### 2015 ATTENDANCE ROSTER

**BOARD OF DIRECTORS**

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<th>MEMBERS</th>
<th>MEETING DATES</th>
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<tr>
<td>Dara Czerwonka, MSW – Chair</td>
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<td>Jeff Griffith, EMT-P – Vice Chair</td>
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<td>Hans Sison, LVN – Secretary</td>
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<td>Bob Hemker</td>
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<td>Diane Hansen, CPA – Treasurer</td>
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**Guest Presenters**

P = Present  E = Excused  A = Absent  C = Chair

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1 See text of minutes for names of invited guests/presenters
I. CALL TO ORDER

- Chairperson Dara Czerwonka called the meeting to order at 6:30 p.m.
- Quorum comprised of Directors Czerwonka, Hansen, Hemker and Sison
- Notice of Meeting and Full Agenda Packet were posted at PH’s Administrative Offices and on the Palomar Health Development, Inc. (PHD) home page on the PH website on Monday, August 17, 2015, which is consistent with legal requirements. Notice of that posting was also made via email to the Board and staff members.

II. PUBLIC COMMENTS

There were no public comments.

III. INFORMATION ITEMS

- None

VI(I). NEW BUSINESS*


**MOTION:** By Director Sison, seconded by Director Czerwonka and carried to approve Resolution No. 08.24.15(09)-1 – Authorizing the Acceptance of the Independent Audit of the Annual Financial Report of Palomar Health Development, Inc., for Fiscal Year End 2014 as the Annual Report. Carried by the following vote, taken by roll call: Czerwonka, Hansen, Hemker, Sison. Absent: Griffith


**MOTION:** By Director Hemker, seconded by Director Sison and carried to approve Resolution No. 08.24.15(10)-2 – Authorizing the Acceptance of the Program Specific Independent Audit of the Annual Financial Report of the Healthy Development Services Program for Fiscal Year End 2014. Carried by the following vote, taken by roll call: Czerwonka, Hansen, Hemker, Sison. Absent: Griffith

- Following the Board's vote, Chairperson Czerwonka invited Jessica Strouth from AKT to present highlights from the audits of both the corporation and the Healthy Development Services program
- Utilizing the information included in the agenda packet as Addendum A, Ms. Strouth provided a brief overview of the information
  - The Executive Summary on page 26 is for both audits
  - The firm made an unmodified finding for both audits, and Ms. Strouth noted that is the best audit you can get
  - There were no material holes found in either system, which is also a good finding
### Agenda Item


**Motion:** By Director Hemker, seconded by Director Sison and carried to approve the engagement of AKT to perform the FYE2015 Audit for Palomar Health Development, Inc., contingent upon the outcome of Management's discussion with the auditors regarding the fee structure for tax preparation. All in favor, none opposed.

- Management is to discuss with the auditor the reasoning behind an almost-double fee for tax preparation compared to prior year.
- Ms. Strouth was asked to provide the exact date on which the 990s are due.

#### Discussion

- They received full cooperation from Management for both audits.
- The audits were done utilizing risk-based testing, so they were not 100% audits.

#### Conclusions/Action

- Chairperson Czerwonka asked how the fees ($9,200 for the audit and $1,500 for tax return preparation compared to last year’s fees)
  - Ms. Strouth stated that the fees actually went down in total since we discovered the HDS audit is no longer necessary
    - Total for the audit went from $8,800 to $9,200, a $400 increase
    - Total for the tax preparation went from $800 to $1,500
  - In response to an inquiry about the large increase of almost double the tax preparation fees, Ms. Strouth said that there had been a year when we were not charged, so the recovery for that work was included in the fee.
- Page 63 in the packet contains the scope of the audit as requested by PHD management
- Chairperson Czerwonka inquired about the need to rotate auditors to avoid conflicts of interest
  - Ms. Strouth stated that they can rotate partners because they are such a large firm, but there isn’t a requirement to do so
    - Ms. Strouth is the day-to-day manager for the audit, and Partner Ron Mitchell reviews all of her work
  - Ms. Strouth stated that the members of the actual on-site audit team do change from year to year
  - Director Hemker stated that Palomar Health follows the Sarbanes Oxley guidelines regarding audits, rotating lead audit partners every 5 years
- Federal returns are anticipated to be filed by December 2015
  - When asked if this was a timely filing date, Ms. Strouth stated that they always file an extension for their clients, as it is free and doesn’t carry any penalties
- Pages 67 & 68 detail proposed professional and regulatory changes that, if implemented, will cause the audited financial statements to appear differently than they have in the past
  - The changes are not yet in effect, Ms. Strouth will keep the Board apprised of any changes as they occur, and she anticipates they will likely not be in effect until the FY2017 audit
- Exhibit 2 on page 75 is the system review report, where the auditor AKT was audited
  - They also received an unmodified opinion
- Ms. Strouth thanked the Board for their time, then distributed business cards bearing her contact information to the Board members before exiting the meeting.
## BOARD OF DIRECTORS – MEETING MINUTES – MONDAY, AUGUST 24, 2015

### A. First 5 Healthy Development Services (HDS) – Progress Report

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<td>*DISCUSSION*</td>
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Utilizing the presentation included in the agenda packet as Addendum D, Cindy Linder, North Inland Regional Coordinator for HDS, provided a brief update on the program.

