

**NORTHERN MICHIGAN REGIONAL ENTITY
ADMINISTRATIVE MANUAL**

POLICY NAME: NORTHERN MICHIGAN REGIONAL ENTITY BYLAWS
CHAPTER: ONE – MISSION, VISION & VALUES
POLICY #: 01-01-002
EFFECTIVE DATE: February 27, 2013

APPLICATION

This policy applies to the structure and operations of the Northern Michigan Regional Entity (NMRE) as set forth and agreed upon by its five member Community Mental Health Services Programs (CMHSPs) as evidenced by signature.

POLICY

It is the policy of the Northern Michigan Regional Entity to recognize the following:

ARTICLE I - DEFINITIONS

- 1.1 **Entity** – Means the Northern Michigan Regional Entity formed pursuant to 1974 P.A. 258, as amended, MCL § 330.1204b, a public governmental entity separate from the authority, county, or organization that establishes it. (MCL § 330.1204b(3)).
- 1.2 **Governing Board** – Means the governing body of the Entity, appointed by the Members.
- 1.3 **Member** – Means the community mental health services programs named in Section 3.1 that have entered into the Operating Agreement.
- 1.4 **Mental Health Code** – Means 1974 P.A. 258, as amended
- 1.5 **Operating Agreement** – Means the written agreement amongst the Members that described the formal operations of the Entity subsequent to the approval by the Members’ respective governing bodies. The Operating Agreement shall be incorporated in these Bylaws by reference.

ARTICLE II - PURPOSES AND POWERS

- 2.1 **Purpose.** The Northern Michigan Regional Entity (the “Entity”) is formed under the provisions of Michigan’s Mental Health Code, 1974 P.A. 258, as amended (the “Mental Health Code”), MCL § 330.1204b by the following community mental health services programs: AuSable Valley Community Mental Health Authority; Manistee-Benzie Community Mental Health Organization (d/b/a/ Centra Wellness Network); North Country Community Mental Health Authority; Northeast Michigan Community Mental Health Authority; and the Northern Lakes Community Mental Health Authority (the “Members”) for the purposes of: carrying out the provisions of the Mental Health Code and other State and Federal statutory obligations; acting initially as the prepaid inpatient health plan; and serving as the regional coordinating agency for substance use disorders in the designated service areas of the Members. (1204b(1)(a)).
- 2.2 **Powers.** The Entity has the following powers:

- 2.2.1 the power, privilege, or authority that the Members share in common and may exercise separately under the Mental Health Code, as specified in these Bylaws or as granted by the Members under subsection 2.2.6 (1204b(2)(a));
- 2.2.2 the power to contract with the State to serve as the Medicaid specialty service prepaid health plan for the designated service areas of the Members (1204b(2)(b));
- 2.2.3 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 participated in the Entity, and from a private or civic source (1204b(2)(c));
- 2.2.4 the power to enter into a contract with the Member for any service to be performed, for, by, or from the Member (1204b(2)(d));
- 2.2.5 the power to create a risk pool and take other actions as necessary to reduce the risk that the Members otherwise bear individually; and
- 2.2.6 Other powers granted by the Members that they share in common and may exercise separately under the Mental Health Code.

2.3 Entity Actions. The manner by which the Entity’s purpose will be accomplished and powers will be exercised shall be through the actions of the Members as provided in Article II of these Bylaws and through the actions of the Governing Board or as delegated by the Governing Board to officers, committees, or other agents, as provided in these Bylaws [Sec. 204b(1)(a)].

2.4 Member Retained Powers. The Members shall retain all powers, rights, and authority afforded community mental health services programs, organized and operated as community mental health authorities, agencies, or organizations under the Mental Health Code. Only the powers and authority specifically delegated to the Entity under these Bylaws, the Operating Agreement, or any other agreement between the Members, are transferred to the Entity.

ARTICLE III - THE MEMBERS

3.1 Members. The 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, [Sec. 204b(1)], who have entered into an Operating Agreement.

3.2 Member Vote. Each Member shall have one vote which shall be conveyed in the form of a duly adopted written resolution of the governing body of the Member and delivered to the Governing Board. All actions taken by the Members shall require a unanimous vote.

3.3 New Members. New members may be admitted by a unanimous vote of the current Members. Any time a new Member is admitted and enters into the Operating Agreement, the new Member shall be entitled to all the rights and obligations of the Members as provided in these Bylaws (1204b(1)(b)(i)).

- 3.4 Removal of the Member.** A Member may be removed by unanimous vote of the other Members.
- 3.5 Withdrawal of the Member.** Any Member may withdraw from participation with the Entity effective upon providing the Chief Executive Officer and the Chair of the Governing Board written notice. Notice shall be given at least six 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 as a Member of the Entity. The Governing Board members 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.
- 3.6 Dispute Resolution.** The manner for adjudicating a dispute or disagreement among the Members shall be set forth in the Operating Agreement, approved by the Members and incorporated herein by reference.
- 3.7 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:
- 3.7.1 all amendments, restatements, or the adoption of new Bylaws;
 - 3.7.2 the Operating Agreement, any amendment thereto and its termination;
 - 3.7.3 a plan of merger, consolidation, or joint venture;
 - 3.7.4 the termination and dissolution of the Entity and distribution of assets and liabilities, if any;
 - 3.7.5 the appointment and removal of the members of the Governing Board; and
 - 3.7.6 the sale, transfer, or other disposition of substantially all the assets of the Entity.

