

MID-STATE HEALTH NETWORK BYLAWS

ARTICLE I FORMATION

Preamble. 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 MDCH; 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 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.

Definitions.

The definitions contained in the Operating Agreement shall be incorporated by referenced here.

ARTICLE II THE CMHSP PARTICIPANTS

2.1 **CMHSP Participants.** The CMHSP Participants 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.

2.2 **CMHSP Participant Vote.** The CMHSP Participants of the Entity will each have one (1) vote on those matters reserved to the CMHSP Participants in Section 2.3. The CMHSP Participant’s vote shall be conveyed in the form of duly adopted written resolutions of the governing body of each of the CMHSP Participants.

2.3 **CMHSP Participant Reserved Powers.** Each CMHSP Participant shall possess the powers and rights retained and reserved to the CMHSP Participants under these Bylaws which shall include the power to approve the following:

2.3.1 All amendments, restatements or adoption of new bylaws;

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

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

2.3.4 The termination of the Entity and distribution of assets and liabilities, if any;

2.3.5 The issuance of debt which exceeds certain threshold amounts established for the Entity by the CMHSP Participants in the Operating Agreement;

2.3.6 Secured borrowings and unsecured borrowings in excess of amounts established in the Operating Agreement by the CMHSP Participants; and

2.3.7 The sale, transfer or other disposition of substantially all of the assets of the Entity.

2.4 **New CMHSP Participants.** New CMHSP Participants to the Entity may be added pending written support from the State for purposes of preserving the community mental health system. If addition of these new CMHSP Participants to the Entity is not required by the State, it is seen as within the sole discretion of the existing CMHSP Participants. Thus when not required by the State, the addition of new CMHSP Participants to the Entity requires the approval of two-thirds (2/3) of the governing bodies of the existing CMHSP Participants, conveyed via a duly adopted written resolution of these governing bodies. New CMHSP Participants added to the Entity will be entitled to any membership or governance rights in the same manner as the existing CMHSP Participants. Any new CMHSP Participants added under this section will forward any claims to existing Medicaid risk reserves to the Entity on a pro-rated basis upon date of admission as negotiated with MDCH.

ARTICLE III POWERS

3.1 **Powers.** Except as otherwise stated in these Bylaws, the Entity's powers are limited to the following, all of which are provided under MCL 330.1204b(2):

3.1.1 The power to contract with the State to serve as the Medicaid specialty service prepaid inpatient health plan and substance use disorder coordinating agency for the Service Area including the responsibility and authority to ensure compliance with related federal and State contract requirements;

3.1.2 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 a private or civic source;

3.1.3 The power to enter into contracts including without limitation a contract with a CMHSP Participant for any service to be performed for, by, or from the CMHSP Participant;

3.1.4 The power to create a risk pool and take other actions as necessary to reduce the risk that the CMHSP Participants otherwise bear individually;

3.1.5 The power to review, alter and approve annual capital and operating budgets and strategic plans of the Entity; and

3.1.6 The power to appoint and remove the Chief Executive Officer of the Entity.

3.2 **Entity Actions.** The manner by which the Entity's purposes will be accomplished and powers will be exercised shall be through the actions of the CMHSP Participants as provided in Article II 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.

3.3 **CMHSP Participant Retained Powers.** CMHSP Participants 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 Participants are transferred to the Entity.

ARTICLE IV ENTITY BOARD OF DIRECTORS

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

4.2 **Number.** There will be twenty-four (24) Entity Board members.

4.3 **Appointment.** The CMHSP Participants shall appoint members of the Entity Board. Each CMHSP Participant will appoint two (2) members to the Entity Board. The appointment becomes effective upon receipt by the Entity Board of a duly adopted written resolution of the CMHSP Participant's governing body.

4.3.1 A Board member shall have his or her primary place of residence in the CMHSP Participant's Service Area;

4.3.2 A Board member shall not be an employee of the Department of Community Health or a community mental health services program;

4.3.3 A Board member 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;

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

4.3.5 At least one (1) board member from each CMHSP Participant shall be a primary consumer or family member of a primary consumer as defined in the Michigan Mental Health Code;

4.3.6 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

4.3.7 Notwithstanding anything to the contrary in these Bylaws, any board member of the CMHSP Participants may also serve on the Entity Board.

