defender Department. This is the first motion for consideration, which will create the Public Defender position and authorize recruitment of the position. The Public Defender will be appointed by the County Board of Commissioners and report to the County Administrator. The Public Defender serves as the responsible attorney of record for all indigent or partially indigent adult criminal, juvenile and select civil cases, as the first choice for appointment by the courts to provide competent, constitutionally mandated legal representation, as counter-part to all prosecution components within the judicial system. The Public Defender will act as a Department Director overseeing the Public Defender Department. The job description is attached for review.</p>			
SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)			
Move to create the Public Defender position (NX00440) salary range \$85,550 - \$106,885 and authorize Administration to begin the recruitment immediately.			
ADMINISTRATIVE ANALYSIS (AS APPLICABLE)			
<u>HUMAN RESOURCES ANALYSIS:</u>  Recommend Approval D. Groeneveld		<u>FINANCE &amp; MANAGEMENT ANALYSIS:</u>  	
<u>CORPORATE COUNSEL ANALYSIS:</u>		<u>ADMINISTRATOR RECOMMENDATION:</u>  	
AGENDA DATE:    5/2/13    AGENDA NO.:    WM 13/05-37    BOARD DATE:    5/14/13    PAGE NO.			

## MUSKEGON COUNTY, MICHIGAN

**CLASS TITLE: PUBLIC DEFENDER**

### **DISTINGUISHING FEATURES OF THE CLASS**

The Public Defender is appointed by the County Board of Commissioners and is under the direction of the County Administrator, the Public Defender, serves as the responsible attorney of record for all indigent or partially indigent adult criminal, juvenile and select civil cases, as the first choice for appointment by the courts to provide competent, constitutionally mandated legal representation, as counter-part to all prosecution components within the judicial system.

### **SUPERVISION RECEIVED**

The Public Defender is under the general administrative direction of the County Administrator and performs job duties as directed, yet uses independent discretion as the county public defender for ensuring that constitutional guarantees are upheld, rights are protected and due process is implemented fairly, equally, equitably, consistently, reasonably and transparently in pursuit of justice.

### **SUPERVISION EXERCISED**

The Public Defender directs a workforce of full-time staff of committed, skilled and experienced attorneys who function collectively as assistant public defenders to the county public defender.

### **TYPICAL EXAMPLES OF WORK PERFORMED**

(The following examples are intended to be descriptive but not restrictive.)

- Develop and implement long and short term goals, objectives, policies, procedures and work standards for the department to include in particular the establishment and direction of programs to maximize operational effectiveness and cost efficiencies;
- Direct the preparation and administration of the Department's budget; makes budget and program presentations to the Board of Commissioners; monitors expenditures to ensure that they are within budget guidelines.
- Develop and implements programs to assess, meet or exceed mandated standards adopted as a requirement by the American Bar Association (ABA) and the State Bar of Michigan (SBM) for competent legal defense services.
- Establish and direct an effective program for the recruitment, training, utilization and supervision of highly qualified volunteers to augment the staff of attorneys as assistant public defenders.
- Plan, organize, assign, direct, review and evaluate the work of attorneys and support staff;
- Select staff personnel and provides for their training and professional development; interprets laws and regulations and County policies to subordinates;
- Confer with departmental staff to monitor activities, coordinate work effort and resolve problems and issues unique to the attorney staff;
- Provide professional assistance to staff, other County departments and public and private organizations in areas of legal expertise to include meetings with appointed and elected governmental officials, civic leaders and others;
- Monitors legal developments, including legislation and court decisions which may impact the work of the Department; ensure that legal staff is kept up to date on such developments;
- Review and supervise the review of criminal investigations to determine adequacy of evidence to justify searches, seizures and the authorization of charges by the prosecution;



Regularly meet with attorneys to review activities, coordinate work effort, discuss and resolve problems, and assure adherence to department goals, objectives, and policies.

