

# Board of Directors Meeting

## AGENDA

Thursday, January 15, 2015

2:15 p.m. – 3:00 p.m.



## SPECIAL MEETING

At the following locations:

**San Luis Obispo County**  
2180 Johnson Ave.  
San Luis Obispo, CA 93401

**Del Norte County**  
880 Northcrest Drive  
Crescent City, CA 95531

**Fresno County**  
3133 N. Millbrook Ave.  
Fresno, CA 93703

**Doubletree Hotel Sacramento**  
2001 Point West Way  
Sacramento, CA 95815

**San Mateo County**  
225 37<sup>th</sup> Ave. 3<sup>rd</sup> Floor  
San Mateo, CA 94403

**Modoc County**  
441 North Main Street  
Alturas, CA 96101

**Imperial County**  
202 N. Eighth St.  
El Centro CA 92243

**Solano County**  
275 Beck Ave  
Fairfield, CA 94533

California Mental Health Service Authority  
(CalMHSA)  
Special Board of Directors Meeting  
Agenda

Thursday, January 15, 2015

2:15PM – 3:00PM

*In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Laura Li at (916) 859-4818 (telephone) or (916) 859-4805 (facsimile). Requests must be made as early as possible, and at least one full business day before the start of the meeting.*

*Materials relating to an item on this agenda submitted to this Board after distribution of the agenda packet are available for public inspection at 3043 Gold Canal Drive, Suite 200, Rancho Cordova, CA, 95670, during normal business hours.*

1. **SPECIAL BOARD OF DIRECTORS MEETING** **2:15 p.m. – 3:00 p.m.**
2. **ANNOUCEMENT OF CLOSED SESSION ITEMS**
  - A. **Appointment of Executive Director**
  - B. **Public Comment**
3. **CLOSED SESSION**
  - A. **CALL TO ORDER**
  - B. **ROLL CALL AND INTRODUCTIONS**
  - C. **PUBLIC EMPLOYEE APPOINTMENT (Section 54957(b))**
    - a. **Title: Executive Director.**
  - D. **RECONVENE TO OPEN SESSION**
4. **OPEN SESSION**
  - A. **Disclosure of action taken in the closed session (Section 54957.1(a)(5))**
  - B. **Pursuant to Section 54953(a), CalMHSA will publicly report the vote or abstention of each member present. Due to the size of the board, the disclosure may be posted or listed in minutes of the meeting rather than announced orally.**

## **Administrative Matters** **Agenda Item 2.A**

### **SUBJECT: Search Committee Report and Recommendation**

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#### **ACTION FOR CONSIDERATION:**

Approve the recommendation from the search committee by taking the following actions:

1. Appoint the New Executive Director of CalMHSA
2. Direct counsel and the Board President to negotiate a contract with George Hills Company to employ the CalMHSA Executive Director that addresses any functional conflicts and establishes CalMHSA as the ultimate authority for this position, within the previously approved total budgeted amount for this purpose.

#### **BACKGROUND AND STATUS:**

The CalMHSA Board determined that in order to accomplish the goals of this organization it was necessary to proceed with a search and appointment of an Executive Director at its meeting of June 12, 2014. A search committee was established in order recruit, interview and recommend to the Board a person for this position. The Board provided input on the job description of this position as well as expected qualification for the potential candidate. It was determined that the candidate's skills should include strategic planning and execution of fund development balanced with knowledge of both the mental health field and county government.

The approved budgeted amount was authorized in the range of \$150,000 to \$250,000 for a compensation package (salary and benefits) and provision for indirect costs for 1 FTE. In addition it was determined that this new restructure would also need .5 FTE that would be added for additional support, estimated at \$40,000 for a total approved package of \$300,000.

The Search Committee solicited applications for this position and received 39 responses. Eleven candidates met the minimum qualifications and were ranked by the Search Committee. The Search Committee scores were compared and there was an agreement to interview the top five candidates. This initial recruitment process did not result in a recommendation for the Executive Director position. Accordingly, the Search Committee reevaluated its restructure plan to ensure it was addressing CalMHSA's evolving needs and revised the restructure plan and Executive Director job description to reflect lessons learned in the initial recruitment process. The revised recruitment process was approved by the CalMHSA Board on October 30, 2014.

The Search Committee commenced its second recruitment process, which included an increase in posting locations and the hiring Wilcox Miller Nelson (recruitment agency) for the purpose of guiding the interview process from an impartial perspective. The committee received 56 responses, with 11 candidates meeting the minimum requirements and four selected for interviews. After interviews and deliberations it was determined to recommend only one candidate. The candidate strongly and enthusiastically brought to the CalMHSA Board by the Search Committee is Dr. Wayne Clark.

In the course of the recruitment process it was determined that the Executive Committee would need to determine the appropriate vehicle by which to employ the selected candidate. There was then an extensive consideration and review of the multiple options possible for CalMHSA to hire a new Executive Director within a new structure.

The requirements and needs necessary for CalMHSA to hire an Executive Director (ED) include but are not limited to the following:

1. Payroll obligations for such items as income taxes, DSI, SSI, unemployment insurance.
2. Compliance with payroll would require a consultant of some kind if CalMHSA was responsible.

