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FINANCE COMMITTEE
Meeting Minutes
Wednesday, August 12th, 2026
5:00 p.m.
812 E. Jolly Rd, G11-C
Lansing, MI 48910

Join Zoom Meeting
https://zoom.us/j/99164413599
Meeting ID: 991 6441 3599

Committee Members Present:
Tim Hanna
Paula Yensen
Jeanne Pearl-Wright
Dwight Washington
Lisa Alicea
Al Way

Committee Members Excused:
Ryan Sebolt

Staff Present
Darby Vermeulen, Sara Lurie, Gwenda Summers, Sue Panetta, John Peiffer, Brandon Dotson, Amy Rottman

Other Board Members Present:
Dale Copedge

Public Present:
None

Call to Order:
The meeting was called to order by Chairperson Tim Hanna at 5:31 p.m.

Previous Meeting Minutes:
MOVED by Paula Yensen and SUPPORTED by Jeanne Pearl-Wright to approve the Program and Planning Committee and Finance Committee meeting minutes of July 8th, 2026.

MOTION CARRIED unanimously.

Adoption of Agenda:
MOVED by Dwight Washington and SUPPORTED by Jeanne Pearl-Wright to adopt the revised agenda of August 12th, 2026, to include action items #7 and #8, "New Expense Contract: Collier's Architects and Engineers" and "New Expense Contract: SimTech Outdoor Solutions" both presented by John Peiffer

MOTION CARRIED unanimously.

Public Comment on Agenda Items:
None.

BUSINESS ITEMS:
Expense Contract: Purchasing Mulliken Group Home
John Peiffer presented this item. He said we have been leasing this home for some time now, and it makes sense at this point to purchase the home. We have a provider that will be leasing the home from us. Our carpenter team went through the home and didn't see any big items that need immediate attention. The owners had the property appraised, and it appraised for $410k. So, in accepting a $310k offer, the owners considered the amount of money through leasing CEI has already paid. Lisa

Alicia asked if we have started buying more AFC homes? John said when he came onboard in 2004, one of his early recommendations was to begin buying homes to save money on leasing. We have up to 42 homes that we own now. John said there are six consumers residing at the Mulliken home.

ACTION:
MOVED by Jeanne Pearl-Wright and SUPPORTED by Lisa Alicea that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to enter into a purchase contract in order to purchase Mulliken group home with an address of 9120 Eaton Highway Mulliken, Michigan 48861, from Barbara Alberts whose address is 206 Ferry Ave. Unit 5 Charlevoix, Michigan 49720, for the purchase price of $310,000.00 and complete the closing within the next 90 days.

MOTION CARRIED unanimously.

New Revenue Lease Contract: FEMA at 5913 Executive Drive
John said we were approached by Collier's property management about leasing space to FEMA. They leased the third and fourth floors previously. FEMA will be staying mostly on the third floor this time around. John said we want to make sure their stay will not interfere with CEI's own renovations and staff moves in the future. This contract is for three to six months. FEMA will be providing their own security. Dwight Washington expressed concerned that this could be a hub for ICE agents. Sara said it is comforting that FEMA has rented from us before and this was not the case at that time. Tim said this may be in relation to the recent tornadoes in southern Michigan. He went on to say the Governor must declare an emergency for FEMA to come to Michigan.

ACTION:
MOVED by Al Way and SUPPORTED by Lisa Alicea that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to enter into a revenue lease contract where CMHA-CEI will lease property at 5913 Executive Drive Lansing, Michigan 48910 to FEMA (The Federal Emergency Management Agency under the US Department of Homeland Security) for a period of three months with an additional option to renew for an additional three months, for up to no more than six months total available on this short-term lease beginning August 15, 2026, and ending February 15, 2027. FEMA will pay monthly rent to CMHA CEI in the amount of $45,574.50 paid in consecutive monthly installments during this period, for a

maximum total amount of $273,447.00 during the full six-month lease period if the additional three-month term is extended.

MOTION CARRIED unanimously.

New Expense Contract: Collier's Architects and Engineers

John said we want to sign a new contract with Collier's to come up with a plan regarding space planning for Executive Drive, 812 Jolly Rd, and ICC. The next step is to move into design development to start fleshing out details and then provide CEI with schematic designs for use of space in each location. Then we would enter into another contract for construction development and phase planning for construction. Sue noted that renovations for these spaces will not be near the scale of the Crisis Care Center.

ACTION:

MOVED by Dwight Washington and SUPPORTED by Jeanne Pearl-Wright that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to enter into a new expense contract to purchase design development services from Colliers Architects, Engineering and Design at the total contract price of $48,000.00.

MOTION CARRIED unanimously.

Dale Copedge left the meeting at 5:52 pm.

New Expense Contract: SimTech Outdoor Solutions

John said one of the concerns at the CCC campus is consumers dealing with suicidal ideation while we have an accessible parking structure. He talked to five fencing contractors to discuss fencing around the sides of the first through third floors of the parking ramp as well as closing off the top floor of the ramp. John clarified this parking ramp is going to be mainly for staff parking.

