

Meeting Minutes

ATTENDANCE ROSTER		
MEMBERS	MEETING DATE	
	6/12/2023	12/19/2023
Terry Corrales, RN, Chairperson	P	P
Laurie Edwards-Tate, MS, Vice-Chairperson	P	P
Linda Greer, RN, Secretary	V	P
Diane L. Hansen	E	P
Hugh King, Treasurer	P	V
Staff Attendee		
Tanya Howell Board Assistant/Corporate Secretary	P	P
Guest Presenters¹		

V = Virtual P = Present E = Excused

¹ See text of minutes for names of invited guests/presenters

BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, DECEMBER 19, 2023

AGENDA ITEM

• DISCUSSION

CONCLUSIONS/ACTIONS

**FOLLOW-UP/
RESP PARTY**

I. CALL TO ORDER

- Chairperson Terry Corrales called the meeting to order at 12:33 p.m.
- Quorum comprised of Directors Corrales, Edwards-Tate, Greer, Hansen & King
- **Notice of Meeting and Full Agenda Packet** were posted at Palomar Health’s (PH) Administrative Offices and on the Palomar Health Development, Inc. (PHD) home page on the PH website on Wednesday, December 13, 2023, which is consistent with legal requirements. Notice of that posting was also made that date via email to the PHD Board and staff members.

II. PUBLIC COMMENTS

- There were no public comments

VI. PRESENTATION (*Out of order due to presenter availability*)

A. Update on Grants & Contract Inventory

Information only

- Utilizing the presentation included as Addendum A, Aimee Ebner, Financial Services Manager, presented the update
- CURRENT GRANTS (*PAGE 25*)
 - o For each current grant, Ms. Ebner named the purpose of the grant, the amount awarded, the funds remaining in FY24, and the term of the grant, as well as updates on amounts invoiced, overhead amounts received, and budgeted overhead amounts, all as listed in the presentation materials in the packet (*other comments listed below*)
 - o The first 3 programs were funded by the First 5 Commission of San Diego
 - The Healthy Development Services (HDS) award included a rollover from FY23 of just over \$252K
 - The First Steps home visiting program award included a rollover from FY23 of \$35.3K
 - The CalWORKs Home Visiting Program was similar to First Steps, but targeted a specific group of the population – people were enrolled in the CalWORKs program
 - Cindy Linder, the Regional Coordinator for HDS North Inland, and Shirin Strauss, Program Director for First Steps, will be providing presentations related to the First 5 programs at the next meeting
 - o The Victim Services Fund received an increase in the reimbursement rate for forensic exams
 - o In-N-Out Burger renewed the award for services at Camp Hope for the child abuse program

BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, DECEMBER 19, 2023

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<ul style="list-style-type: none"> • EXPIRED GRANTS (PAGE 27) <ul style="list-style-type: none"> ○ The Bioterrorism grant expired in 2019, but the \$32K remaining in the funds will be enough to fund the Everbridge Mass Notification System for one more year ○ The Marjorie Mosher Schmidt award for forensic health education for nurses had \$829 remaining ○ The Green Oaks Ranch award through New Alternatives was terminated on June 30th, as the County of San Diego had opted not to renew their grant to New Alternatives after that date, but she didn't know if the County had made any further plans related to continued provision of the services with another/other providers <ul style="list-style-type: none"> – In response to inquiries about the County's decision regarding Green Oaks Ranch, Michelle Shores, Director of Forensic Health & Trauma Recovery, stated that there had been changes both in strategic planning by the County and laws related to how services could be provided, and the County had to make decisions regarding allocation of funds available <ol style="list-style-type: none"> 1) She added that there was never an issue with the services provided, and the team had been working with childcare services for ways that would allow child welfare to more robustly utilize the services at One Safe Place 		
VII. NEW BUSINESS (Out of order due to presenter availability/guest speaker)		
C. Ratification of the FY2024 Operating Budget for Palomar Health Development	MOTION: By Director Greer seconded by Director Edwards-Tate and carried to ratify the FY2024 Operating Budget for Palomar Health Development Carried by the following vote, taken by roll call: Chairperson Corrales – aye; Director Edwards-Tate – aye; Director Greer – aye; Director Hansen – aye; Director King – aye; Absent:	
<ul style="list-style-type: none"> • Referencing the table on page 5, Ms. Ebner reviewed the budget, which had been approved by the Palomar Health Board and required ratification by this body <ul style="list-style-type: none"> ○ Revenue of \$399K would primarily be generated by indirect revenues from the First 5 grants <ul style="list-style-type: none"> – There was also about \$9K in revenue budgeted, based on the prior year's investment income performance ○ Expenses consisted of audit and tax prep fees, the \$3,500/month management fee paid to Palomar Health, the maintenance and support for the accounting system, as well as smaller expenses for licensing, renewals, and the filing of 1099s ○ Imputed interest expense was \$66.9K ○ Net income was anticipated to be \$262,912 		

BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, DECEMBER 19, 2023

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• DISCUSSION	CONCLUSIONS/ACTIONS	FOLLOW-UP/ RESP PARTY
<p>D. Fiscal Year-End June 30, 2023, and October 2023 & YTD FY2024 Financial Reports</p>	<p>MOTION: By Director Hansen, seconded by Director Greer and carried to approve the Fiscal Year-End June 30, 2023; and October 2023 & YTD FY2024 Financial Reports as presented.</p> <p>Carried by the following vote, taken by roll call: Chairperson Corrales – aye; Director Edwards-Tate – aye; Director Greer – aye; Director Hansen – aye; Director King – aye; Absent:</p>	<ul style="list-style-type: none"> • Director Hansen agreed to take Director Edwards-Tate’s inquiry about pursuing more funding for safety net programs through the Foundation for further discussion in a different venue
<ul style="list-style-type: none"> • Utilizing the presentation included as Addendum B, Ms. Ebner presented the financial reports for FYE June 30, 2023, and through October 2023 • BALANCE SHEET AT 6.30.2023 (PAGE 29) <ul style="list-style-type: none"> o Total Assets were at \$2.1M, with Total Liabilities and Fund Balance in the same amount • INCOME STATEMENT AT 6.30.2023 (PAGE 30) <ul style="list-style-type: none"> o Revenue was favorable by \$24K due to increased funding from HDS and higher performance by the money market dividends (indirect of \$12K and money market of \$12.5K) o Expense was higher than budgeted, at \$136K vs. a \$129K budget, making it unfavorable by just under \$7K <ul style="list-style-type: none"> – The variance was mainly due to having budgeted for audit based on prior year, and the actual was slightly higher this year – The MSA with Palomar Health had also been updated to pay an additional \$500/month, causing a \$6K variance as the budget had been submitted before that amendment was approved • FINANCIAL TREND (PAGE 31) <ul style="list-style-type: none"> o The trend covers 5 years from FY2019-FY2023 <ul style="list-style-type: none"> – The tiny orange line in FY2019 was for the Research Institute, which was still active during that FY o Revenues tended to hover around \$330K-\$340K/year o Net Profit was around \$220K/\$230K for FY2023 • INDIRECT REVENUE SOURCES (PAGE 32) <ul style="list-style-type: none"> o Blue represented HDS, which made up about 53% of the Indirect Revenues in FY23 o Orange represented First Steps, which made up the second largest amount of about 25% in FY23 		

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<ul style="list-style-type: none"> o Lime represented CalWORKs, which made up 20% of the Indirect Revenues in FY23 o Bright green represented CalLEARN which made up 2% of the Indirect Revenues in FY23 <ul style="list-style-type: none"> – This program ended last year but garnered additional revenues over the last two years • BALANCE SHEET AT OCTOBER 31, 2023 (PAGE 33) <ul style="list-style-type: none"> o There were \$2.2M in Assets and Liabilities • INCOME STATEMENT AT OCTOBER 31, 2023 (PAGE 34) <ul style="list-style-type: none"> o Revenue was shy of the targeted budget, with the shortfall mainly due to timing; and when salaries were very high, the Revenue to reimburse tended to be lower <ul style="list-style-type: none"> – There was also a lot PTO being used in November, with more anticipated in December, but that was expected to balance out in January/February o Expenses were favorable by \$2,386, partly because the accounting fees were budgeted over 12 months, with total invoices of \$5K vs. the budget of \$6,667 o Insurance had also been spread out over 12 months, and that expense was not yet posted o Overall actual Change in Net Assets was \$75K, a budget variance of \$12K through October 31st • SOURCES OF INDIRECT REVENUE (PAGE 35) <ul style="list-style-type: none"> o The pie chart was just another example of revenue sources, with HDS again making up just over half, followed by First Steps with 24% and CalWORKs with 19% o Ms. Ebner added that the difference between these numbers and those that are reported in the audited financials was that these numbers represent unrestricted funds that are available for use by Palomar Health Development; and the temporarily restricted funds that are restricted to use by the grant programs will be included in the audit results • In response to an inquiry by Director Greer related to the \$68K in Interest listed on the Income Statement on Page 30, Ms. Ebner explained that the interest was for the Line of Credit (LoC) that had been established with Palomar Health many years ago when PHD was first founded <ul style="list-style-type: none"> o That LoC agreement had been amended to make it a 0% interest loan, however, accounting rules require that an imputed interest rate be imposed based on what the rate was at the time it was changed to 0% <ul style="list-style-type: none"> – Ms. Ebner then asked auditor Andy Maffia if he could more fully explain the imputed interest accounting – Mr. Maffia stated that it was simply an accounting exercise, and the company was not actually paying interest 		

BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, DECEMBER 19, 2023

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<ul style="list-style-type: none"> 1) Under Generally Accepted Accounting Principles (GAAP), if you have a loan with interest that is below market (which 0% would be), a portion of the amount being repaid must be claimed as interest (e.g., if \$1M was borrowed, to be paid over 5 years, a portion of that—say \$100K—should be listed in the accounts as an interest expense, even though all that is being repaid is the principle amount of \$1M) • Following a question from Director Edwards-Tate related to the possibility of the Foundation being able to obtain more funding to fill the gaps for the safety net programs, Director Hansen pointed out that most of the funding from the Foundation came from donors for specific services or equipment needs for the health system, so the programs ultimately had separate goals; however, Director Hansen agreed to take the question back for discussion 		
<p>A. Independent Audit of the Annual Financial Report of Palomar Health Development, Inc., for Fiscal Year End 2023</p> <ul style="list-style-type: none"> i. Resolution No. 12.19.23(01)-6 – Authorizing Acceptance of the Independent Audit of the Annual Financial Statements of Palomar Health Development, Inc., for Fiscal Year End 2023 as the Annual Report 	<p>MOTION: By Director Greer, seconded by Director Edwards-Tate to approve Resolution No. 12.19.23(01)-6 – Authorizing Acceptance of the Independent Audit of the Annual Financial Statements of Palomar Health Development, Inc., for Fiscal Year End 2023 as the Annual Report.</p> <p>Carried by the following vote, taken by roll call: Chairperson Corrales – aye; Director Edwards-Tate – aye; Director Greer – aye; Director Hansen – aye; Director King – aye; Absent:</p>	
<ul style="list-style-type: none"> • Andy Maffia, Partner at Aldrich CPAs + Advisors LLP, thanked the Board for having him join the meeting, noting that it was always good as an auditor to present to the Board when bearing good news • He and his team had performed and prepared the audit and the audit report , which had been presented to PHD Audit Committee in detail a few weeks ago; therefore, his presentation at this meeting would be to walk through the overall audit results at a high level to ensure all Board members were aware of the audit results and to answer any questions, which he asked the Board to ask as they arose • EXECUTIVE SUMMARY (P39) <ul style="list-style-type: none"> o The summary states the significant takeaway points for the audit process, which was conducted based on an engagement letter that outlined what PHD’s responsibilities and the responsibilities of the auditors would be o The team performed enough procedures to complete the terms of the engagement letter and, although it might seem obvious that they had completed the tasks that they had been asked to do, the final outcome was to provide an opinion regarding the overall outcome of the audit 		

BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, DECEMBER 19, 2023

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- Mr. Maffia’s team had gone through all of the procedures with no issues, having tested enough transactions to be able to render an unmodified opinion, which was the highest level of assurance that could be provided; and he offered his congratulations to the organization
- o Another part of the process the auditors followed was to ensure that they had a good understanding of how information flowed throughout the organization, which was done by reviewing the internal controls, a system of checks and balances that could help prevent errors/fraud from occurring
 - One of the most common internal controls would be a segregation of duties, wherein there was not just one person involved in all aspects of a single transaction, rather, there was one person initiating the transaction, with someone else reviewing it for accuracy
 - 1) With at least 2 people involved, that second set of eyes would help to cut down on errors
 - Although the auditors would not express an opinion regarding the organization’s internal controls, they would report to the Board any deficiencies that had been found; however, there were not any deficiencies or material weaknesses identified during this audit
- o The overall audit approach wasn’t a 100% absolute audit, rather was conducted like all audits, by taking a risk-based approach, focusing on the areas most significant to the organization as well as to a reader of the financial statements, not by looking at every single transaction
 - The audit would be attached to the organization’s financial statements so that anyone who wanted to review the financials before determining whether they wanted to donate would also have that information
- o The auditors did receive the full cooperation of management, which primarily consisted of Ms. Ebner
 - A lot of questions were asked, there were numerous requests for documentation and support, in order to ensure an understanding of what transactions occurred
- o Mr. Maffia stated that he had the privilege of presenting the results, which were arrived at due to hard work of the PHD team, and he appreciated the professionalism that accompanied the audit process this year
- In response to a request that Mr. Maffia made some closing remarks regarding the bottom line of PHD, Mr. Maffia responded the opinion provided by the auditors was over the fair presentation of the financial statements, not over the financial health nor how well the organization was doing; however, he noted that he did sit on several not-for-profit boards, and had been our auditor for several years, so offered an historical overview
 - o Going back several years, the net asset position of the organization was negative, but in 2022 it was a \$248,953, which had increased to \$426,208 in 2023, showing a trend in the right direction
 - o Referencing Page 55, Mr. Maffia also noted that the organization has generated positive cash flows from core operations, another indicator of good financial health

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• DISCUSSION	CONCLUSIONS/ACTIONS	FOLLOW-UP/ RESP PARTY
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III. INFORMATION ITEMS

<p>A. First 5 Commission of San Diego Fiscal Reviews for Contract No. 546245 (HDS-North Inland) – March & October 2023</p>	<p><i>Information only</i></p>	
<p>B. First 5 Commission of San Diego Fiscal Reviews for Contract No. 545639 (First Steps-North Region – February & October 2023</p>	<p><i>Information only</i></p>	

- Items III.A. & III.B. were discussed simultaneously
- Mrs. Howell stated that the First Five San Diego Commission audited the programs for which they provide funding each year in order to ensure that the programs were performing in accordance with the terms of their grants
 - The documents on pages 10-11 and 12-13 of the packet represent the findings that resulted from the First Five audits for Healthy Development Services and First Steps, respectively, for Calendar Year 2023; and they were being presented as information for the Board’s review

IV. OLD BUSINESS

<p>A. April 2023 & YTD FY2023 Financial Report</p>	<p>MOTION: By Director Greer, seconded by Director Edwards-Tate and carried to approve the April 2023 & YTD FY2023 Financial Report as presented</p> <p>Carried by the following vote, taken by roll call: Chairperson Corrales – aye; Director Edwards-Tate – aye; Director Greer – aye; Director Hansen – aye; Director King – aye; Absent:</p>	
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- Referencing Addendum D (page 60) Mrs. Howell informed the Board that she had discovered while finalizing the minutes from the June 2023 Board meeting that the referenced financial statements had been thoroughly reviewed, but that no vote to approve them had been taken
 - After consultation with Kevin DeBruin, Chief Legal Officer, she was authorized to add a vote on that set of financials to the “Old Business” section for today’s meeting so that the appropriate action could be taken

BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, DECEMBER 19, 2023

AGENDA ITEM

• DISCUSSION	CONCLUSIONS/ACTIONS	FOLLOW-UP/ RESP PARTY
B. Prior Meeting Follow-ups	<i>Information only</i>	
<ul style="list-style-type: none"> • At the December 2022 meeting, a request had been made that information related to the Forensic Health Services programs be presented to the Palomar Health Board <ul style="list-style-type: none"> o Ms. Shores responded that she had recently presented the information to the Community Relations Committee, but she was willing to do so again • Mrs. Howell also noted that there had been three follow-up requests made at the June 2023 meeting, with the first two having been addressed in today's meeting, and the third having been forwarded to the PH Board's assistant for coordination at a future meeting of that body 		
V. MINUTES		
A. Monday, June 6, 2022	MOTION: By Director Edwards-Tate, seconded by Director Hansen and carried to approve all 3 sets of the minutes, for the meetings held on Monday, June 6, 2022, Monday, December 12, 2022, and Monday, June 12, 2023 Carried by the following vote, taken by roll call: Chairperson Corrales – aye; Director Edwards-Tate – aye; Director Greer – aye; Director Hansen – aye; Director King – aye; Absent:	
B. Monday, December 12, 2022		
C. Monday, June 12, 2023		
<ul style="list-style-type: none"> • In response to an inquiry regarding why there were three sets of minutes being presented for approval – going back to June of 2022 – Mrs. Howell explained that she had been heavily involved in the compilation/completion of all the paperwork required for the issuance of bonds in 2022, which had prevented her from being able to finalize the minutes she had drafted during those three meetings, a task she completed in time for this meeting 		
VII. NEW BUSINESS (Continued)		
B. Executed, Budgeted, Routine Physician Agreements	MOTION: By Director Hansen, seconded by Director Greer and carried to approve the Executed, Budgeted, Routine Physician Agreements as presented Carried by the following vote, taken by roll call: Chairperson Corrales – aye; Director Edwards-Tate – aye; Director Greer – aye; Director Hansen – aye; Director King – aye; Absent:	
<ul style="list-style-type: none"> • Director King stated that these were standard contracts for the physician who supported the grants programs, and Mrs. Howell added that they were both for Dr. Byron Chow, extending the terms of his contracts to act as a consultant to the Healthy Development Services and First Steps programs 		

BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, DECEMBER 19, 2023

AGENDA ITEM

• DISCUSSION	CONCLUSIONS/ACTIONS	FOLLOW-UP/ RESP PARTY
<p>E. Resolution No. 12.19.23(02)-7 – Setting the Date, Time & Location for the Annual Organizational Meeting for Calendar Year 2024</p>	<p>MOTION: By Director Edwards-Tate, seconded by Chairperson Corrales, and carried to approve Resolution No. 12.19.23(02)-7 – Setting the Date, Time & Location for the Annual Organizational Meeting for Calendar Year 2024 for Friday, June 21, 2024, from 1:30 to 3:30 p.m. in the Linda Greer Conference Room, 2125 Citracado Parkway, Suite 300, Escondido, CA</p> <p>Carried by the following vote, taken by roll call: Chairperson Corrales – aye; Director Edwards-Tate – aye; Director Greer – aye; Director Hansen – aye; Director King – aye; Absent:</p>	
<ul style="list-style-type: none"> • Mrs. Howell stated that the Board was required to set a date, time and location for the annual organizational meeting for the following calendar year, and she referenced Page 10, on which three dates had been suggested <ul style="list-style-type: none"> o Those dates had been chosen because there was either a PH Board or PH Board Committee meeting on them 		
<p>F. Resolution No. 12.19.23(03)-8 – Naming Authorized Signatories for Banking Accounts & Setting Signature Authority Limits</p>	<p>MOTION: By Director Greer, seconded by Director Edwards-Tate, and carried to approve Resolution No. 12.19.23(03)-8 – Naming Authorized Signatories for Banking Accounts & Setting Signature Authority Limits</p> <p>Carried by the following vote, taken by roll call: Chairperson Corrales – aye; Director Edwards-Tate – aye; Director Greer – aye; Director Hansen – aye; Director King – aye; Absent:</p>	
<ul style="list-style-type: none"> • Mrs. Howell stated that the Board of Palomar Health had recently instituted an increase in the signature authority limits for a single signature on checks or other forms of payment, that increase being from a single signature for amounts up to \$10,000 to a single signature for amounts up to \$20,000 <ul style="list-style-type: none"> o After discussing the matter with members of the finance team, Ms. Ebner had requested that the signature limits for Palomar Health Development be updated to reflect the same signature authority limits o Passage of the Resolution on Page 23 of the agenda packet would fulfill that request 		

VIII. BOARD MEMBER COMMENTS/FUTURE AGENDA ITEMS

- Chairperson Corrales stated that she was proud to be part of the Palomar Health system, with everyone working so hard to ensure that our constituents were being helped and provided with much-needed services. She knew that in the future everyone was going to work twice as hard so that we could do even more for our community. She then wished everyone a safe holiday season.

BOARD OF DIRECTORS – MEETING MINUTES – TUESDAY, DECEMBER 19, 2023

AGENDA ITEM

• **DISCUSSION**

CONCLUSIONS/ACTIONS


**FOLLOW-UP/
RESP PARTY**

IX. ADJOURNMENT

Chairperson Corrales adjourned the meeting at 1:39 p.m.


SIGNATURES:

PHD Board Chairperson



Terry Corrales, RN

PHD Board Assistant



Tanya Howell

Next Meeting: Friday, June 21, 2024, from 1:30 to 3:30 p.m., in the Linda Greer Conference Room, 2125 Citracado Parkway, Suite 300, Escondido, CA