# BOARD GOVERNANCE COMMITTEE MEETING

## AGENDA

**Tuesday, March 3, 2020**  
**Palomar Health Administration**  
**456 Grand Avenue, Escondido, CA 92025**

12:00 p.m. Meeting  
**Lunch buffet for Board Members & Invited Guests**

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### CALL TO ORDER

<table>
<thead>
<tr>
<th>Time</th>
<th>Page</th>
<th>Target</th>
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<tr>
<td>12:00</td>
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### I. Establishment of Quorum

15 minutes allowed per speaker with a cumulative total of 15 minutes per group. For further details & policy, see Request for Public Comment notices available in meeting room.

### II. Public Comments

#### Follow-up Items:


### IV. Action Item(s)

1. *Minutes: Board Governance Committee Meeting – November 5, 2019 [ADD B-Pp 15-17]*  
2. *Board Governance Committee 2020 Calendar Resolution [ADD C-Pp 19]*

### V. Standing Item(s)

- Legislative Updates [ADD F–Pp 28-33]
- Lucidoc Board Policy Listing [ADD G–Pp 35-36]

### VI. Roundtable

15 minutes allowed per speaker with a cumulative total of 15 minutes per group. For further details & policy, see Request for Public Comment notices available in meeting room.

### VII. Public Comments

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### FINAL ADJOURNMENT

**1:42**

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**Board Governance Committee Members**

<table>
<thead>
<tr>
<th><em>Voting Members</em></th>
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<tbody>
<tr>
<td>Jeff Griffith, E.M.T.-P., Chair</td>
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<tr>
<td>Linda Greer, RN, Director</td>
</tr>
<tr>
<td>Tom Kumura, FHFMA, Director</td>
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<tr>
<td>Laurie Edwards-Tate, 1st Board Alternate</td>
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<tr>
<td>Rick Engel, M.D., 2nd Board Alternate</td>
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<tr>
<td>Jacqueline Saucier, District Director, Clinical Operations Improvement</td>
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**NOTE:** In accordance with the ADA (Americans with Disabilities Act) please notify us at 442-281-3266 48 hours prior to the meeting, so we may provide reasonable accommodations.

* Asterisks indicate anticipated action. Action is not limited to those designated items.

1 5 minutes allowed per speaker with a cumulative total of 15 minutes per group. For further details & policy, see Request for Public Comment notices available in meeting room.
Board Governance Committee
Follow-up Items from
Tuesday, November 5, 2019

TO: Board Governance Committee

MEETING DATE: Tuesday, March 3, 2020

FROM: Hala Helm, Chief Legal Officer

Background: Follow-up items from the November 5, 2019 Board Governance Committee are presented for your review.

1. Board Governance Meeting Minutes 5.7.19, re-assigning Outsourced Labor Policy #58912

Budget Impact: N/A

Staff Recommendation: Information

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:
Minutes
Board Governance Committee
Tuesday, November 5, 2019

TO: Board Governance Committee

MEETING DATE: Tuesday, March 3, 2020

FROM: Thea McKenzie – Committee Secretary

Background: The minutes of the Board Governance Committee meeting held Tuesday, November 5, 2019, are respectfully submitted for approval.

Budget Impact: N/A

Staff Recommendation: Review/Approve

Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
TO: Board Governance Committee

MEETING DATE: Tuesday, March 3, 2020

FROM: Jeff Griffith, E.M.T.-P, Chair

Background: Board Governance 2020 Calendar Resolution is presented for review.

Budget Impact: N/A

Staff Recommendation: Review

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
TO: Board Governance Committee

MEETING DATE: Tuesday, March 3, 2020

FROM: Jeff Griffith, E.M.T.-P, Chair

Background: Full Board is requesting a review and refinement of New Policy # 62732 Board of Directors External Legal Counsel Usage Criteria. Review any edits submitted by board members.

Budget Impact: N/A

Staff Recommendation: Review/ Edit

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action: X

Information: X

Required Time:
Board Governance Committee
Review CEO Evaluation & Compensation Policy # 51952

TO: Board Governance Committee

MEETING DATE: Tuesday, March 3, 2020

FROM: Jeff Griffith, E.M.T.-P, Chair

Background: Request from the Full Board to have The Board Governance Committee review the redlined copy of the CEO Evaluation & Compensation Policy #51952

Budget Impact: N/A

Staff Recommendation: Review/ Input

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:  

Individual Action: 

Information: X

Required Time: 
TO: Board Governance Committee

MEETING DATE: Tuesday, March 3, 2020

FROM: Hala Helm, Chief Legal Officer

Background: Hala Helm presents the legislative update, which includes: District based elections, state-legislature 2020, and federal legislation and regulation.

Budget Impact: N/A

Staff Recommendation: Information

Committee Questions: N/A

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:
TO: Board Governance Committee

MEETING DATE: Tuesday, March 3, 2020

FROM: Jeff Griffith, E.M.T.-P, Chair

Background: The current list of Lucidoc Board Policies dated February 25, 2020 is presented for awareness/review.