ACTION:

MOVED by Paula Yensen and SUPPORTED by Jeanne Pearl-Wright that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to enter into an expense contract with SimTech Outdoor Solutions Fence Company -- 16441 Old US 27 Lansing, Michigan 48906 for the amount of $84,000.00 in order to install

fencing as part of the needed effort to enhance parking structure safety at the 2900 Stabler location.

MOTION CARRIED unanimously.

<u>Preliminary Steady State Budget Projections for Fiscal Year 2026/2027</u>
Amy Rottman presented the preliminary budget for the committee's consideration and feedback. She started with the revenue side. CEI has many different revenue sources, but the largest two in the narrative are Medicaid & HealthyMI and CCBHC. Medicaid and HMP are capitated dollars that are cost-settled each year. CEI is looking at lapsing $25M in 2027 to MSHN, which is similar to previous years. One caveat is that MDHHS uses an actuary to establish how much revenue will be sent out to the system each year. There is a state-wide meeting at the end of August to discuss draft numbers of these calculations. There is some concern that the amount of revenue will be less in 2027 because of federal legislation and work requirements. We will likely know what the state will do at the end of September. We will have to establish a budget prior to receiving rates from MDHHS. There have been years that the budget had to be amended after we received information from the state.

Paula wondered if there will be services cut in the future based on upcoming changes in the legislation. Amy said there are discussions happening – primarily, the state is responsible for understanding federal legislation and then applying that to state policy. We are receiving information from MDHHS regarding their interpretation and how this will apply in Michigan. We may see some changes in the way programs are operated, but that won't happen until 2028. The first changes we will see are regarding Medicaid reenrollment and work requirements. This is the real hurdle for 2027.

Amy said the other biggest revenue stream is CCBHC. This impacts a different group of services and sometimes a different population. With this mix of services, we are paid a daily rate, called the PPS-1 rate, for services provided. We are still waiting to finalize the 2026 rate. CEI has submitted the final, and in this final, we take costs from 2025 and then apply the Medicare Economic Index. We expect the daily rate to increase due to this index by 2.4%. We are only paid for these visits with folks that are Medicaid and HealthyMI eligible. More folks will be non-Medicaid in 2027 due to reenrollment and work requirement changes. Only 77% of daily visits in 2027 are expected to generate revenue.

Amy then moved on to the expense side. The first largest expense is salaries and wages. These were budgeted at $84.8 million for 2027, which is similar to 2026. However, we have not realized this much of an expense because of CCC positions that are still unfilled. We also did a compensation survey in 2026 and moved several of the wage scales as a result. The impact was approximately a 3% increase in salaries and wages.

The next largest expense is fringe benefits and FICA. This number is also similar to what was budgeted in 2026. Most of the expense is in healthcare costs and MERS.

Our last largest expense is contracted services. We are proposing a 2.5% increase to contract rates in 2027 to align contract increases with increases given to employees. We do expect some diversion to hospitals with the CCC being up and running, which will reduce inpatient costs.

The next page is the overview of total operating revenue and expense. We are looking at a difference of $6.8M.

Lastly, Amy reviewed the Bucket Report to compare revenue and expense based on funding sources. In the 2027 preliminary budget, we are showing the MSHN lapse of $25.8M. The estimated operating net position at 10/1/2026 is anticipated to be $10.1M, and the net position at 9/30/2027 is expected to be $3.3M. Tim said this is the most alarming piece to him. If this trend continued, we'd be underwater next year. Sue said we are looking at a multi-prong approach reduce the amount of uncompensated care in CCBHC. She said we are making sure folks don't come off Medicaid, where possible. We are also looking at better ways to match the service to commercial requirements so more of those are covered. Sara said another way to raise CCBHC revenues is to look at how folks are scheduled. There are several approaches in the works to try and recoup this money. Sue noted third party collections are less than 1%. Discussion ensued. Sue noted we have been in a position of excess cash for several years and this is now turning around. This is a big concern of hers moving forward.

Sue noted that we should have financials we can share with the committee next month, but we have been struggling to pull data from SmartCare. This makes budgeting much harder when we can't see numbers.

Sara said in her time, we've never had a big fund balance. She believes this is common in the public health system because there are only so many ways to build general fund. Sara wondered what would be reasonable to keep in general fund to maintain going forward. Amy went on to share some history with the committee.

ACTION:
MOVED by Paula Yensen and SUPPORTED by Al Way that the Finance Committee of the CMHA-CEI Board of Directors approves the preliminary steady state budget projections for fiscal year 2026/2027.

MOTION CARRIED unanimously.

Unfinished Business
None

New Business
Sue wanted to share that she heard from our insurance partner, Gallagher, that we are covering 100% of our premium! This is a huge positive that will reflect in next year's renewals and beyond.

Public Comment:
None

The meeting was adjourned at 7:02 p.m. The next regularly scheduled Finance Committee meeting is Wednesday, September 9th, 2026, 5:30pm, 812 E. Jolly Rd, G11-C.

Minutes Submitted by:

Darby Vermeulen
Finance Administrative Assistant