Direct assistant public defender attorneys in gathering and analyzing case evidence, preparing arguments, filing necessary documents, and presenting cases in court; assigns cases to assistants, reviews progress, and provides technical assistance and guidance;

Direct the maintenance of accurate legal records and files; prepare or direct the preparation of briefs, legal materials, reports, correspondence and other written materials;

Substitute for attorneys as necessary and/or personally handle complex, sensitive or significant representation problems;

Ensure that adequate professional and technical assistance is provided to staff, other county departments and public and private organizations in areas of expertise;

Represent county in meetings with appointed and elected governmental officials, civic leaders and others;

Approve pre-trial investigations, motions, polygraph examinations and expert witnesses while directing the defense of all criminal cases including in particular those that are most complex or sensitive criminal cases, to include appearance in court to substitute personally as needed;

Direct the representation of juveniles in Neglect and Abuse (NA) cases as Guardian-ad- Litem or represent respondent parents in addition to defending juveniles in delinquency matters;

Direct the representation of the defense in Friend of the Court cases related to child support and cooperative reimbursements as well as civil contempt, criminal and juvenile matters.

Interact productively with Sheriff's Department, State Police and other law enforcement agencies, courts, private attorneys and social agencies to ensure adequateness of criminal investigations and evidence to justify prosecutions;

Actively collaborates, cooperates, coordinates and/or directs programs designed to reduce recidivism through effective rehabilitation of convicted criminals;

Keep informed of legal precedents and relevant legislation by reading professional journals and court rulings, conferring with legislators and attending meetings, seminars and conferences;

May speak before groups regarding the criminal justice system and the constitutionally mandated role of the defense.

## **EXPERIENCE, TRAINING, KNOWLEDGE, SKILLS AND ABILITIES**

### **A. Required Experience and Training**

1. Possess a Undergraduate Degree (with preferable courses in business management and/or criminal law) plus a Juris Doctor Degree with a required Certificate of Admittance to the State Bar of Michigan and authority to practice law throughout the state; AND  
Have a minimum of seven (7) years of experience in the practice of criminal law or governmental law, and at least five (5) years of progressively more responsible experience in the administrative supervision of legal services; AND
2. Authority to practice law in the State of Michigan and admittance to practice in front of federal courts and the U.S. Supreme Court is desirable;
3. Must be licensed in good standing to drive a motor vehicle and possess a valid Michigan driver's license.

### **B. Required Knowledge, Skills and Abilities**

Knowledge, skills and experience in management/supervision, enlightened leadership, human relations, finance/budget, office administration, planning, organizing, communications (written and oral),

Knowledge of public/media/labor relations, county-wide technology plans, county guiding principles, core competencies,  
Considerable ability with computer/word processing, legal skills, judgment/problem solving, teamwork building and motivational proficiency that lead to world class status quality service.  
Knowledge of principles and practices of criminal, civil contempt and juvenile law, particularly as related to the defense of clients, investigations, research, data analysis, report preparation techniques and computer applications related to the work.  
Considerable ability to plan, organize and direct a high volume law firm that encompasses directing the work of others, providing for their training and professional development, interpreting, applying and explaining laws, policies and regulations, analyzing complex legal and administrative problems, evaluating alternatives and adopting sound courses of action.

**PHYSICAL ACTIVITIES**

An employee in this class performs generally sedentary work activity requiring the occasional lifting of objects thirty-five (35) pounds or less.

**ENVIRONMENTAL CONDITIONS**

This employee works in the Muskegon County Public Defender Department and the court system in the Hall of Justice (HOJ), although occasional travel throughout the County and State may be required.

**CAREER OPPORTUNITIES**

This is the highest level administrative position within the Muskegon County Public Defender Department.