Budget Impact: N/A

Staff Recommendation: Information Only

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:
ADDENDUM A
### Governance Committee Meeting Minutes – Tuesday, May 7, 2019

#### Agenda Item

<table>
<thead>
<tr>
<th>CONCLUSION/ACTION</th>
<th>FOLLOW UP / RESPONSIBLE PARTY</th>
<th>FINAL?</th>
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</table>

#### Discussion

#### Call to Order

The meeting was held in the Palomar Health Administration Conference Room, 456 E. Grand Avenue, Escondido, CA 92025 and was called to order at 12:00 p.m. by Committee Chair, Jeff Griffith.

#### Establishment of Quorum

- Quorum comprised of: Chair Jeff Griffith and Directors Linda Greer and Tom Kumura.
- Excused Absences: None

#### Notice of Meeting

Notice of Meeting was posted at the Palomar Health Administrative Office; also posted with full agenda packet on the Palmar Health website on Tuesday, April 30, 2019.

#### Public Comments

- There were no public comments.

#### Follow-Up Items

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Conclusion/Action</th>
<th>Follow Up / Responsible Party</th>
<th>Final?</th>
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<tbody>
<tr>
<td>a. Hala Helm, Chief Legal Officer recommended the following policies be reassigned from Board of Directors Policies to Operational Policies:</td>
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<td>➢ Outsourced Labor Policy this policy will be addressed under action items for review and reassignment.</td>
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<td>➢ Smoking Policy: Policy was reviewed, all members were in agreement to re-assign this policy to facilities.</td>
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<td></td>
<td>➢ Disposition of Surplus Property and Access to PH District Property. After discussion the Committee agreed to make this an operational policy under Supply Chain Services with the caveat that a dollar threshold limit be added to the policy and that these changes be reported back to Board Strategic and Facilities Committee.</td>
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**MOTION:** By Director Kumura, 2nd by Director Greer and carried to Re-assign the Smoking Policy to Facilities, Disposition of Surplus property have a dollar threshold limit added to the policy and that the changes be reported back to the Board Strategic & Facilities Committee. All in favor. None Opposed.

Committee Secretary to forward the Smoking Policy to the June Board of Directors for final ratification and reassignment. The Disposition of Surplus property to be forwarded to Supply Chain for revision to include a dollar threshold and report changes to the Board Strategic and Facilities Committee.
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<td>b.</td>
<td>Hala Helm, Chief Legal Officer reported back on the best practice for reviewing the Medical Staff by-laws. Mrs. Helm presented the Joint Commission document Medical Staff Essentials for review. The chart on page 30 describes who is responsible for what items. Director Greer noted that if the Medical Staff is unable to handle certain situations, the Board will handle and that any disciplinary issues can be appealed to the Board. Dr. Khawaja noted he would share the document with the Chiefs of Staff at both facilities.</td>
<td>Information Only</td>
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<td>c.</td>
<td>Dr. Omar Khawaja, Chief Medical Officer provided the Medical Staff By-laws from Palomar Medical Center Escondido as well as the differences from the PMC Poway By-laws noted on page 110 of the packet. Director Greer asked what changes would be made if we were under one license. Dr. Khawaja noted that physicians would need to take call at both facilities and there would be designated governance, along with billing, transfers etc. Dr. Khawaja noted that this is becoming less of a concern, since most physicians go to both facilities. Director Kimura asked what constituted active status, Dr. Khawaja noted he would provide specifics. Director Kimura asked how private practice physicians admit to the hospital, do they hand-off to the Hospitalists. Dr. Khawaja noted that very few physicians are admitting directly to the hospital. If the patient has a physician relationship, they keep it. Graybill has some overlap, they cover their own patients. Dr. Khawaja will report back regarding active designation as well as whether community physician are able to admit patients to the hospital or do they hand-over to the hospitalists.</td>
<td>Information Only</td>
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<td>d.</td>
<td>Conflict of Interest Code Policy #21800. Hala Helm presented the Conflict of Interest Code that was presented to the prior Board in November of 2018. The former board declined to accept any of the presented changes that would prohibit a board member from being hired on as a contractor. The question of making revisions to the policy was posed to outside counsel per page 116 of the packet. The Board is free to amend the policy anytime. Mrs. Helm noted that the FPPC language may not be appropriate, however as a Board you can create a statement to add to the policy i.e. “to avoid the appearance of a conflict of interest board members are ineligible for hire for 1 year”, a statement of prohibition can be created and the Committee is to determine if it will apply to employees or contractors. After discussion the Committee members agreed to send the policy to the full board for discussion and possible approval of the changes or creation of a statement of prohibition.</td>
<td>MOTION: By Director Greer, 2nd by Director Kumura and carried to send the Conflict of Interest Policy to the full board for discussion of proposed changes or creation of a statement of prohibition. All in favor. None opposed.</td>
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<td>e.</td>
<td>Homeless Discharge SB-1152 Provisions that take effect July 2019. Hala Helm presented the provisions of SB-1152 that take effect in July of 2019. The requirement is for a written plan to coordinate with community partners and second is maintaining a patient log. The Committee asked for a full copy of the presentation surrounding SB-1152.</td>
<td>Information Only</td>
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**Action Items**