4.4 **Term.** The term of office for an Entity Board member 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.

4.5 **Removal.** At any time a CMHSP Participant may appoint, remove, or replace its appointees to the Entity Board without cause. The removal becomes effective upon receipt by the Entity Board of a duly adopted written resolution of the CMHSP Participant's governing body.

4.6 **Resignation.** An Entity Board member may resign at any time by providing notification to the appointing CMHSP Participant. The resignation will be effective upon receipt of the notice by the CMHSP Participant or at a later time as designated in the notice.

4.7 **Board Vacancies.** A vacancy on the Entity Board may occur through death, removal or resignation of the Board member. A vacancy shall be filled for an unexpired term by the CMHSP Participant in the same manner as the original appointment.

4.8 **Annual Meeting.** An annual meeting of the Entity Board of Directors will be held each year at such time and place as designated by the Board.

4.9 **Regular Meetings.** The Entity Board of Directors will hold regular meetings on at least a quarterly basis at a time and location as determined by the Board. Notice in writing of each meeting shall be given to each Entity Board member by email or U.S. Mail at least five (5) days prior to each meeting and include the date, time and place of

such meeting. Proper notice shall be given to the public pursuant to the Open Meetings Act, 1976 P.A. 267, as amended.

4.10 **Special Meetings**. Special Meetings of the Entity Board of Directors may be held at the discretion of the Chairperson or Vice Chairperson in the Chairperson's absence. Notice in writing of each special meeting shall be given to each Board member by email, fax, or U.S. Mail at least 48 hours prior to each meeting and include the date, time, agenda topics and place of such meeting. The MSHN Executive Assistant shall post at least 18 hours before the special meeting a public notice, as required by 1976 P.A. 267.

4.11 **Waiver of Notice**. The attendance of an Entity Board member at a Board meeting shall constitute a waiver of notice of the meeting, except where a Board member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened. In addition, the Entity Board member may submit a signed waiver of notice that shall constitute a waiver of notice of the meeting.

4.12 **Quorum and Voting**. The presence of thirteen (13) members of the Board of Directors shall constitute a quorum for the transaction of business by the Entity Board. Actions voted on by a majority of Entity Board members present at a meeting where a quorum is present shall constitute authorized actions of the Board, excepting, however, to adopt a budget, to hire/fire/discipline the CEO or to recommend changes to the Bylaws or Operating Agreement, it shall require thirteen (13) votes. Board members are considered present for the purposes of voting if they are physically present during the meeting or are present via telephone, teleconference, videoconference, or other similar means, through which all Board members participating can communicate with each other, for the entire duration of the discussion which is the subject of the motion and/or vote, subject to the following requirement:

A. **Physical Presence**. A Board member may participate in a Board meeting without being physically present only if a quorum of the Board of Directors is physically present at a duly constituted Board meeting.

4.13 **Compensation and Expenses**. Entity Board members shall be paid per diem and mileage expenses as fixed by the Entity Board.

4.14 **Conflict of Interest Policy**. The Entity Board of Directors shall adopt and adhere to a conflict of interest policy which shall require, among other things, the disclosure to the Board Chairperson and any committee chairperson any actual or possible conflicts of interest. All Board members will annually disclose any conflicts of interest while serving on the Board.

4.15 **Compliance with Laws**. The Entity and its CMHSP Participants, Board, officers and staff 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"). The Entity shall develop compliance policies and procedures. In the event that any noncompliance is found, immediate corrective action,

as defined in the Operating Agreement, shall be taken by the appropriate source to ensure compliance.

ARTICLE V COMMITTEES

5.1 **Powers.** The Entity Board of Directors, by resolution adopted by vote of the majority, may designate one (1) or more committees, each committee shall consist of one (1) or more Board members and other appointed members. A committee designated by the Entity Board of Directors will be given proper instructions necessary to discharge the committee's responsibilities. All committees will forward any recommendations to the full Board for consideration.

5.2 **Type of Committees.** All committees authorized by the Entity Board of Directors will be considered Ad Hoc and time-limited to discharge the identified responsibilities. The Chairperson of the Entity Board will designate individual appointments to committees and membership may include any interested individuals considered necessary to fulfill the responsibilities of the committee.

