



**BOARD OF DIRECTORS
REGULAR MEETING**

Thursday, March 19, 2026 at 5:00 pm
Room 225, Behavioral Health Center, 201 Mulholland Street, Bay City, MI 48708

MINUTES

| <u>Board Members:</u> | Present | Excused | Absent |
|-------------------------------|---------|---------|--------|
| Robert Pawlak, Chair | X | _____ | _____ |
| Patrick McFarland, Vice Chair | X | _____ | _____ |
| Christopher Girard, Treasurer | X | _____ | _____ |
| Sally Mrozinski, Secretary | _____ | X | _____ |
| Tim Banaszak | _____ | X | _____ |
| Richard Byrne | X | _____ | _____ |
| Patrick Conley | X | _____ | _____ |
| Jerome Crete | X | _____ | _____ |
| Shelley King | X | _____ | _____ |
| Kathy Niemiec | X | _____ | _____ |
| Carole O'Brien | X | _____ | _____ |
| Pamela Schumacher | X | _____ | _____ |

PUBLIC PRESENT

Mike Rolka, Auditor from Yeo & Yeo

OTHERS PRESENT FROM BAY ARENAC BEHAVIORAL HEALTH (BABH)

Christopher Pinter, Jennifer Lasceski, Melissa Prusi, Karen Amon, Joelin Hahn, Marci Rozek, Nicole Sweet, and Sara McRae.

CALL TO ORDER & ROLL CALL

The Board Chair, R. Pawlak, called the meeting to order at 5:01 pm.

M#030-26: On motion of P. Conley and support by C. Girard, S. Mrozinski was excused. The motion was adopted unanimously.

M#031-26: On motion of J. Crete and support by C. Girard, T. Banaszak was excused. The motion was adopted unanimously.

NEW BUSINESS

Financial Statement Audit for Fiscal Year (FY) 2025:

Without objection, the Board Chair, R. Pawlak, moved the financial statement audit to the beginning of the agenda. Mike Rolka, the Auditor from Yeo & Yeo, presented the FY 2025 Financial Statement Audit and reviewed the summary noting highlights. M. Rolka reported the audit opinion is unmodified and is a clean report including no material weaknesses or deficiencies were noted related to internal controls over financial reporting and compliance. M. Rolka also reviewed newly

adopted and upcoming auditing standards from the governmental accounting standards board (GASB). The significant estimates used to develop financial statements including useful life of assets, liabilities of leases, net pension assets, and net other post-employment benefit (OPEB) assets. The significant risks of material misstatement can include override of controls and improper revenue recognition of which none were found. M. Rolka also reported that there were no known misstatements or material entries made over the course of the audit, no difficulties were encountered during the audit, and the status of the pension and OPEB assets. There were general discussions related to the OPEB being super funded and that these funds can only be utilized to pay health insurance premiums; compensated absences total about \$1.6 million and that it does not need to be funded, the pension funding, and that the process for the pension assumptions is determined by the actuaries.

M#032-26: On motion of C. Girard and support by R. Byrne, the Board adopted the financial statement audit report for FY ending September 30, 2025. The motion was adopted unanimously.

REGULAR BOARD MEETING, February 19, 2026

Meeting Minutes:

M#033-26: On motion of C. Girard and support by J. Crete, the Board approved the minutes of the regular Board meeting of February 19, 2026. The motion was adopted unanimously.

SPECIAL NOMINATION COMMITTEE, March 4, 2026

Meeting Minutes:

M#034-26: On motion of C. Girard and support by J. Crete, the Board approved the minutes of the special Nomination Committee meeting of March 4, 2026. The motion was adopted unanimously.

FACILITIES & SAFETY COMMITTEE, March 5, 2026

Meeting Minutes:

M#035-26: On motion of J. Crete and support by P. Conley, the Board approved the minutes of the Facilities & Safety Committee meeting of March 5, 2026. The motion was adopted unanimously.