<table>
<thead>
<tr>
<th>1. Minutes: Board Governance Committee Meeting – March 5, 2019</th>
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<tr>
<td>• The committee reviewed the Tuesday, March 5, 2019 Board Governance Committee Meeting minutes. Director Kumura noted his concern regarding stipend stacking is that the compensation could exceed the number of hours. Mrs. Helm noted that this item is not a Governance issue, this is a compliance issue and can be referred to the Compliance Committee by Director Greer. The compliance department orders the FMV with legal oversight. Mrs. Helm noted to the best of her knowledge this is not happening, there are many legacy contracts. We cannot assure past practices conform to current policies, the only way to assure that is to complete an audit. Director Greer to explore the issue of stipend stacking to the Board Audit and Compliance Committee. Director Kumura had a revision under follow-up items 3rd to the last sentence to read “Director Kumura noted that when the chair stipends come up for approval, he will abstain from approving until he receives adequate detail”. Director Kumura also had an edit to item 6, 3rd sentence to read “Director Kumura noted that the purpose of the public forum is to allow members of the public to speak about matters not on the agenda and that a statement should be given explaining the public forum. Further discussion ensued and Director Kumura motioned that a disclaimer be added to the public form. Director Kumura will prepare a statement to be added to the next Board Agenda. All committee members were in agreement to adding a statement to the public comment form.</td>
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<td>MOTION: By Director Kumura, 2nd by Director Greer and carried to approve the March 5, 2019 meeting minutes as amended. All in favor. None Opposed.</td>
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<td>Committee Secretary to update the Public Comment forms with the new statement and bring the Policy and form for approval in July.</td>
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2. Standardization of Board Committee Minutes

| • Hala Helm brought forth a request for discussion surrounding standardization of Board Committee Minutes in order to provide more detail and flavor for what is taking place at each committee. After discussion the Committee agreed that it is up to each Chair to discuss with another Chair any concerns regarding minutes. |
| Information Only |

3. *Political Activities on Palomar Health Property, Policy #21783*
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<td>4. *Outsourced Labor Policy #58912</td>
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<td>The Outsourced Labor Policy #58912 was reviewed per the attached. Changes were approved as presented. The Committee also agreed to re-assign the policy as an Operational policy under Human Resources as owner.</td>
<td><strong>MOTION:</strong> By Director Greer, 2nd by Director Kumura and carried to approve the Outsourced Labor Policy to include reassignment as an operational policy to Human Resources. All in favor. None opposed.</td>
<td>Committee Secretary to forward the Outsourced Labor Policy #58912 to the June Board Meeting for final ratification.</td>
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<td>5. *Extraordinary Event Policy #58873</td>
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<td>The Extraordinary Event Policy was reviewed per the attached. One additional edit was recommended under item 2. A. remove consultant and replace with key personnel.</td>
<td><strong>MOTION:</strong> By Director Greer, 2nd by Director Kumura and carried to approve the Extraordinary Event Policy #58873 with the recommended revisions. All in favor. None opposed.</td>
<td>Committee Secretary to forward the Extraordinary Event policy #58873 to the June Board of Directors Meeting for final ratification.</td>
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<td>6. Succession Policy #21780</td>
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<td>The Succession Policy #21800 was deferred. The new VP of Human Resources to update the policy for review by the Governance Committee in July.</td>
<td><strong>Information Only</strong></td>
<td>Committee Secretary to forward the Succession Policy to VP of HR for updating and return to Governance Committee for approval in July.</td>
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**INFORMATIONAL ITEMS**

1. Standing Items:

- The Hurst, Brooks, Espinosa legislative update, dated April 15, 2019 was reviewed per the attached. | **Information Only** |   |
- The Lucidoc List of Board Policies dated April 22, 2019 was reviewed per the attached. | **Information Only** |   |

2. RoundTable/Comments

- None.

**PUBLIC COMMENTS**

Board Governance Committee Minutes 5-7-19
There were no other public comments.

**FINAL ADJOURNMENT**

Meeting adjourned by Director Griffith at 1:10 PM.

<table>
<thead>
<tr>
<th>SIGNATURES:</th>
<th>COMMITTEE CHAIR</th>
<th>COMMITTEE SECRETARY</th>
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<tr>
<td></td>
<td>Jeff Griffith, E.M.T. P</td>
<td>Elvira M. Simmons</td>
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Board Governance Committee Minutes 5-7-19
ADDENDUM B
### Governance Committee Meeting Minutes – Tuesday, November 5, 2019