ARTICLE IV - GOVERNING BOARD

- 4.1 General Powers.** The business, property, and affairs of the Entity shall be managed by the Governing Board. The Governing Board of the Entity shall be a policy Board. It shall not directly operate the Entity, only determine policy which the CEO shall execute.
- 4.2 Numbers and Composition.** Each of the Members shall appoint three individuals from the Members' current Board roster to serve on the Governing Board. At least one individual (primary and/or secondary consumer) shall have received mental health or substance use disorder services, as defined in the Mental Health Code and the Public Health Code, 1978 P.A. 368, and 2012 P.A. 500.
- 4.3 Term.** The initial terms of members of the Governing Board shall be staggered as determined by the initial Governing Board. All subsequent members of the Governing Board shall serve a three (3) year term.

- 4.4 Removal.** The members may remove its appointee/s to the Governing Board at any time. The Governing Board is responsible for informing the Member if there is a lack of participation or attendance by the Member's appointee/s. The Governing Board may recommend to the relevant Member the removal of a Governing Board member 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 Governing Board member 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 successor will be appointed as provided in Section 4.6 of these Bylaws.
- 4.6 Entity Governing Board Vacancies.** A vacancy on the Governing Board shall be filled by the Member that originally filled the vacated position to complete the term.
- 4.7 Meetings.** The Governing Board shall determine the frequency of meetings as required to effectively govern and operate the Entity and shall meet not less than quarterly.
- 4.8 Quorum and Voting.** A majority of the Governing Board members then in office constitutes a quorum for the transaction of any business at any meeting of the Governing Board. Actions voted on by a majority of the Governing Board members present at a meeting where a quorum is present shall constitute authorized actions of the Governing Board. Each member of the Governing Board shall have one (1) vote.
- 4.9 Meeting by Remote Communication.** A Governing Board member may participate in a meeting by conference telephone or any similar communication equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.
- 4.10 Conflict of Interest Policy.** The Governing Board shall adopt and adhere to a conflict of interest policy. All Governing Board members will annually disclose any conflicts of interest while serving on the Governing Board.
- 4.11 Compliance with Open Meetings Act and Freedom of Information Act.** The Entity shall fully comply with all applicable laws, regulations, and rules, including without limitation 1976 P.A. 267 (the "Open Meetings Act") and 1976 P.A. 422 (the "Freedom of Information Act").
- 4.12 Dual Office.** Governing Board members may hold another office with any of the participating members (1204b(1)(b)(iii)).

ARTICLE V - GOVERNING BOARD 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 Chairperson, Vice Chairperson, Secretary, and two members one from each remaining Members of whom do not have an elected officer of the Entity.

ARTICLE VI - OFFICERS OF THE GOVERNING BOARD

- 6.1 Officers.** The Officers of the Entity shall be Chair, Vice Chair, and Secretary where no Member shall have more than one officer, who shall be elected by the Governing Board following the latest version of the Roberts Rules of Order.
- 6.2 Chair.** The Chair shall preside at all Governing Board meetings. The Chair shall have the power to perform the duties of the office and as many be assigned by the Governing Board.
- 6.3 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 Governing Board. The Vice Chair shall perform all duties assigned to the office.
- 6.4 Secretary.** The Secretary shall be responsible for ensuring the records of the Entity are properly recorded, processed, and stored. The Secretary shall be responsible for providing notice to each Governing Board member, as required by law or these Bylaws, complete and administrative filing and perform all duties incident to the office and other duties assigned by the Governing Board.
- 6.5 Term of Office.** Each officer shall hold office for a term of one (1) year. Officers may serve a maximum of three (3) consecutive years. Upon completion of his/her term/s the Chair's replacement shall be appointed from another Member's appointee to the Governing Board, to allow for an equitable rotation of the Chair positions amongst the Members.

ARTICLE VII - STAFF POSITIONS

- 7.1 Chief Executive Officer.** The Chief Executive Officer shall have the authority delegated to that position from time to time by the Governing Board.
- 7.2 Fiscal Officer.** The Governing Board shall appoint a Fiscal Officer who shall receive, deposit, invest, and disburse the Entity's funds in a manner authorized by these Bylaws or the Governing Board.

ARTICLE VIII - ADVISORY BOARD

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

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, 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 Liability. Except as otherwise provided 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 Governing 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 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 Governing Board members, officers, employees, or representatives; provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the Entity or its Governing Board members, officers, employees, or representatives, by statute or court decision.
- 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 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 Governing Board members, officers, directors, employees, and authorized representatives; provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the Member or its Governing Board members, officers, employees, or representatives, by statute or court decision.
- 9.2.3 Each Member and the Entity will seek its own legal representative and 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 the activities conducted jointly under these Bylaws or any agreement between the Members or the Members and the Entity, such liability, loss, or damage 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 public or governmental 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 Member and the Entity shall separately bear and shall be separately responsible for only those financial obligations related to their respective duties and responsibilities.