- Ms. Linder, stated that this was the beginning of a new contract year, and that we had been granted another 5-year cycle of 3 years with a 2-year extension
  - In years 4 & 5, First 5 will have time to put a new RFP together
  - There was a 9% reduction in funding, so she is anticipating an approximate gap of up to $200K for the year
- 70% of the families referred to our program actually initiated services
  - That number is no higher than 50% across the County
- Behavior services—which had previously been contracted through the YMCA—are now provided by Palomar
- First 5 eliminated home care and in-school services
  - Services we provided in homes are now provided on site
- First 5 also eliminated vision & hearing screenings, as Head Start and state preschools are not only mandated to provide those services, but have budgets with which to do so, so there is no need for our program to duplicate those efforts
- The new Health & Human Services Agency in the Fallbrook community now allows space for our team to offer HDS services one day a week
  - Before the creation of that space, we were busing our clients up and down the I-15 corridor so they would have access to services
- In addition to the grantors noted in the packet, the program was just awarded another $8,500 from Resthaven, also earmarked for Sensory Gym Support
  - Ms. Linder invited members of the Board and staff to round on the HDS building and check out the recently completed Sensory Gym, noting that Mondays or Tuesdays would be good days to round, as all services are available on those days

### B. First 5 First Steps – Progress Report

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Utilizing the presentation included in the agenda packet as Addendum E, Shirin Strauss, Program Director, First Steps, provided an update on this sister program to HDS, noting that it was a fairly robust presentation to introduce the program to our new Board members, and that the photos of the babies and families contained throughout were presented with permission.

- Ms. Strauss stated that the program has received amazing support from Sheila Brown and Virginia Barragan, as well as from the District
- First Steps is a county-wide grant-funded initiative, and the only program in the District that officially provides services in the north coastal region (e.g., in the towns of Oceanside, Vista, Carlsbad, etc.)
- We are in the third year of a 5-year grant
  - First 5 recently completed their new strategic plan, which will overlap our grant period, and Ms. Strauss anticipates that they will probably re-up our program for 5 years under that new strategic plan
- Susan Hedges provides data they need for the funder and other key community stakeholders
- The program offices have moved from PHDC to Fig & Grand (above HDS), and our Home Start partners (subcontractors) have co-located with us at our new site.
- Program is a non-medical model with parent educators, not RNs, who are 100% bilingual
## AGENDA ITEM

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- The demographic is 67-70% Latino
- They will again be holding a Holiday Celebration this year, with two parties, one at Vista Community Clinic on the coast, and at a local community church since the availability of Graybill Auditorium was uncertain due to the closure of PHDC
- Another event they did was in partnership with the Sheriff’s Department
  - First Steps provided car seats, and the Sheriff’s Department provided training to the parents on the proper installation and use of the seats
- They are in the process of being accredited with Healthy Families America (HFA) and anticipate a site visit in May 2016
- Ms. Strauss maintains data on all the services they provide, along with the outcomes, comparing our program to the County’s statistics as the baseline
- In response to an inquiry about chronic health issues in their client base, Ms. Strauss noted that the majority of the families in our program are “at risk” rather than “high risk”
  - Children who are determined to be high risk during the prenatal phase or following delivery are referred and transferred to an alternate home visiting program that can meet their medical needs, such as the County PHN Maternal Child Health program

### C. Medical Director for First 5 First Steps – Byron Chow, MD

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- Ms. Strauss explained the duties that Dr. Chow was performing for the First Steps program
- In response to an inquiry about his attendance at First Steps Advisory Board and The North County Home Visiting Collaborative (NCHVC) meetings, she noted that the NCHVC was bringing together all key agencies in North County every other month, and they were in the process of creating the First Steps Advisory Board, which will consist of representatives from Cal State, a local teen program, Dr. Chow for First Steps, Easter Seals and the public health nurses, and others
- As a token of her appreciation for their support, Ms. Strauss provided cookies decorated with the First 5 First Steps logo to the members of the Board and staff attendees

### D. Update on Grants & Contracts Inventory & Proposals

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Utilizing the presentation included in the agenda packet as Addendum F, staff member Aimee Ebner provided an update (only select comments not in the presentation are recorded here)

- **CURRENT GRANTS**
  - Schwartz Center Rounds has been on hiatus, with no activity in FY2015
    - Maria Sudak stated that the program will be getting restarted in conjunction with the palliative care committee
  - The Bioterrorism/Emergency Preparedness grant now has $237K in its fund, up from the $195K reported in the packet
  - The In-N-Out grant for FY2016 has been applied for, and they typically receive notification of funding in December

- **EXPIRED GRANTS**
  - All of the grants listed on page 98 were used to fund the SART Program and have been utilized in full