#### Agenda Item

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>CONCLUSION/ACTION</th>
<th>FOLLOW UP / RESPONSIBLE PARTY</th>
<th>FINAL?</th>
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<tbody>
<tr>
<td><strong>Discussion</strong></td>
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<tr>
<td><strong>Notice of Meeting</strong></td>
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<tr>
<td>Notice of Meeting was posted at the Palomar Health Administrative Office; also posted with full agenda packet on the Palmar Health website on Tuesday, October 29, 2019.</td>
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<tr>
<td><strong>Call to Order</strong></td>
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<td>The meeting was held in the Palomar Health Administration Conference Room, 456 E. Grand Avenue, Escondido, CA 92025 and was called to order at 12:00 p.m. by Committee Director Linda Greer.</td>
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<td><strong>Establishment of Quorum</strong></td>
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</table>
| • Quorum comprised of: Chair, Jeff Griffith, Director Linda Greer and Director Tom Kumura.  
• Excused Absences: None | | | |
| **Public Comments** |                  |                               |        |
| • There were no public comments. | | | |
| **Follow-up Items** |                  |                               |        |
| • Director Kumura inquired if a Board Member resigned does the replacement need to be from the same district zone. Hala Helm, Chief Legal Officer noted that she checked with a few experts and the tentative answer is yes. Zone maps have been submitted to the county and it may depend on where you are in the zoning process. If the issue comes up, we can confirm with the Registrar of Voters. | | | |
| **Action Items** |                  |                               |        |
| 1. Minutes: Board Governance Committee Meeting – September 3, 2019 | | | |
| • The committee reviewed the Tuesday, September 3, 2019 Board Governance Committee Meeting minutes and recommend approval with revision as noted below:  
• Under Item 2: Clarification that the consultant was Mr. Tiscornia and there was no cost associated with his services as this is part of the Studer engagement. | **MOTION:** By Director Greer 2nd by Director Kumura and carried to approve the September 3, 2019 meeting minutes with revision. All in favor. None Opposed. | | Y |
- Global replace of Kimura with Kumura.
- Under Informational Items: Item 1, the last sentence to read “Hazards of vaping.”

2. **Palomar Health By-Laws Policy #59212**

| MOTION: | By Director Greer, 2nd by Director Griffith and carried to approve the Palomar Health By-Laws, Policy #59212 with the recommended revisions. All in favor. None opposed |
| Committee Secretary to forward the Palomar Health By-Laws, Policy #59212 to the Full Board for final ratification. | Y |

- The Palomar Health By-Laws Policy #59212 were presented for approval. The following revisions were brought forth by Director Kumura:
  - Page 1 under Purpose after the word establish add “such rules and regulations not inconsistent with governing laws and regulations, that in the opinion of”.
  - Page 1, Item #1, Section “G”: after (NP/PA) add “included but not limited to psychologists”.
  - Page 1, Item III, Section “A” after District is add “currently” strike hereby fixed.
  - Page 2, Section B-9 replace regularly with “Annually”.
  - Page 2, Section E Conflicts of Interested, all should be underlined, after review of older by laws the underline should be “and Health and Safety”, the document is correct as presented.
  - Page 5, Section K, Liability Insurance, Director Kumura asked how much insurance coverage costs, Hala noted we are paying $350,000. Director Kumura asked if the commercial side should be increased. Mrs. Helm noted it is where it needs to be.
  - Page 5, item 11 add to end of sentence “with notification to the board”.
  - Page 8, Section 1 a. replace will serve with "shall serve".
  - Page 9 section x remove this entire section.
  - Page 12, item c. I, add to end of sentence “and the full board.”
  - Page 12, Item 4, a. Replace Strategic and Facilities Planning voting membership to read: “Member shall consists of no more than three members of the Board and one alternate. The alternate shall attend Committee meetings and enjoy voting rights only in the absence of a voting Committee member”.
  - Page 15, Item F, Quorum remove last sentence.
  - During the discussion Director Griffith recommended a Special Full Board Governance Committee meeting in December to review the PH By-Laws. Any edits brought forth by Director Kumura that were not approved today, he will bring to the special Governance Committee meeting.

3. **Conflict of Interest Policy #21800**

| MOTION: | By Director Greer, 2nd by Director Kumura. All in favor. None opposed |
| Committee Secretary to forward the Conflict of Interest Policy to the full Board for final ratification. | Y |

- The Conflict of Interest Policy #21800 was returned to this committee from the full board. Item A was the incorporation of FPPC language the Board recommended the addition of COS and the COSE may not be employed by PH for one year. Discussion ensued and it was agreed that this addition of the FPPC language would be discussed at the next full board meeting to include this edit.

4. **Promulgation of Palomar Health Procedures Policy #26974**

| MOTION: | By Director Greer, 2nd by Director Kumura. All in favor. None opposed |
| Committee Secretary to forward the Promulgation of Palomar Health Procedures Policy to the full board for final ratification. | Y |

- The Promulgation of Palomar Health Procedures Policy #26974 was reviewed per the attached. Mrs. Helm noted this policy will have the board delegate responsibility of procedures and certain policies to the CEO. This was a recommendation by our CIHQ consultants and was confirmed by outside counsel.
5. Discussion on Creating a Policy for Taping Board meetings

- The Full Board requested that the Governance Committee create a policy regarding videotaping of public board meetings. After discussion Hala Helm noted that there is a procedure in place regarding videotaping that can be shared with the committee.

**INFORMATIONAL ITEMS**

1. Standing Items:

- The Hurst, Brooks, Espinosa legislative update, dated October 14, 2019 was reviewed per the attached.
- The Lucidoc List of Board Policies dated October 2019 was reviewed per the attached. Director Kumura asked to review the Outsourced Labor Policy.

2. Round Table/Comments

- None

**PUBLIC COMMENTS**

There were no other public comments.

**FINAL ADJOURNMENT**

Meeting adjourned by Director Griffith at 1:15 PM.

