



Administrative Office, 105 Hall Street, Suite A, Traverse City, MI 49684

## Board of Directors Meeting Minutes

February 10, 2022

10:30 a.m.

Northern Lakes Community Mental Health Authority, Virtual and 527 Cobb Street, Cadillac, MI.

Called to order at 10:30 a.m. by Randy Kamps.

Board Members Present: Randy Kamps, Rose Denny, Ben Townsend, Barb Selesky, Greg McMorrow, Nicole Miller, Pam Babcock, Penny Morris, Ty Wessell, Justin Reed,

Virtual – Mary Marois, Al Cambridge

Board Members Absent: Sherry Powers (advance notice), Dan Dekorse (advance notice) and Angie Griffis (advance notice).

Others Present: Joanie Blamer, Interim Chief Executive Officer; Deb Lavender, Executive Secretary; Lauri Fischer, Chief Financial Officer; Matt Leiter, Director of Human Resources; Heather Sleight, Administrative Specialist; Dan Mauk, Chief Information Officer.

Virtual – Dave Pankotai; Tracy Andrews, Director of Integrated and Managed Health Services; Brian Newcomb, Director of Recipient Rights; Chris Biggar, Finance Manager; Jessica Williams, Performance Improvement Specialist; Treasa Cooper, Reimbursement Coordinator; Ann Ketchum, Data Analyst; Michelle Dosch, Compliance Secretary; Jan Pytlowany, Customer Service Provider; Judy Barrett, NAMI; Amy Prescott; Kari Barker, Director of Quality and Compliance; Aaron Fader, Executive Administrative Specialist; Darryl Washington, Long Term Care & Support Services Director; Brie Molaison, Customer Service Specialist; Carrie Gray, Chief Population Officer for Individuals with Developmental Disabilities Services; Kellee Hoag, Administrative Specialist; two Public on Telephone.

Confirmation of a Quorum – yes

Timekeeper – Rose Denny.

### 1. CALL TO ORDER:

### 2. AGENDA:

<b>MOTION:</b>	<b>Approved the Agenda for the February 10, 2022 meeting.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	<b>Greg McMorrow</b>
<b>SECONDER:</b>	<b>Ty Wessell</b>

### 3. CONFLICT OF INTEREST DECLARATION:

None.

### 4. PUBLIC COMMENT:

None.

## 5. DISCUSS CONTRACT WITH MR. PANKOTAI/PARAMETERS FOR MOVING FORWARD:

Randy identified that the intent today is to settle our offer to Mr. Pankotai. He referenced a response from Mr. Pankotai to the Board's offer. Randy proposed that we go through each line item, discuss, put up for vote and move to the next line item. Number one, the salary amount on page four of the contract is not consistent with the initial presentation of this opportunity. Randy asked Mr. Pankotai what was different than was advertised and what was his idea of the amount from his perspective as to what he would consider a salary that he would accept. Randy noted we presented our best offer and while we are open he would prefer to avoid a "haggling" situation. Mr. Pankotai noted he originally applied for this position through the National Council's Job Bank. He had talked to some individuals in the area ahead of his application. He went ahead and applied. He received feedback from people saying that there was a communication that there no qualified external candidates and they asked if he had applied. He indicated that he did. Mr. Pankotai noted something happened to his initial application. He did have conversations and he made it clear that as it was posted he was looking for more than the \$165,000 salary amount listed. He said he was looking in the range of \$200,000. He was encouraged to apply and that might be a possibility, so he did come to both interviews. Like he said it came out in the newspaper which is how he found out that the Board had met and that \$160,000 was the offer. He did talk to Randy after the official offer letter. It came to him on February 1. The Board has his response from February 4. Mr. Pankotai noted that there were some communication issues, procedural issues but he feels he made it clear what he was looking for. He noted Randy, you made it clear that this was the best offer. He had reviewed it in detail. He did have an attorney friend review it as well. Basically, when I compare it to my current position and without any consideration for some of the other areas mentioned including relocation and the automobile I would actually be in a negative situation or a worse situation going to Traverse than I am now. He identified he is not going to do that.

Randy asked if you will just give us a number you are looking for we can then discuss it and vote upon it. Mr. Pankotai identified \$200,000 minimum base with an automobile and relocation assistance and an update to the wording of the employment contract. Randy thanked him for his response.

Barb asked did anyone on the CEO Search Committee that interviewed him know that he wanted \$200,000? Randy deferred to the committee. Mary noted that she did have a conversation at the time that we thought there was no application for Mr. Pankotai; she had a conversation with him to confirm that he was going to apply. At that time, we did have a conversation about pay and that was prior to determination of the range on the part of the Board and he did indicate to me that his desire would be \$200,000. She indicated to him to go ahead and apply. I didn't necessarily say that we would be able to pay \$200,000 but I did think that we would be able to come to some point of negotiation, so I encouraged him to apply. I did know that was his original ask. Ty noted he was at the interview with David, and we did talk about the range. A question was clearly asked can we afford you and he thinks he clearly heard yes. At that time the range was described. Ty further noted, we met a month ago and he believed going as high as we did was not in the best interest of the organization. Ty did not win on that argument but he clearly remembers at the interview that we had asked can we afford you and he thinks the answer of the affirmative. At that time there was no mention going beyond that direction. Penny noted that is also her understanding. She did have a discussion with someone about the salary and they said that \$170,000 would be your top starting wage for our area. I don't know if that is a negotiable item. Once we look at the other items. Justin noted it was his understanding that we are at the ball park of the range of what we advertised. That we said yes but his opinion \$160,000 is pretty much the equivalent to what our organization can afford. Mr. Pankotai is coming from downstate up here into a rural area, and due to the circumstances that we are a rural area if we offer him more than \$160,000 then the line items especially the vehicle is something we shouldn't offer and relocation assistance. Al recalls the same conversation. His recollection is a little different when the question was asked, Al recalls him saying probably not but he said it with a smile. Either way Al would agree that \$200,000 is out of our range. Al would have no problem going to the top of our range at \$165,000 and he said that at the time we had our prior discussion. Al was never aware that we were looking at this kind of number. Al does believe on some of the other items that there should be some consideration. We are hiring at a senior executive rate in terms of expectations of vacations, relocation and he thinks some of those items we should be willing to negotiate on and reach reasonable terms.