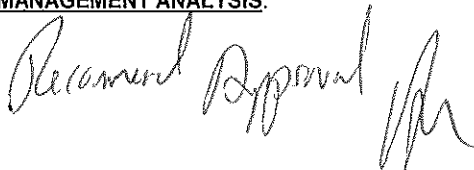
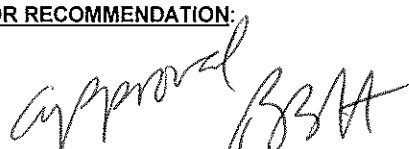
Approved by: \_\_\_\_\_  
**Bonnie Hammersley, County Administrator**

Date: \_\_\_\_\_

Approved by: \_\_\_\_\_  
**D. Groeneveld, Human Resources Director**

Date: \_\_\_\_\_

# REQUEST FOR BOARD CONSIDERATION-COUNTY OF MUSKEGON

<b>COMMITTEE</b> Ways & Means		<b>BUDGETED</b> <input checked="" type="checkbox"/>	<b>NON-BUDGETED</b> <input type="checkbox"/>	<b>PARTIALLY BUDGETED</b> <input type="checkbox"/>
<b>REQUESTING DEPARTMENT</b> Human Resources	<b>COMMITTEE DATE</b> May 2, 2013	<b>REQUESTOR SIGNATURE</b> D. Groeneveld		
<b>SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)</b>  Request authorization to terminate the current contract with Humana, effective May 31, 2013, for dental insurance coverage for active, eligible, Muskegon County employees. Further request authorization to contract with Delta Dental on a self-insured basis, effective June 1, 2013, to provide dental insurance coverage for active, eligible, Muskegon County employees. The Delta Dental contract will be for 16 months, expiring September 30, 2014. This change from a Humana fully-insured product to a Delta Dental self-insured product has a projected savings of \$130,830 or 19.6%.				
<b>SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)</b>  I move to approve the termination of the Humana contract, effective May 31, 2013. In addition, I move to approve authorization to contract with Delta Dental on a self-insured basis for the period June 1, 2013 through September 30, 2014 for dental insurance coverage for active, eligible, Muskegon County employees.				
<b>ADMINISTRATIVE ANALYSIS (AS APPLICABLE)</b>				
<b><u>HUMAN RESOURCES ANALYSIS:</u></b>  Recommend Approval - Deborah Groeneveld		<b><u>FINANCE &amp; MANAGEMENT ANALYSIS:</u></b>  		
<b><u>CORPORATE COUNSEL ANALYSIS:</u></b>		<b><u>ADMINISTRATOR RECOMMENDATION:</u></b>  		
<b>AGENDA DATE:</b> 5/2/13	<b>AGENDA NO.:</b> WM13/05-38	<b>BOARD DATE:</b> 5/14/13	<b>PAGE NO.</b>	

# RFP Financials: Fully Insured Composite Rate

Dental PPO

	Humana Group Current		Blue Cross Blue Shield of Michigan		Delta Dental Plans Association	
	Enrollees	Rates	Initial Rates	Revised Rates	Initial Rates	Revised Rates
	944	\$59.05	\$60.66	\$59.05	\$63.15	\$61.15
<b>Annual Total</b>	<b>944</b>	<b>\$668,918</b>	<b>\$687,156</b>	<b>\$668,918</b>	<b>\$745,363</b>	<b>\$692,707</b>
<b>\$ Difference</b>			\$18,238	\$0	\$46,445	\$23,789
<b>% Difference</b>			2.7%	0.0%	6.9%	3.6%



# RFP Financials: ASO Fee

	Blue Cross Blue Shield of Michigan	Delta Dental Plans Association	Delta Dental Plans Association	
Current Employees	Proposed PEPM Fee	Initial Proposed PEPM Fee	Revised Proposed PEPM Fee	
Dental Administration Fee	944	\$3.75	\$3.95	\$3.75
Dental Network Access Fee				
Other				
<b>Estimated Annual Total</b>		<b>\$42,430</b>	<b>\$44,746</b>	<b>\$42,430</b>

Rate Guarantee End Date 4/1/2013 - 9/30/2014      30 Months      18 Months

\*Delta also provided an Alternate Fee Offer - see Delta's proposal for details



# RFP Financials: ASO Fee



Funding Arrangement	Humana	Blue Cross Blue Shield	Delta Dental Plans Association	
	Current	of Michigan	Initial ASO	Revised ASO
Composite Rate	944	ASO	ASO	ASO
ASO Fee Per Employee Per Month	\$59.05	\$3.75	\$3.95	\$3.75
Estimated Monthly Claim Projection	N/A	\$42,754	\$41,301	\$41,301
Estimated Annual Claim Projection	N/A	\$513,051	\$495,608	\$495,608
<b>Estimated Annual Total</b>	<b>\$563,918</b>	<b>\$535,731</b>	<b>\$540,934</b>	<b>\$538,083</b>
<b>\$ Difference from Current</b>		<b>(\$113,388)</b>	<b>(\$128,565)</b>	<b>(\$130,830)</b>
<b>% Difference from Current</b>		<b>-17.0%</b>	<b>-19.2%</b>	<b>-19.6%</b>