**SIGNATURES:**

**COMMITTEE CHAIR**

Jeff Griffith, EMT-P

**COMMITTEE SECRETARY**

Thea McKenzie
ADDENDUM C
RESOLUTION NO.
RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR HEALTH
ESTABLISHING REGULAR BOARD GOVERNANCE COMMITTEE MEETINGS
FOR CALENDAR YEAR 2020

WHEREAS, Palomar Health is required, pursuant to Section 54954 of the California Government Code and Section 5.2.2 of the Palomar Health Bylaws, to pass a resolution adopting the time, place and location of the regular board meetings:

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Palomar Health that the following schedule of regular meetings will apply for Calendar Year 2020:

2020 BOARD GOVERNANCE COMMITTEE MEETING SCHEDULE
January 7
March 3
May 5
July 7
September 1
November 3

Each meeting will be held at 12:00 p.m. in the 1st Floor Conference Room at 456 Grand Avenue, Escondido, CA 92025.

STOP HERE

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Palomar Health held on XXXXXXX, by the following vote:

AYES:

NO’S:

ABSENT:

ABSTAINING:

DATED:

APPROVED: ATTESTED:

_________________________     ________________________________
Richard C. Engel, M.D., Chair
Laurie Edwards-Tate, M.S., Secretary
Palomar Health Board of Directors
Palomar Health Board of Directors
ADDENDUM D
Policy: Board of Directors External Legal Counsel Usage Criteria

I. PURPOSE:
To delineate the usage criteria for the board external counsel

II. DEFINITIONS:
External district board governance attorney

III. STANDARDS OF PRACTICE:
Role of ad hoc sub-committee:
- Create and publish RFQ for external board counsel
- Meet to review responses received
- Interview potential candidates from highest and best responses
- Obtain a select amount of final candidates
- Share those resumes with full board / set special full board candidate interview meeting
- Call for final vote at next Regular Board of Director’s meeting

Qualifications:
- Located in San Diego county (preferably within the district)
- Hospital Board governance; district hospital Board governance preferred; and/or Healthcare board governance; knowledge of employment law preferred
- Holds a JD
- Include law firm information with CV
- Include cover letter illustrating why applicant is applying for this position and what applicant will bring to the board in this role
- List any potential conflicts of interest
- Include hourly billing rate

IV. STEPS OF PROCEDURE:

Structure for external board counsel usage:
- Each board member would be allotted a predetermined amount of time with attorney every month
- Any unused time could be rolled over for future use; either 1:1 or group board time
- Corporate Counsel would still attend monthly Board of Director’s meetings
- External board counsel would be responsible for monitoring individual board hourly usage; any overages incurred would be charged back to counsel (checks and balances)
- External counsel invoices would be tracked by Finance department along with individual board hourly usage (back-end substantiation of usage)

Acceptable issues for board member contact with external board counsel:
- Conflict of Interest
- CEO evaluation / employment
- Dysfunctional board
- Brown Act requirements
V. ADDENDUM:

- Not to be utilized for personal matters or pet projects; only for professional usage to advise and confer on defined role and responsibilities of the elected board officials
- Attorney selected would need to be objective – no loyalties / biases
- Would solicit a retainer contract with a set fee cap (amount to be determined)
- Potential for external counsel to attend closed session board meetings
- As a courtesy, could notify board chair when accessing external board counsel
- Would need a process for managing invoicing and payment structure

Document Owner: Helm, Hala

Approvals
- Committees:

Revision Date:

Attachments:
(REFERENCED BY THIS DOCUMENT)

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:62732$0.
ADDENDUM E
Policy: CEO Evaluation and Compensation

I. PURPOSE:

To provide a framework and process for evaluating CEO performance and determining compensation that is consistent with Palomar Health’s mission and is reasonable compared with fair market value in the industry.

II. DEFINITIONS:

Compensation Committee: The Chair of the Board will select three individuals to serve as the compensation Committee. The Committee will be responsible for evaluating the CEO’s compensation and benefits, and making recommendations to the Board for adjustments.

III. TEXT / STANDARDS OF PRACTICE:

A. CEO Evaluation

1. Annually the Board will evaluate the CEO’s performance against established target goals.
2. The Board will meet with the CEO to discuss the status of the established goals and provide any additional feedback.
3. Goals/expectations for the upcoming year will be formed and agreed with the CEO at this time. The goals will be derived from expectations in financial performance, strategic planning/growth, patient satisfaction, employee engagement, medical staff relations, quality of care, community impact, overall leadership and board relations. Additional goals/expectations may be determined on an annual basis by the Board.

B. CEO Compensation

1. In order to attract and retain a highly qualified CEO to carry out the mission of the organization, the Board will select a Board Compensation Committee to review the CEO’s compensation annually.
2. Annual incentive bonuses may be utilized as part of the CEO’s total compensation.
3. The Compensation Committee will rely on information from comparable organizations. This information may be obtained through a third party compensation consultant of the committee’s choice.
4. The CEO benefit package will also be reviewed every two (2) years. The same third-party consultant used for compensation recommendations may be utilized to identify a market competitive benefit package.
5. Recommendations of the Compensation Committee will be presented to the full Board for approval.
6. Any action of the Board that results in an amendment or revision of the CEO’s contract will be done at this time.