Mr. Pankotai identified if you go to the record it was near the end of the first interview. He was asked whether we could afford him and Mr. Pankotai did say probably not and he did comment at this point in his career he is much more aware of my worth but that he was always open for conversation and discussion. That is how he answered that question.

Randy noted it appears to him that we are at an impasse. Randy asked if that is everyone's understanding?

Penny asked if this salary number an absolute sticking point or can we go on and discuss the other items and see if those could be negotiated into something that is satisfactory? Randy responded that he believes that Mr. Pankotai gave the number he would accept to be a happy, productive CEO of this organization needs to be \$200,000. Justin noted in his opinion if we are able to accept the offer and agree to the other items that we could negotiate those items. Randy identified from his perspective until we can settle on a salary number the rest is frankly meaningless.

Mr. Pankotai referenced the contract page 2, section 4 it appears to indicate some bonus pay or merit pay of some sort but everything that he received is blank and has no dollar amount indicated in there. If that was an area that we could discuss further then Mr. Pankotai has no problem meeting goals, expectations and being held accountable to the Board that way as long as it was clear and if those dollar amounts were sufficient he would be willing to consider that over and above the base salary. What Mr. Pankotai received was all blank.

Barb identified that \$40,000 in Crawford County Community Mental Health would run a program for lots of people in our county. We have to start really looking at who we serve. As far as the money is concerned we had quite a long discussion on \$160,000 and lots of reasons why we should stay with that figure if not going any higher. We are talking about \$40,000. It would take her 4 years of Social Security to get to \$40,000.

Judy Barrett of NAMI interrupted the meeting and wanted the Board to consider the long-term value of a senior executive and the income potential that he will bring with him as far as the community connections and the ability to be creative. We have not had that top notch in a long time and looking on the income side of it and there will be a lot more income coming into us for programs, and she would hate to go backwards and have less than top notch senior executive because I think he will create a lot more income. Randy apologized to the Board for allowing someone to speak outside of public comment.

Randy asked Mr. Pankotai for clarification what he received was blank? It is his recollection that when the offer was submitted to him what we submitted for the most part a completed contract. He noted that represented our offer. His references to other materials I am unaware of those materials. He noted it didn't come from the Ad Hoc Committee to the best of his knowledge. What we of the Ad Hoc Committee presented to you and cc'd the Board was what we presented.

Mr. Pankotai referred to the CEO Evaluation process and the actual grid. When he says blank it does not include any dollar amounts. It is saying the Executive compensation could be adjusted as determined using the method deemed appropriate. It references the CEO Evaluation process. There is no dollar amount tied to that process. He does not know what we have done historically but there is no dollar amount.

Randy clarified what we presented to you was a copy of the most recent annual Agency Performance Assessment and the CEO Evaluation instrument which is completed annually by the Board from which we balance those two items and as a Board deliberate and make a salary and benefit adjustment decision. That is where that is coming from. There was no intent to present anything other than frankly what we presented. He hopes that clarifies how we go about our annual review of the CEO. While that has some bearing on going forward it frankly has no bearing on what he is clearly hearing is that \$200,000 base salary. One is dependent on the other. Unless the base salary is acceptable in his mind there is not a whole lot of going forward. He would hate to have an executive who is not happy and looking for something beyond. What you have indicated about bonuses, etc. what he has stuck in his mind is that organizations such as ours are prohibited from incentive based compensation. He hasn't seen it in what he has come across and could be terribly wrong. If we are going to consider something like that is not going to happen today. He will go back to the basic question \$200,000. You are welcome to your opinion just like we are. We smile and shake hands and go forward. If that is the case it is what it is. We will move forward.

<b>MOTION:</b>	<b>NLCMH Immediately Begin a New Search Process for a CEO.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	<b>Penny Morris</b>
<b>SECONDER:</b>	<b>Ben Townsend</b>

**6. PUBLIC COMMENT:**

None.

**7. MEETING EVALUATION COMMENTS:**

Justin commented that he support that moving forward for a second search that we clarify the formal range in the second search. Barb noted that we have learned a lot through this process and the next search will be different.

**8. ADJOURNMENT:**

The meeting adjourned at 11:03 a.m.

Respectfully Submitted,

Randy Kamps, Chairperson

Sherry Powers, Board Secretary

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Deb Lavender, Executive Secretary

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