Humana claims paid 2011 - 2012 \$601,466



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# REQUEST FOR BOARD CONSIDERATION-COUNTY OF MUSKEGON

COMMITTEE Ways & Means		BUDGETED    NON-BUDGETED    PARTIALLY BUDGETED X	
REQUESTING DEPARTMENT Mental Health	DATE May 2, 2013	REQUESTOR SIGNATURE Julia Rupp, Executive Director	
SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)			
<p>On October 26, 2012, the Michigan Department of Community Health (MDCH), released a map of proposed new PIHP regions starting in October of 2013. As the map indicates, MDCH proposes the reduction of PIHP's from 18 to 10, and places Muskegon County in a new region with Ottawa, Allegan, Kent, Lake, Oceana, and Mason Counties.</p> <p>Muskegon County CMH has anticipated the formation of the Western Region for over a year and has been meeting with the above mentioned boards for quite some time. Areas of focus have been the creation of unified values, goals and objectives, and bylaws of the new region. In addition, at the last Board Association Conference, the Board Chairs of the proposed Western region met and reviewed the draft by-laws. The Muskegon County Administrator has also received an update of all work related to regional entity development.</p> <p>MDCH released a "Notice of Intent to Apply" (NOIA), requiring each region to formally notify MDCH that it intends to submit a formal "Application for Participation" (AFP), to serve as the region's Prepaid Inpatient Health Plan (PIHP). The NOIA outlined the general expectations of the new regional entity. The AFP was submitted by the due date of April 1, 2013.</p> <p>The attached resolution, requiring signature, establishes Muskegon CMH's intent to become part of the Lakeshore Regional Entity.</p>			
SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)			
<p>I move to authorize the resolution to render the final approval of final bylaws and approve the creation of the Regional Entity known as the Region Three Prepaid Inpatient Health Plan (PIHP), consisting of Ottawa, Allegan, Kent, Lake, Muskegon, Oceana and Mason County CMHs.</p>			
ADMINISTRATIVE ANALYSIS (AS APPLICABLE)			
HUMAN RESOURCES ANALYSIS:		FINANCE & MANAGEMENT ANALYSIS: 	
CORPORATE COUNSEL ANALYSIS:		ADMINISTRATOR RECOMMENDATION: 	
<b>Approved by CMH Board on 3/22/13</b>			
AGENDA DATE: 5/2/13	AGENDA NO.: Wm 13/05-39	BOARD DATE: 5/14/13	PAGE NO.

**RESOLUTION  
MUSKEGON COUNTY  
BOARD OF COMMISSIONERS**

**WHEREAS**, there are currently eighteen (18) Medicaid prepaid inpatient health plans ("PIHP") under Michigan's Medicaid 1915(b)/(c) Concurrent Managed Specialty Services and Supports Waiver Program (the "Waiver");

**WHEREAS**, the Michigan Department of Community Health ("MDCH") has determined that the next iteration of the Waiver will require a reduction in the number of PIHPs, from eighteen (18) to ten (10), and the simultaneous creation of ten (10) regions to be served by the PIHPs;

**WHEREAS**, the effective date of the PIHP restructuring is January 1, 2014, pending approval of a renewed Waiver by the Centers for Medicare and Medicaid Services;

**WHEREAS**, as part of the restructuring, MDCH has assigned Muskegon County CMHS to Region 3 together with four (4) other community mental health services programs (collectively the "Region 3 CMHSPs");

**WHEREAS**, on February 6, 2013, MDCH released the 2013 Application for Participation ("AFP") in the renewed Waiver, for the re-procurement of PIHPs;