IV. ADDENDUM:

- Document Owner: Helm, Hala
- Approvals
  - Committees:

  Original Effective Date: 05/29/2014
  Revision Date: [09/22/2017 Rev. 1]
- Attachments: (REFERENCED BY THIS DOCUMENT)

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Policy : CEO Evaluation and Compensation

Differences between version 1 and 0.

I. PURPOSE:

To provide a framework and process for evaluating CEO performance and determining compensation that is consistent with Palomar Health’s mission and is reasonable compared with fair market value in the industry.

II. DEFINITIONS:

Compensation Committee: The Chair of the Board will select three individuals to serve as the compensation Committee. The Committee will be responsible for evaluating the CEO’s compensation and benefits, and making recommendations to the Board for adjustments.

III. TEXT / STANDARDS OF PRACTICE:

1. CEO Evaluation
   a. Annually the Board will evaluate the CEO’s performance against established target goals.
   b. The Board will meet with the CEO to discuss the status of the established goals and provide any additional feedback.
   c. Goals/expectations for the upcoming year will be formed and agreed with the CEO at this time. The goals will be derived from expectations in financial performance, strategic planning/growth, patient satisfaction, employee engagement, medical staff relations, quality of care, community impact, overall leadership and board relations. Additional goals/expectations may be determined on an annual basis by the Board.

2. CEO Compensation
   a. In order to attract and retain a highly qualified CEO to carry out the mission of the organization, the Board will select a Board Compensation Committee to review the CEO’s compensation annually.
   b. Annual incentive bonuses may be utilized as part of the CEO’s total compensation.
   c. The Compensation Committee will rely on information from comparable organizations. This information may be obtained through a third party compensation consultant of the committee’s choice.
   d. The CEO benefit package will also be reviewed every two (2) years. The same third-party consultant used for compensation recommendations may be utilized to identify a market competitive benefit package.
   e. Recommendations of the Compensation Committee will be presented to the full Board for approval.
   f. Any action of the Board that results in an amendment or revision of the CEO’s contract will be done at this time.

IV. ADDENDUM:

Type your addenda here.

Document Owner: Helm, Hala
Approvals - Committees:
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ADDENDUM F
Focus on Homelessness: Governor's State of the State

On Wednesday, Governor Gavin Newsom presented his State of the State address, reportedly the latest a Governor has made this address in more than a century. In a relatively short speech focused almost exclusively on the state’s housing and homeless crisis, the Governor urged the Legislature to take quick action to implement a broad range of policies to assist those experiencing homelessness and support those on the brink of homelessness.

Below we summarize the perspectives the Governor’s shared, his expectations for local governments, and his commitment to moving consequential legislation to help boost housing production.

Emergency Response: A second round of state-owned trailers are headed to Santa Clara, Riverside, Contra Costa, and Sonoma Counties and the City of Stockton. (This is after the first round were sent to Los Angeles and Oakland earlier this month.) The state is offering 286 properties – vacant lots, armories, fairgrounds, and other state buildings – that will be made available to local governments to be used (for free) to address homelessness. (An interactive map of these properties is available here.)

CEQA Exemption: Last year, the Governor signed AB 1197 (Santiago), which provided a CEQA exemption for shelters and supportive housing in the City of Los Angeles. In his speech, the Governor asked the Legislature to send him a bill to provide the same exemption on a statewide basis.

CalAIM: The Governor touted his proposed $695 million investment in the state’s proposed Medi-Cal reforms and focused on the integration of physical and behavioral health, targeting social determinants of health, and expanding Whole Person Care statewide.
**Behavioral Health:** Laying out historical investments and disinvestments in the public mental health system, the Governor shared his view that decades-old policies were not relevant nor helpful to our current world. To that end, he proposes to (1) remove some of the conditions that make the implementation of Laura’s Law a challenge in some counties and (2) expand the counties authorized to utilize Housing Conservatorships (currently limited to Los Angeles, San Diego, and San Francisco) under the provisions of **SB 1045** (Wiener) from 2018. The Governor reiterated his interest in reforming the Mental Health Services Act (MHSA), directing funding to street homeless, at-risk and foster youth, and those involved in the criminal justice system, as well as expanding MHSA to substance use disorder treatment. He also called out counties’ MHSA reserves, indicating his interest in reducing the 33 percent reserve cap since, according to the Governor, 40 of 58 counties maintain reserves above that amount. “My message is this” said the Governor; “spend your mental health dollars by June 30th, or we’ll make sure they get spent for you.” (Recall that **SB 192** (Beall, 2018) set the prudent reserve rate at 33% and set a deadline of July 1, 2020 for counties to expend reserve funds to meet that cap or face reversion.)

**Consequences:** Governor Newsom spent a good amount of time discussing consequences, specifically calling out previous allocations of funding to locals, noting “the problem has gotten worse.” Reitering his 2020-21 budget proposal to provide $750 million to a new fund, the Governor touted his plan’s capacity for breaking down silos and incentivizing innovation. He noted specific metrics to enable evaluation that he feels is currently lacking from existing programs: number of new leases signed, number of new housing units converted or built, number of people stabilized with rent subsidies, and number of people moved off the streets. While he specifically did not embrace the “right to shelter,” the Governor is instead relying on “strict accountability, comprehensive audits, and a “do-it-or-lose-it” policy for accountability.