3. Benefits including health, life insurance, and disability insurance. It is noted that an employee group of one is the most challenging for purchase.
4. Operational support – equipment, supplies, technology, phones, email, access to CalMHSA systems.
5. Administrative support – assistance with travel arrangements, expense reimbursement, scheduling, formal correspondence, record keeping.
6. Business administration for a separate corporation would require a business license, forming and maintaining an entity, etc.
7. Exercising authority over the CalMHSA staff.

A summary of the options considered and the pros and cons of each option are summarized in the matrix below.

<b>Option for Employment of ED</b>	<b>Independent Contractor</b>	<b>Executive Director, Inc. or LCC</b>	<b>Direct employment by CalMHSA</b>	<b>Employment by an alternative group such as Regional Government Services (RGS)</b>	<b>Employment by George Hills Corporation (GHC)</b>
<b>Advantage</b>	Addresses perceived conflict with administrative company GHC	Addresses perceived conflict with administrative company GHC	Addresses perceived conflict with administrative company GHC	<ul style="list-style-type: none"> <li>• Addresses perceived conflict with administrative company GHC</li> <li>• Could take care of payroll obligations and benefits</li> <li>• RGS acts as the employer, extends job offer and provides evaluation after feedback from the contracting entity</li> </ul>	<ul style="list-style-type: none"> <li>• One source of payroll, benefits, operational support, administrative</li> <li>• Coordinated interaction with the CalMHSA staff at GHC</li> <li>• Concern of conflict and lack of independence from GHC could be solved with a separate contract for the ED</li> <li>• Specific contract language* (see specific language below)</li> </ul>
<b>Disadvantage</b>	<ul style="list-style-type: none"> <li>• NOT recommended by counsel</li> <li>• Doesn't meet the criteria for independent contractor as looks like an employee –</li> </ul>	<ul style="list-style-type: none"> <li>• Not recommended by counsel</li> <li>• Executive Director would be faced with distraction of setting up a corporation and arranging for payroll and administrative support</li> <li>• Lines of authority over CalMHSA staff would be less than clear</li> </ul>	<ul style="list-style-type: none"> <li>• Employee group of one (could be serviced by GHC) but a separate system would be required that would be more costly</li> <li>• Likely involve a consultant for HR</li> <li>• Employee group of one would be more expensive</li> <li>• Lines of authority potentially less than clear</li> <li>• Leaves CalMHSA with some exposure to liability depending on the expertise of the HR consultant</li> </ul>	<ul style="list-style-type: none"> <li>• RGS is used to hiring all staff to provide services to a corporation</li> <li>• The complication of having three entities would complicate the business</li> <li>• Could lead to dispute or confusion over legal entity responsibilities (such as personnel complaint that needs to be investigated and action taken)</li> <li>• More expensive option</li> </ul>	<ul style="list-style-type: none"> <li>• Does not address perceived conflict with administrative company GHC</li> </ul>

One of the options for consideration was to use GHC, however, it was also determined that option raised additional issues that would need to be addressed. Specific Contract Agreements were identified to solve issues that arise with GHC employing the ED.

1. GHC agrees to employ the ED appointed by CalMHSA's Board.
2. The ED's performance will be reviewed only by the CalMHSA Board.
3. The ED has oversight and direction over CalMHSA staff, including the Program Director, Finance Director and Chief of Operations in their capacity as such. The CalMHSA Program staff employed by GHC shall be under the direction of the ED except as to wages, benefits, expense reimbursement, office hours and access and other matters generally applicable to all employees.
4. If ED believes that a GHC policy, procedure, rule or instruction interferes with performance of the ED's duties, the ED addresses issue with GHC and after that, the President of CalMHSA's Board, who may attempt to resolve informally or call a special meeting of the Executive Committee or Board, which can take steps up to replacement of the COO or termination of GHC's contracts.
5. GHC will not terminate the ED's employment except as directed by CalMHSA's Board, upon termination of the GHC's contract with CalMHSA or for good cause. Good cause defined as conduct that is unlawful or exposes GHC to liability or loss.
6. The ED status as such is not terminated by separation from GHC and upon any termination by GHC the CalMHSA Board or executive committee may make other arrangements for employment of the ED.

After much consideration and deliberation a strong recommendation to the CalMHSA Board from the Search Committee and the Executive Committee is that CalMHSA establish a separate contract with GHC as the vehicle to hire the first Executive Director under the new structure.

**FISCAL IMPACT:**

The package of up to \$300,000 was Board approved in the current FY 14-15 budget. This expense is seen as critical to the growth and sustainability of CalMHSA.

**RECOMMENDATION:**

Approve the recommendation from the search committee by taking the following actions:

1. Appoint Dr. Wayne Clark as the New Executive Director of CalMHSA.
2. Authorize Maureen Bauman and Douglas Alliston to negotiate a contract with George Hills Company to employ the executive director that addresses any functional conflicts and establishes CalMHSA as the ultimate authority for this position, within the previously approved total budgeted amount for this purpose.

**TYPE OF VOTE REQUIRED:**

Majority vote of the Board of Directors

**REFERENCE MATERIAL(S) ATTACHED:**

- None