**WHEREAS**, pursuant to the AFP the only entities qualified to submit an application are regional entities formed under MCL 330.1204b of the Mental Health Code, 1974 P.A. 258, ("Regional Entity") and entities formed under the Urban Cooperation Act, 1967 (Ex Sess) P.A. 7 ("UCA Entity");

**WHEREAS**, the Chief Executive Officers of the Region 3 CMHSPs ("Region 3 Executives") have been meeting to consider the proposed PIHP restructuring and the formation of a new entity as the PIHP for Region 3;

**WHEREAS**, the Region 3 Executives have agreed that creating a Regional Entity will best serve the structural, governance and operational needs of the Region 3 PIHP;

**WHEREAS**, the Region 3 CMHSPs are authorized under MCL 330.1204b(1) to create a Regional Entity by the adoption of Bylaws for the Regional Entity;

**WHEREAS**, the Chief Executive Officer of Muskegon County CMHS has presented a comparison of Regional Entities and UCA Entities to the Muskegon County Board Of Commissioners and recommends that the Muskegon County Board of Commissioners approve the creation of a Regional Entity to serve as the PIHP for Region 3; and



**WHEREAS**, the Chief Executive Officer of Muskegon County CMHS has presented proposed Bylaws of the Regional Entity to the Muskegon County Board of Commissioners for review and recommends their adoption.

**NOW THEREFORE BE IT RESOLVED** that the Muskegon County Board of Commissioners has considered the formation of a Regional Entity verses a UCA Entity, and hereby approves the creation of a Regional Entity to serve as the PIHP for Region 3, in accordance with MCL 330.1204b;

**FURTHER RESOLVE**, that the Muskegon County Board has reviewed the proposed Bylaws and hereby approves and adopts the Bylaws substantially in the form as presented;

**FURTHER RESOLVE** that the Chief Executive Officer of Muskegon County CMHS is hereby authorized and directed to execute and deliver said Bylaws with any non-substantive additions or modifications deemed necessary to effectuate the creation of the Regional Entity, as approved by the Chief Executive Officer of Muskegon County CMHS and legal counsel representing Muskegon County CMHS in the creation of the Regional Entity;

**FURTHER RESOLVE** that the Chief Executive Officer of Muskegon County CMHS is hereby authorized and directed to execute and deliver any and all instruments, certificates, agreements and other documents necessary to consummate the creation of the Regional Entity; and

**FURTHER RESOLVE** that the effective date of the creation of the Regional Entity shall be the date upon which the Bylaws are filed with the Secretary of State (Office of the Great Seal) and the County Clerk of each county in which the Region 3 CMHSPs are located.

RESOLUTION DECLARED ADOPTED.

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Chairman, Muskegon County Board

I hereby certify that the foregoing is a true and complete copy of the Resolution duly adopted by the Muskegon County Board of Commissioners at a meeting held on \_\_\_\_\_, at which a quorum was present, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, 1976 P.A. 267, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

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Nancy A. Waters  
Muskegon County Clerk

BYLAWS OF LAKESHORE REGIONAL BEHAVIORAL HEALTH CARE ENTITY

ARTICLE I  
PURPOSES and POWERS

1.1 **Statutory Authority.** Lakeshore Regional Behavioral Health Care Entity (the "Entity"), is 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 (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 provide or arrange for the provision of mental health, developmental disability and substance use disorder services ("Behavioral Health Services") within the designated service area of the Members.

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 within the designated service areas of the Members.

1.3.3 Maintain and improve quality of management and delivery of Behavioral Health Services to persons within the designated service areas of the Members.

1.3.4 Increase uniformity and reduce undesired variance in the quality and cost of Behavioral Health Services to persons within the designated service areas of the Members.

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 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 Member 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 shall 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 shall be accomplished and powers shall be exercised shall be through the actions of the Members for those powers reserved to the Members under these Bylaws and through the actions of the Executive Board as set forth in these Bylaws or as delegated by the Executive Board to officers, committees or other agents as permitted by these Bylaws.