**Housing Production:** With the recent defeat of **SB 50** (Wiener), the Governor called for the Legislature to approve measures that will result in a massive increase in housing production. Governor Newsom wants California to “say yes to housing” and to hold local governments accountable to increase housing density and to ensure certainty that “units planned” become “units built.”

**Roundup on Health Insurance and Essential Health Benefits Informational Hearing**

The Assembly and Senate Health Committees held a joint informational hearing this week on California’s health insurance mandates and essential health benefits, which provided a forum for members to explore the intersection of health insurance mandates, essential health benefits, premium costs and affordability. Materials from the hearing can be viewed [here](#).

The hearing stemmed in part from the passage of **AB 598** (Bloom, 2019), which would have required health insurance coverage of hearing aids. Had it been enacted, AB 598 would have been the first time California approved a health insurance mandate that exceeded California’s essential health benefits; it also would have required the state to pay costs associated with that benefit mandate. AB 598 was passed by both houses of the Legislature in 2019, but was withdrawn from the engrossing and enrolling process – meaning that it did not make it to the Governor’s desk.

The committees heard from a panel of state regulators – Department of Managed Health Care and Department of Insurance – as well as Covered California and the California Health Benefits Review...
Program (CHBRP). Also included in the hearing were the perspectives of the California Association of Health Plans (CAHP), Health Access, and the Chronic Care Coalition.

CAHP offered several recommendations for discussing new insurance mandates and the essential health benefits, including: 1) re-opening the essential health benefits and benchmark plan consideration, which offers a comprehensive, analytical process; 2) putting mandate bills on a two-year cycle to allow for more time for analysis, including CHBRP analysis; 3) requiring health plans to report cost impacts through filings on health insurance mandates; 4) appropriating funding in the budget for plans to cover insurance mandate costs; and 5) including insurance mandates in special orders of business in committee so that the mandates can be discussed in totality.

**Medi-Cal Healthier California for All Updates**

This week, the Department of Health Care Services (DHCS) announced changes to their upcoming Medi-Cal Healthier California for All workgroup meeting schedule, as summarized below.

- **Behavioral Health**: The Behavioral Health workgroup meeting scheduled for February 27 is being modified to only focus on payment reform. After reviewing stakeholder input about the serious mental illness (SMI) / serious emotional disturbance (SED) institutions for mental disease (IMD) demonstration opportunity, DHCS decided to cancel the planned afternoon discussion on this topic. DHCS will continue to gather information and will re-engage stakeholders on the SMI/SED IMD demonstration opportunity in the future.

- **Full Integration Plan**: DHCS also cancelled the Full Integration Plan workgroup meeting scheduled on February 28. DHCS is postponing this workgroup meeting until summer 2020.

**DHCS Organizational Update**

DHCS announced this week that Behavioral Health Deputy Director Kelly Pfeifer will report to the Chief Deputy Director for Health Care Programs and State Medicaid Director Jacey Cooper. Additionally, the Medi-Cal Behavioral Health Division will move under Behavioral Health. Behavioral Health’s Community Services Division and Licensing and Certification Division will continue to report to Dr. Pfeifer.

**Proposition 64 Local Grant Program Opens for Eligible Counties and Cities**

Provisions in Prop 64 (2016), which legalized recreational cannabis, set aside specified tax revenue from legal cannabis sales for local government grants to be distributed through a competitive process by the Board of State and Community Corrections (BSCC). At its meeting last week, the BSCC approved the Request for Proposal (RFP), which provides extensive details on the purpose of the grant as well as a timeline for the application process. A few details to note:

- Agencies eligible to apply for grants are counties and cities that have not banned either the retail sale of cannabis or cannabis products or banned cultivation – including most outdoor personal and commercial cultivation.

- $25 million is available over three years to communities that meet the strict eligibility requirements outlined in the RFP.
The statutorily established purpose of the grants is to help local governments “assist with law enforcement, fire protection, or other local programs addressing public health and safety” that are impacted by cannabis sales and cultivation. Additionally, the Governor stipulated in the 2019-20 budget that youth intervention be included in allowable activities; projects addressing public health, public safety and environmental impacts also are eligible for funding.

Applicant entities will compete against jurisdictions of similar size. Single applicants can seek up to $1 million, while collaborative applications are eligible for up to $2 million.

**Deadline:** Proposals are due back to the BSCC on April 3, 2020. Funding begins July 1, 2020 and ends June 30, 2023. The BSCC will collect information from the field to help guide subsequent funding decisions for this ongoing revenue source.

For more details on the grant program, including BSCC staff contact information for this program, can be found [here](#).

### Recent LAO Reports on Aspects of State Budget

As noted last week, a chief responsibility of the Legislative Analyst’s Office (LAO) is to provide a nonpartisan analysis of the state spending plan throughout the Legislature’s deliberative budget development process, beginning with the proposed budget introduced in January. We continued to see publications this week on specific budget and policy areas as the Legislature prepares for budget subcommittee hearings that will begin in early March. Below are links to reports and analyses recently released from the LAO.