9.3 Insurance. The Entity may purchase and maintain insurance on behalf of any person who is or was a Governing Board member or officer, or an 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.

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, at a minimum as follows:

- 10.1.1 **Revenues.** The Entity shall equitably provide for, obtain, and allocate 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 fees (1204(1)(c)(i)); first in accordance with law, second by the payment source allocations (contractual), third in accordance with direction given by the Governing Board, and fourth as may be set forth in the Operating Agreement, approved by the Governing Board and incorporated herein by reference,
- 10.1.2 **Capital and Operating Costs.** The 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 shall be in proportion to Section 10.1.1 above (1204(1)(c)(ii)).
- 10.1.3 **Other Assets.** The Governing Board shall direct the method of allocating the Entity's other assets whenever possible in accordance with Section 10.1.1 (1204(1)(c)(iii)).
- 10.1.4 **Surplus Fund.** After the completion of the Entity's purpose as specified in these Bylaws, any surplus funds shall be returned to the Members as directed by the Governing Board per Section 10.1.1 (1204(1)(c)(iv)).
- 10.1.5 **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 clarification with the State of Michigan, under MCL § 330.1232a (1204b(1)(d)).
- 10.1.6 **Accountability of Funds.** The Entity shall maintain a process of providing for strict accountability of all funds and will provide the Governing Board a detailed financial report at intervals required by the Governing Board. On an annual basis, after the completion of each fiscal year, the Governing Board will engage an independent public accounting firm to conduct an audit of the Entity's financial status and compliance with financial policies (1204b(1)(e)).

- 10.1.7 **Contracts.** The Governing 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.
- 10.1.8 **Member Disputes.** Member Disputes or disagreements will be resolved in accordance with the terms of the Operating Agreement, approved by the Governing Board and incorporated herein by reference (1204b(1)(f)).
- 10.1.9 **Members' Failure to Pay.** The Governing 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 Member, to avoid a Member's nonpayment of its designated share of the Entity's expenses and infringe upon the rights of other Members (1204b(1)(h)).

ARTICLE XI - REPORTS

- 11.1 **Annual Reports.** The Entity shall provide an annual report of its activities to each Member (1204b(5)).

ARTICLE XII – AMENDMENTS

- 12.1 **Bylaw Amendments.** The Members may amend or repeal these Bylaws, or adopt new bylaws by a unanimous vote of the Members, if notice setting forth the terms of the proposed amendment has been given in accordance with any notice requirement for a meeting of the Governing Board. These Bylaws, including any amendment thereof, shall be effective only after it has been duly adopted in accordance with MCL § 330.1204b and subsequently filed with the clerk of each county in which all Members are located and with the Michigan Secretary of State (1204b(1)(i) and 1204b(6)).

ARTICLE XIII – BYLAWS

- 13.1 **Bylaw Filing and Effect.** These Bylaws and any subsequent amendments shall be filed with the clerk of each county in which each Member is located and with the Secretary of State, before the Bylaws or any subsequent amendments become effective (1204b(6)).

ARTICLE XIV - SPECIAL EMPLOYMENT MATTERS

- 14.1 **Assuming the Duties of Members.** The Entity shall only assume the duties of a Member if the Member loses certification under MCL § 330.1232a of the Member's governing board votes to approve the Entity assuming specific 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)):

- 14.1.1 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)).

14.1.2 **Transferred Employees.** At the time the Entity is established, the employees of the Members who are transferred to the Entity and appointed as employees shall retain all the rights and benefits for one (1) year. If at the time the Entity is established under this section a Member ceases to operate, the employees of the Member shall be transferred to the Entity and appointed as employees who shall retain all the rights and benefits for one (1) year. An employee of the Entity shall not, by reason of the transfer, be placed in a worse position for a period of one (1) year with respect to worker’s compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or another benefit that 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 (1204b(7)(b)).

14.1.3 **Collective Bargaining.** If a 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. Establishing an Entity does not adversely affect existing rights or obligations contained in the existing collective bargaining agreement. For the purposes of this subsection, “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 (1204b(7)(c)).

SIGNATURES:

<i>Signed copy is on file with NMRE</i>	Board Chair	Date
For AuSable Valley Community Mental Health		
<i>Signed copy is on file with NMRE</i>	Board Chair	Date
For Centra Wellness Network		
<i>Signed copy is on file with NMRE</i>	Board Chair	Date
For North Country Community Mental Health		
<i>Signed copy is on file with NMRE</i>	Board Chair	Date
For Northeast Michigan Community Mental Health		
<i>Signed copy is on file with NMRE</i>	Board Chair	Date
For Northern Lakes Community Mental Health		