## **ARTICLE II THE MEMBERS**

2.1 **The Members.** The Members forming the Entity shall remain separate legal governmental entities and shall 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, to be 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 Board from time to time; provided that such agreement is approved by vote of the Members as provided in Sections 2.2 and 2.8. The Members are "participating community mental health services programs" as that term is used in MCL § 330.1204b.

2.3 **The Member Vote.** The Members shall each have one vote on those matters reserved to the Members in Section 2.9. A unanimous vote of the Members shall be required to constitute authorized actions of the Members, which shall be conveyed in the form of a duly adopted written resolution of the governing body of the Member and delivered to the Executive Board.

2.4 **Withdrawal of the Member.** Any Member may withdraw from participation with the Entity effective upon providing to the Executive Director 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 Board and other positions appointed by the withdrawing Member shall terminate upon the effective date of the withdrawal of the Member and no replacement shall be appointed nor vacancy be deemed to occur by reason of the Member

withdrawal and termination of positions. Written notice required shall 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 other Members.

**2.6 New Participating Member.** New Members may be admitted by a vote of two-thirds (2/3) of the Members. At any time that the new Member is admitted and enters into the Operating Agreement to participate in the Entity, the new Member shall 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 will be resolved according to the terms of the Operating Agreement.

**2.8 The Member Payment of Designated Share of the Entity's Costs and Expenses.** The Executive Board will regularly calculate, assess, and collect from the Members each Member's designated share of the Entity's costs and expenses.

**2.9 Reserved Powers and Rights of the Members.** Each Member shall possess the powers and rights reserved to the Members under these Bylaws which shall include the power to approve the following:

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

2.9.2 the Operating Agreement, any amendment thereto and its termination;

2.9.3 fix compensation of the Executive Board, if any;

2.9.4 a plan of merger or consolidation;

2.9.5 the termination 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 Members from time to time as set forth in the Operating Agreement, approved by the Members and incorporated herein by reference;

2.9.7 secured borrowings and unsecured borrowings in excess of amounts established from time to time by the Members, as set forth in the Operating Agreement approved by the Members and incorporated herein by reference;

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 III EXECUTIVE BOARD

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

3.2 **Number.** There will be two Directors appointed to the Executive Board by each of the Members. The Directors will be determined as follows:

3.2.1 The Members will appoint two designees who are members of the respective Community Mental Health Boards to serve as a Director on the Executive Board. The Members will determine in their sole discretion from time to time who from the Community Mental Health Board will serve as their appointed Director to the Executive Board. At any time the Members may appoint, remove, or replace its appointee to the Executive Board.

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 Executive Board shall also 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 Executive Board shall also include consumer representation.

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

3.3 **Term.** Each Director of the Executive Board will hold office until the Director's death, resignation, removal by the Member appointing him or her, completion of the appointed term or withdrawal of the appointing Member.

3.4 **Resignation.** Any Director may resign at any time by providing written notice to the Entity and to the Member Appointing 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 Section 3.2.1 of these Bylaws.

3.5 **Board Vacancies.** A vacancy on the Board shall be filled by the Member that originally filled the person's vacated position.

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

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

3.8 **Special Meetings.** Special meetings of the Executive Board may be held at the call of the Chair of the Executive Board or, in the Chair's absence, the Secretary, or by a majority of the Executive Board Directors. Addressed in 3.15, below.

**3.9 Waiver of Notice.** The attendance of a Director at an Executive Board meeting shall 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 shall constitute a waiver of notice of the meeting.

**3.10 Meeting by Telephone or Similar Equipment.** An Executive Board 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 3.10 constitutes presence in person at the meeting.

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

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

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

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

**3.15 Alternates/Designees.** The Members may appoint official designees to serve in place of their appointed Executive Board Directors in the event that a Director is unable to attend a regularly scheduled meeting. This designee shall have full voting rights for the purpose of the meeting he/she is designated to attend. Alternates may not hold staff positions with any of the Members.