<table>
<thead>
<tr>
<th>Subject Area</th>
<th>Topics</th>
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| Governor’s Wildfire-Related Proposals (February 21, 2020) | • Part I: Assessing the State’s Approach to Addressing Wildfire Risks  
• Part II: Assessing the Governor’s Budget Proposals in Absence of Statewide Strategy |
| Criminal Justice Proposals (February 18, 2020) | • Criminal Justice Budget Overview  
• Cross-Cutting Issues  
• California Department of Corrections and Rehabilitation  
• Department of Youth and Community Restoration  
• Judicial Branch  
• Department of Justice  
• Summary of Recommendations |

### Upcoming Hearings

Please be sure to note the upcoming oversight and informational hearings on topics of interest.

<table>
<thead>
<tr>
<th>Date</th>
<th>Committee</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Monday, February 24</td>
<td>Senate Human Services Committee</td>
<td><strong>Oversight Hearing</strong> – State Oversight of Licensed Homes for Vulnerable Adults</td>
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<td>Senate Select Committee on Mental Health</td>
<td><strong>Informational Hearing</strong> – Access and Inclusion: New Pathways to Addressing Youth and Family Mental Health</td>
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<td>Tuesday, February 25</td>
<td>Joint Hearing of Assembly Judiciary Committee and the Assembly Budget Subcommittee No. 5 on Public Safety</td>
<td>Informational Hearing – How Can California Improve Access to Justice for Unrepresented Litigants?</td>
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<td>Joint Hearing of the Senate Governance and Finance Committee, Senate Housing Committee, Assembly Local Government Committee, and Assembly Housing and Community Development Committee</td>
<td>Informational Hearing – The Price of Civilization: Benefits and Costs of Impact Fees on Housing in California</td>
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<td>Joint Hearing of the Senate Transportation and Judiciary Committees</td>
<td>Informational Hearing – More Mobility Options, More Data: Transportation and Privacy Issues in Shared-Mobility Data Use</td>
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<td>Assembly Health Committee</td>
<td>Informational Hearing – Cost Containment: Considerations for California</td>
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<td>Joint Hearing of Assembly Budget Subcommittee No. 4 on State Administration and Assembly Business and Professions Committee</td>
<td>Informational Hearing – Consolidation of Regulations and Identifying the Elements of the Illicit Cannabis Market</td>
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<td>Joint Hearing of the Assembly Human Services Committee and the Assembly Housing and Community Development Committee</td>
<td>Informational Hearing – Homelessness Among California’s Youth: Addressing Critical Needs Through Prevention and Early Intervention</td>
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<td>Wednesday, February 26</td>
<td>Joint Legislative Audit Committee</td>
<td>Hearing to consider new audit requests</td>
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<td>• Note that 17 audit requests have been put before the committee; information on approved audit requests will be publicly available after the hearing.</td>
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<td></td>
<td>Senate Select Committee on Aerospace and Defense</td>
<td>Informational Hearing – Drone Use in Emergency Management</td>
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<td>Assembly Budget Subcommittee No. 3 on Resources and Transportation</td>
<td>- Cap and Trade</td>
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<td>- Climate Resilience Bond</td>
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<td>- Climate Catalyst Fund</td>
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<td>Joint Hearing of the Senate Health Committee and Senate Budget Committee No. 3 on Health and Human Services</td>
<td>Informational Hearing - Medi-Cal: Oversight of Managed Care Plan Responsibilities and Medi-Cal Healthier California for All Proposal</td>
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<td>Thursday, February 27</td>
<td>Senate Budget and Fiscal Review Committee</td>
<td>Informational Hearing – Housing and Homelessness</td>
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<td>Wednesday, March 4</td>
<td>Joint Hearing of Senate Environmental Quality Committee and Senate Transportation Committee</td>
<td>Informational Hearing – Putting the Brakes on California’s Rising Transportation Emissions</td>
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<td>Wednesday, March 4 (cont.)</td>
<td>Joint Hearing of the Joint Legislative Audit Committee, Joint Legislative Committee on Emergency Management, Senate Governmental Organization Committee, and Assembly Governmental Organization Committee</td>
<td><strong>Oversight Hearing</strong> – California is Not Adequately Prepared to Protect Its Most Vulnerable Residents from Natural Disasters (Report No. 2019-103)</td>
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<td>Tuesday, March 10</td>
<td>Joint Hearing of the Joint Legislative Audit Committee, Senate Environmental Quality Committee, Senate Health Committee, Assembly Environmental Safety and Toxic Materials Committee, and Assembly Health Committee</td>
<td><strong>Oversight Hearing</strong> – Childhood Lead Levels: Millions of Children in Medi-Cal Have Not Received Required Testing for Lead Poisoning</td>
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<td>Wednesday, March 11</td>
<td>Joint Hearing of Senate Governance and Housing Committee and Senate Human Services Committee</td>
<td><strong>Oversight Hearing</strong> – Confronting a California Crisis: Homelessness, Advancing Solutions to One of Our State’s Most Pressing Challenges</td>
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*Please feel free to contact any one of us at Hurst Brooks Espinosa with questions …*

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ADDENDUM G
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