5.3 **Meetings.** Committees shall meet as directed by the Entity Board and meetings shall be governed by the same rules of order and documentation requirements as the Board of Directors. Minutes shall be recorded at each committee meeting and shall be presented to the Entity Board of Directors.

5.4 **Parliamentary Authority.** Robert's Rules of Order, shall govern all questions of procedures which are not otherwise provided by these Bylaws, or by State law.

5.5 **Convening Of Committees And Minutes Requirements.** Meetings of a committee, sub-committee or special committee (hereinafter referred to as "committee") may be convened by its chairperson or by a majority of its members at any time upon reasonable notice to its members (but not less than 48 hours prior notice given to each member by personal delivery, email, mail or fax) and to the chairperson of the Board, provided said notice complies with the requirements of the Open Meetings Act, 1976 P.A. 267. All committee meetings shall be open to the public, with the exception of closed meetings as provided by the Open Meetings Act, 1976 P.A. 267. Each committee shall prepare an agenda.

Minutes shall be kept on file in the office of MSHN. Every committee shall provide an opportunity for the public to be heard at the beginning and end of the agenda. Members of the public may address the Board or Committee for up to three (3) minutes. Individuals desiring to speak shall be required to identify themselves.

5.6 **Order of Precedence of Motions.** When a motion is seconded and before the Board and/or a Committee, no other motion shall be received except the following:

- a. To fix the time to which to adjourn

- b. To adjourn
- c. For the previous question
- d. To lay on the table
- e. To postpone indefinitely
- f. To postpone to a date certain
- g. To refer
- h. To amend

These motions shall have precedence in the order as above named.

5.7 **Motions to Adjourn.** A motion to adjourn shall always be in order except while a vote is being taken on any other motion already before the Committee or Board, or when a member has the floor; provided, that there shall be other intervening business or a change in the circumstances between the two motions to adjourn.

5.8 **Motions to Reconsider.** A motion for the reconsideration of any question shall be in order if made on the same day or at the Committee or Board meeting next succeeding that on which the decision proposed to be reconsidered was made; providing, however, that a second reconsideration of any question or a reconsideration at a later date may be had with the consent of two-thirds (2/3) of the members elected and serving, but in such event the moving member shall file written notice of his/her intention to move for a reconsideration in the office of the MSHN at least one day before making such a motion.

5.9 **Reports and Motions Requiring Signatures.** All reports of Committees shall be in writing and the names of the members of such Committees concurring in such reports shall be noted thereon. Every written resolution or motion shall have noted the name of the member or members introducing the same.

5.10 **Division of Question.** Upon request by any member, any question before the Committee or Board may be divided and separated into more than one question; provided, however, that such may be done only when the original is of such a nature that upon division, each of the resulting questions is a complete question permitting independent consideration and action.

5.11 **Appeal From Decision Of Chairperson.** When an appeal is taken from the decision of the Chairperson, the member taking the appeal shall be allowed to state his/her reason for doing so. The question shall be then immediately put in the following form: "Shall the ruling of the Chairperson be sustained?" The question shall be determined by a majority vote of the members present, except the Chairperson, upon the request of any member, shall not preside over such a vote.

5.12 **Motion To Clear The Floor.** If, in the judgment of the Chairperson, there is a confusion of parliamentary procedure existing, the Chairperson shall have the right to request a "motion to clear the floor" which motion, if made and seconded, shall be undebatable, shall take precedence over all other motions, shall be forthwith put by the

Chairperson, and, if carried, shall clear the floor completely and with the same effect as if all matters on the floor were withdrawn. The motion to clear the floor shall not be reconsidered; but its passage shall not limit the right of any member to move the reconsideration of any other matter in the same manner as, but for the passage of the motion to clear the floor, would be in accordance with these Rules.

ARTICLE VI OFFICERS

6.1 **Officers**. The officers of the Entity shall be elected by the Board of Directors and shall also be members of the Board. The initial officers shall be a Chairperson, Vice Chairperson, and a Secretary. Officers will be annually elected by authorized vote of the Board of Directors. The Entity Board may choose to elect other officers as the Board deems appropriate and necessary to complete the business of the Board. At any given time, either the Chairperson or Vice Chairperson of the Entity Board shall be a primary consumer or family member of a primary consumer as defined in the Michigan Mental Health Code.