**3.16 Compliance with Laws.** The Entity and its Members, Executive Board, officers, staff and other employees shall 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 shall be taken by the appropriate source. The Entity shall develop such compliance policies and procedures. In the event that any such noncompliance is found, immediate corrective action as defined in the Operating Agreement shall be taken by the appropriate source to ensure compliance. Compliance policies and procedures will be defined in the Operating Agreement.

## ARTICLE IV COMMITTEES

4.1 **General Powers.** The Executive Board, by resolution adopted by a vote of a majority, may designate one or more committees, each committee consisting of one or more Executive Board Directors and other appointed Members. The Executive Board may also designate one or more Executive Board Directors as alternate committee Members who may replace an absent or disqualified Member at a committee meeting. All committees designated by the Executive Board shall serve at the pleasure of the Executive Board.

A committee designated by the Executive Board may exercise any powers of the Executive Board in managing the Entity's business and affairs, to the extent provided by resolution of the Executive Board. However, no committee shall 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 a board or committee; or.

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

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

4.3 **Operations Committee:** An Operations Committee will be formed consisting of the CEOs of the Members or their designees. The Operations Committee will meet monthly or as otherwise agreed upon by members of the Operations Committee, and have the responsibilities and authority assigned by the Executive Board and outlined in the Operating Agreement.

4.4 **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 shall be created through a contract with each of the counties served by the entity. The substance use disorder oversight policy board shall include the members called for in the establishing agreement, but shall 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 shall perform the functions and responsibilities assigned to it through the establishing agreement, which shall include at least the following responsibilities:

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

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



(c) Advice and recommendations regarding contracts with substance use disorder treatment or prevention providers.

(d) Any other terms as agreed to by the participating parties consistent with the authorizing legislation.

## **ARTICLE V OFFICERS**

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

5.2 **Term of Office.** Each officer shall 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 Executive Board.

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

5.5 **Chair.** The Chair shall preside at all Executive Board meetings. The Chair shall have the power to perform duties as may be assigned by the Executive Board. The Chair shall perform all duties incident to the office.

5.6 **Vice Chair.** The Vice Chair, shall have the power to perform duties that may be assigned by the Chair or the Executive Board. If the Chair is absent or unable to perform his or her duties, the Vice Chair shall perform the Chair's duties until the Executive Board directs otherwise. The Vice Chair shall perform all duties incident to the office.

5.7 **Secretary.** The secretary shall (a) keep minutes of Executive Board meetings; (b) be responsible for providing notice to each Executive Board Director as required by law or these Bylaws; (c) be the custodian of the Entity records; (d) keep a register of the names and addresses of each officer and Executive Board Director; (e) complete all required administrative filings required by the Entity's legal structure; and (f) perform all duties incident to the office and other duties assigned by the Executive Board.

## ARTICLE VI STAFF POSITIONS

6.1 **Chief Executive Officer.** The Chief Executive Officer shall have the authority delegated to that position from time to time by the Executive Board. 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 shall serve as the fiscal officer as defined in MCL § 330.1204b and shall (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 Executive 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 Executive 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 VII CONSUMER ADVISORY BOARD

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

7.2 **Purpose.** The purpose of the Consumers Advisory Board is to advance the purposes of the Entity by providing input, analysis, and advise to the Executive Board concerning matters related to the Entity's purposes.

7.3 **Membership.** The Consumers Advisory Board shall consist of one consumer appointed to the Consumers Advisory Board from time to time by the Members of the Entity. For purposes of this Article VII, a "consumer" means a "primary consumer" as that term is defined in MCL § 330.1100c (5) of the Mental Health Code. At any time a Member may appoint, remove, or replace its appointee to the Consumers Advisory Board. Each appointee serves at the pleasure of the Member by which he or she was appointed and shall serve until such appointee dies, resigns, or is removed by the Member that appointed the appointee.

7.4 **Officers.** The officers of the Consumers Advisory Board shall be chair and vice chair. The Members of the Consumers Advisory Board shall select officers of the Consumers Advisory Board by majority vote of the Members of the Consumers Advisory Board with each such Member being entitled to one vote. The term of the officers shall be one year. The chair shall preside at all Consumers Advisory Board meetings and serve as the chief spokesman for the Consumers Advisory Board. The vice chair shall perform all the function 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 Consumers Advisory Board Members and to the Executive Board Chair.