RECIPIENT RIGHTS ADVISORY & APPEALS COMMITTEE, March 9, 2026

Annual Recipient Rights Training:

M#036-26: On motion of P. McFarland and support of J. Crete, the Board received the annual RR training information. The motion was adopted unanimously.

Meeting Minutes:

M#037-26: On motion by P. McFarland and support by R. Byrne, the Board approved the minutes of the Recipient Rights Advisory & Appeals Committee meeting of March 9, 2026. The motion was adopted unanimously.

FINANCE COMMITTEE, March 11, 2026

Investment Earnings Balances:

M#038-26: On motion of P. McFarland and support by P. Schumacher, the Board approved the investment earnings balances for the period ending February 28, 2026. The motion was adopted unanimously.

Contract List:

R#2603001: On motion of P. McFarland and support by C. Girard, the Board approved the Finance Committee March 2026 contract list. The motion was adopted unanimously.

Flagstar Treasury Management Pricing:

R#2603002: On motion of P. McFarland and support by J. Crete, the Board approved the Flagstar Treasury Management Pricing. The motion was adopted unanimously.

Vehicle Purchase:

R#2603003: On motion of P. McFarland and support by C. Girard, the Board approved purchasing one replacement vehicle for an amount up to \$40,000. The motion was adopted unanimously.

Meeting Minutes:

M#039-26: On motion of P. McFarland and support by P. Schumacher, the Board approved the minutes of the Finance Committee meeting of March 11, 2026. The motion was adopted unanimously.

SPECIAL BOARD MEETING, March 11, 2026

M#040-26: On motion of J. Crete and support by C. Girard, the Board approved the minutes of the special Board meeting of March 11, 2026. The motion was adopted unanimously.

PROGRAM COMMITTEE, March 12, 2026

Requests for Clinical Privileges:

R#2603004: On motion of C. Girard and support by P. McFarland, the Board approved the following requests for clinical privileges:

- 1) Roderick Smith, MD, for a three-year renewal term expiring March 31, 2029.
- 2) Autumn Dittenber, PA-C, for a three-year renewal term expiring March 31, 2029.

The motion was adopted unanimously.

Policy Beginning 30-day Review:

R#2603005: On motion of C. Girard and support by P. Schumacher, the Board approved the policy, Artificial Intelligence (AI) Generative AI, 09-05-11, to begin 30-day review. The motion passed unanimously.

Meeting Minutes:

M#041-26: On motion of C. Girard and support by C. O'Brien, the Board approved the minutes of the Program Committee meeting of March 12, 2026. The motion was adopted unanimously.

AUDIT COMMITTEE, March 16, 2026

Financial Statements:

R#2603006: On motion of P. McFarland and support by R. Byrne, the Board approved the financial statements for the period ending February 28, 2026. The motion was adopted unanimously.

Electronic Fund Transfers:

R#2603007: On motion of P. McFarland and support by C. Girard, the Board approved the electronic fund transfers for the period ending February 28, 2026. The motion was adopted unanimously.

Disbursements & Health Care Claims:

R#2603008: On motion of P. McFarland and support by J. Crete, the Board approved the disbursement & health care claims payments from February 14, 2026 through March 13, 2026. The motion was adopted unanimously.

Meeting Minutes:

M#042-26: On motion of P. McFarland and support by C. Girard, the Board approved the minutes of the Audit Committee meeting of March 16, 2026. The motion was adopted unanimously.

BOARD MEETING CONTRACT LIST, March 19, 2026

C. Pinter reported the special contract list includes the child psychiatrist contract.

M#043-26: On motion of P. Schumacher and support by J. Crete, the Board approved the Board meeting March 2026 contract list. The motion was adopted unanimously.

REPORT FROM ADMINISTRATION

Federal & State Health Policy Update:

C. Pinter reviewed the FY27 Appropriations Key Issues noting the Medicaid revenue projections are not adequate when compared to declining enrollment trends. This revenue shortage has been an issue for the last four years because the actuarial estimates of Medicaid enrollment have been falling short of actual activity and failing to support increased service utilization. C. Pinter also noted concerns regarding extension of the mandated \$66 per hour rate for autism services in current market conditions, advocacy efforts for language in the boilerplate to oppose future procurement/privatization efforts, removal of language prohibiting Certified Community Behavioral Health Clinic (CCBHC) expansion projects, prohibiting the Mental Health Framework from moving forward, and creating a standard definition of “rural” to be used by the Michigan Department of Health and Human Services (MDHHS) for health care purposes.