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 (2) year term without limitation on an officer's possible re-election to office. 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 Entity 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 elected by the Entity Board of Directors may be removed from office prior to completion of the annual term with cause by two-thirds (2/3) majority vote of the Entity Board.

6.6 **Chair**. The Chairperson shall preside at all Entity Board meetings. The Chairperson shall have the power to perform duties incident to the office.

6.7 **Vice Chair**. The Vice Chairperson shall have the power to perform duties of the Chair if the Chairperson is absent or unable to perform his or her duties until otherwise directed by the Entity Board.

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 members 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 members and ensure the completion of all required administrative filings as required by the Entity's legal structure, including compliance with the Open Meetings Act.

6.9 **Other Officer Employment and Positions.** An officer of the Board elected by the Board of Directors may concurrently hold another office with a CMHSP Participant's governing body. An officer of the Board may not hold more than one (1) office with the Entity at any time.

ARTICLE VII STAFF POSITIONS

7.1 **Chief Executive Officer.** The Chief Executive Officer of the Entity will have full managerial and operational authority of the Entity as delegated to that position by the Entity Board of Directors. The Chief Executive Officer will be appointed by the Board of Directors and may be a paid employee of the Entity. The Chief Executive Officer shall have the power to perform duties incident to the office as may be assigned by the Entity Board.

7.2 **Chief Financial 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 Positions as Approved by the Board.** The Chief Executive Officer will recommend other staff positions for the Entity as necessary to fulfill the managerial responsibilities of the Entity. The Board of Directors will retain the authority to approve or disapprove any positions recommended by the Chief Executive Officer which are not budgeted.

7.4 **Restrictions.** While serving as the Entity's Chief Executive Officer or the Chief Financial Officer (or the Chief Operating Officer or Chief Information Officer if any), those individuals shall not hold any position with any CMHSP Participants.

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

ARTICLE VIII REPORTS/CONTRACTS

8.1 **Authority for Entity Documents.** All entity documents (including agreements, insurance and annuity contracts, qualified and nonqualified deferred compensation plans, checks, notes, disbursements, loans and other debt obligations) shall not be signed by any employee, contractual staff, officer, designated agent or attorney-in-fact unless authorized by the Entity Board of Directors, adopted policies and procedures or these Bylaws. When the execution of any contract or other instrument has been authorized by the Board without specification of an executing officer, the Chairperson, Secretary or Chief Executive Officer may execute the same on behalf of the Entity. The Entity Board shall have the authority to designate other officers and agents who will have authority to execute any instrument or document on behalf of the Entity. The entity documents referenced in this section include, but are not limited to, a contract involving the acquisition, ownership, custody, operation, maintenance, lease, or sale of real or personal property and the disposition, division or distribution of property acquired through execution of the contract.

8.2 **Financial Accountability.** On an annual basis, after the completion of each fiscal year, the Entity Board will engage an independent public accounting firm to conduct an independent audit of all of the Entity's receipts and disbursements.

8.3 **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 Chairperson 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 CMHSP Participant.

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 services 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, officers, agents, and employees, as provided in MCL 330.1204b(4).

9.2 **Liability.** Liability insurance shall be maintained at all times to cover the Board of Directors, the organization, its employees, and its officers. Such coverage shall be in an amount acceptable to the Board.

9.2.1 Each CMHSP Participant and the Regional Entity will obtain its own legal 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 CMHSP Participants or the CMHSP Participants and the Entity. It is specifically understood that no indemnification will be provided in such litigation.

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

ARTICLE X FISCAL YEAR

The fiscal year of the Entity shall be from October 1 through September 30.

ARTICLE XI AMENDMENTS

Any action by the CMHSP Participants to amend or repeal these Bylaws, or adopt new Bylaws will require approval by two-thirds (2/3) vote of the existing CMHSP Participants 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. No amendment to these Bylaws shall be effective until filed as provided in Article XII.

ARTICLE XII 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 Participants are located and with the Michigan Secretary of State.

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