7.5 **Meetings.** The Consumers Advisory Board shall meet as directed by the Executive Board, and their meetings shall be governed by the rules provided in Section 3.12 of these

Bylaws for meetings of the Executive Board. Minutes shall be recorded at each committee meeting and shall be presented to the Executive Board.

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

8.1 **Financial Accountability.** The Chief Fiscal Officer, with the assistance of the Executive Director, shall maintain a process providing for strict accountability of all funds and will provide to the Executive Board a detailed financial report at intervals determined by the Executive Board. On an annual basis, after the completion of each fiscal year, the Executive Board 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 Executive Board from time to time will be presented to the Executive Board by delivery of the same to the Executive Director, who shall be responsible for distributing such reports to the Executive Board Directors. Each such report will be presented by the Chair to the Executive Board at a meeting of the Executive Board for discussion and approval or other action as required by the Executive Board's review and analysis of such report. To the extent required by MCL § 330.1204b (5), the Chair will direct the Executive Director 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 Director or other appointee to the Executive Board.

## **ARTICLE IX 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's board members, 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 shall not be responsible for the acts, omissions, debts or other obligations and responsibilities of the Entity or any other Member or the Board members, 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall be borne by each party in relation to each party's responsibilities under the joint activities, provided that nothing herein shall 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 shall separately bear and shall be separately responsible for only those financial obligations related to their respective duties and responsibilities.

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

10.1 **Allocation.** The manner in which the Entity's assets and liabilities shall 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 shall 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.

10.1.2.1 Failure by the Member to pay its designated share of the Entity's costs and expenses within sixty (60) days of receiving notice of the amount due, may be grounds for removal of the Member under Section 2.5 of these Bylaws.

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 shall be returned to the Members will be 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 shall be distributed back to the Members based on the proportion of the contribution. Distributions upon a dissolution following said three (3) year period, shall be determined by the Members.

10.1.6 **Other Administration Activities.** The Regional Entity Board and/or its Operations Committee will, on an ongoing basis, consider possible administrative efficiencies where appropriate.

## ARTICLE XI 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 shall comply with all of the following:

11.1.1 **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:

- (i) An employee of the Entity is a public employee; and
- (ii) The Entity and its employees are subject to 1947 PA 336, MCL § 423.201 to 423.217.

11.2 **Transferred Employees.** Any employees of the Member who are transferred to the Entity and appointed as employees of the Entity shall 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 shall be transferred to the Entity and appointed as employees of the Entity who shall retain all the rights and benefits from their prior Member employment for 1 year. An employee of the Entity shall 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 shall not be diminished by reason of the transfer.

11.3 **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 XII CONTRACTS**

12. **Contract Process.** The Executive Board shall 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 shall be approved by the Executive Board prior to execution on behalf of the Entity.

## **ARTICLE XIII COMPENSATION**

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

## **ARTICLE XIV FISCAL YEAR**

The fiscal year of the Entity shall end on September 30.

## **ARTICLE XV AMENDMENTS**

The Members may amend or repeal these Bylaws, or adopt new bylaws by vote of two-thirds (2/3) of the Members, 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 Board. No amendment to these Bylaws shall be effective until filed as provided in Article XVII.

**ARTICLE XVI  
EFFECTIVE AUTHORITY OF BYLAWS**

These Bylaws, including any amendment thereof, shall be effective only after it has been duly adopted in accordance with MCL § 330.1204b (1) and subsequently filed with the clerk of each county in which the Member is located and with the Michigan Secretary of State. The Secretary of the Entity shall make a record in the books and records of the Entity of the date and place of filing of these Bylaws as provided herein and the effective date of these Bylaws, which will be the last date of filing of such Bylaws as provided in this Article.

**ARTICLE XVII  
DISSOLUTION**

The Members may dissolve the Entity by a vote of two-thirds (2/3) of the Members, 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 shall 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 shall determine to be organized and operated for purposes similar to the Entity's purposes.

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