MidState Health Network (MSHN) Lawsuit in State Court of Claims:

C. Pinter reported that a notice was received from the Court of Claims that a follow up hearing is scheduled for April 13, 2026.

UNFINISHED BUSINESS

There was not any unfinished business.

NEW BUSINESS

Compensation Proposal Update:

C. Pinter provided an update on the compensation proposal initially discussed at the March 11, 2026 special board meeting. C. Pinter reminded the board members that BABHA’s wages are on average 15% below the market for most classifications with exceptions noted for Residential Technicians and Direct Support Professionals (DSPs). C. Pinter also reviewed Midstate Health Network’s (MSHN) financial status including their reserve funds and projected surplus. This discussion included the fact that BABHA on average continues to serve more people per capita than any other community mental health service program (CMHSP) in the MSHN region, the funding methodology utilized by MSHN, penetration rates across the region, and unit costs across the region. C. Pinter also reported BABHA has challenges with recruitment, the history of wage increases in recent years at BABHA, the mandated State increases for certain Direct Care Workers, and the relative cost of a 1% wage increase agency wide. There were general discussions regarding retroactive wages, stipends, the percentage of an increase, compressed wage scales, agency cost of wages from October of 2025 to January of 2026, the importance of retaining and recruiting the best staff, and the goal of this board is to work toward closing the wage gap.

M#044-26: On motion of C. Girard and support by J. Crete, the Board approved a 10% wage increase across the board for all classifications, except Residential Technicians at 2%, and Direct Support Professionals at 0%, retroactive to January 1, 2026. The motion was adopted with a roll call vote: 10 yes; 0 no; 2 excused.

| | |
|----------------|---------|
| R. Pawlak: | Yes |
| P. McFarland: | Yes |
| C. Girard: | Yes |
| S. Mrozinski: | Excused |
| T. Banaszak: | Excused |
| R. Byrne: | Yes |
| P. Conley: | Yes |
| J. Crete: | Yes |
| S. King: | Yes |
| K. Niemiec: | Yes |
| C. O'Brien: | Yes |
| P. Schumacher: | Yes |

Appointment of Midstate Health Network (MSHN) Regional Board of Directors:

The Board Chair, R. Pawlak, reported that Pat McFarland resigned from the MSHN Regional Board of Directors and appointed Pam Schumacher to fill the partial term commencing February 23, 2026 and expiring April 30, 2026.

Holiday Schedule:

The Board Chair, R. Pawlak, reported that BABHA Offices will be closed on Friday, April 3, 2026 for Good Friday.

Special Nomination Committee Meeting:

The Board Chair, R. Pawlak, reported that a special Nomination Committee meeting is scheduled for Wednesday, April 8, 2026 immediately after Finance Committee for purposes of the 2026 slate of officer recommendations. Members interested in an officer position should let a member of the Nomination Committee know.

Community Mental Health Association (CMHA) 2026 Summer Conference:

The Board Chair, R. Pawlak, reported the CMHA Summer Conference is scheduled for Monday through Wednesday, June 8 – 10, 2026 at Grand Traverse Resort. Those interested in attending can coordinate with S. McRae.

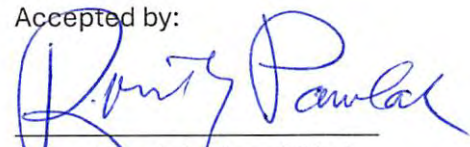
ADJOURNMENT

M#045-26: On motion of P. McFarland and support by P. Schumacher, the Board meeting adjourned at 6:10 pm. The motion was adopted unanimously.

Submitted by:


Sally Mrozinski, Board Secretary

Accepted by:


Robert Pawlak, Board Chair