- **NON-FUNDED GRANT**
  - An application for Transforming Obesity & Diabetes Awareness in Youth Program was denied as the scope wasn’t large enough
    - We were offering to provide services at a specific location, so the geographic limits were not as broad as they wanted
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<th>(I.A) AGENDA ITEM</th>
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<td><strong>E. Pharmacy Program Grants</strong></td>
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Utilizing the presentation included in the agenda packet as Addendum G, Cedric Terrell, AVP Clinical & Diagnostic Services, provided more detailed updates on the grants currently funding programs in the Pharmacy *(only select comments not in the presentation are recorded here)*

- **CAREFUSION CLINICAL EXCELLENCE GRANT**
  - CareFusion is now a part of BD
  - They chose Palomar Health as a strategic partner to help evaluate the nuisance alarms for Alaris pumps
    - They needed to partner with a hospital because it was thought that specific drugs, their acidity, etc., were causing the alarms, but the manufacturer needed somewhere to test those theories and help determine how to prevent the issues causing them
  - A nuisance pump is one whose alarm goes off with no apparent reason
    - The alarms are only supposed to go off under certain circumstances (e.g., too rapid infusions, pumping into the wrong space, tubing issues, etc.)
    - If the alarms go off for no apparent reason, the nurse has leave other duties to go shut the alarm off
    1. Continuation of the problem can cause alarm fatigue (e.g., the staff will ignore the alarms)
  - They took their sample base at POM due to sheer size and number of pumps being used at PMC
  - The outcome of the study was the introduction of an anti-siphon valve in hopes of preventing alarms

- **ASHP RESEARCH & EDUCATION FOUNDATION PHARMACY RESIDENCY EXPANSION GRANT (PEG) PROGRAM**
  - Based on the expansion of an educational program, they have to date graduated 24 post-doctorate residents
    - While training, the residents take on some of the workload of staff pharmacists
  - Upon graduation from the program the residents are placed with community partners, providing a team-based approach to patient management
  - The residency program is currently up for accreditation

**VI. MINUTES***

**A. Annual Meeting, Tuesday, January 27, 2015**

**MOTION:** By Director Sison, seconded by Director Hansen and carried to approve the minutes of the Annual Meeting of Tuesday, January 27, 2015. All in favor. None opposed.

- No discussion

**B. Regular Meeting, Monday, July 27, 2015**

**MOTION:** By Director Sison, seconded by Director Hemker and carried to approve the minutes of the Regular Meeting of Monday, July 27, 2015. All in favor. None opposed.

- No discussion

**VII. OLD BUSINESS**

**A. PRIOR MEETING ACTION ITEMS**

*Information Only*

Secretary Howell noted that the follow-up information had been inserted on the listing, found on page 7 of the packet, and that all items had been completed
### Agenda Item

#### IV(ii) New Business*

**A. Resolution No. 08.24.15(11)-3 – Setting the Date, Time & Location for the Annual Organizational Meeting for Calendar Year 2016**

**MOTION:** By Director Sison, seconded by Director Hansen, and carried to approve Resolution No. 08.24.15(11)-3 – Setting the Date, Time & Location for the Annual Organizational Meeting for Calendar Year 2016, after it has been edited to include the date, time and location of Tuesday, January 5, 2016, at 9:00 a.m., in the 1st Floor Conference Room at the PH Administration Building, 456 E. Grand Avenue Escondido, California. Carried by the following vote, taken by roll call: Czerwonka, Hansen, Hemker, Sison.

- Secretary Howell is to post the final, signed Resolution on the PHD page of the PH web site.

Referencing Page 17, Chairperson Czerwonka stated that there were two potential dates for the meeting: Tuesday, January 5, 2016 or Wednesday, January 13, 2016, with a suggested start time on either date of 5:00 p.m., in the 1st Floor Conference Room at the PH Administration Building, 456 E. Grand Avenue Escondido, California.

- After some discussion, Chairperson Czerwonka suggested that the meetings be held in the daytime, recommending a 9:00 a.m. start time.
- The Board was then polled for a preference of the two dates, and Director Hemker stated that Wednesday mornings would not work as there was a standing meeting every Wednesday morning for Palomar Health Executive staff.

**B. Operating Budgets – Palomar Health Development and the Research Institute**

**MOTION:** By Director Hemker, seconded by Director Hansen and carried to approve the Operating Budgets for FY2016 for Palomar Health Development, Inc., and the Research Institute. All in favor. None opposed.

- Kristine Roberts presented the budgets for Health Development and the Research Institute, as approved by the Palomar Health Board of Directors in June.

  - **Health Development**
    - Revenues are comprised mostly of the HDS and First Steps indirects, at a rate of 15%.
    - The HDS revenues are up because so much was taken in-house, so there are more salaries.
    - Interest expense is imputed, and cash goes toward paying down the LoC with Palomar Health.

  - **Research Institute**
    - Revenues are based on research and protocol revenues for studies.
    - Expense is for staffing, which is $1K/month.

**C. YTD Financial Report**

**MOTION:** By Director Hansen, seconded by Director Hemker and carried to approve the June 2015 and YTD FY2015 Pre-Audit Financial Report as presented. All in favor. None opposed.

- Utilizing the presentation included in the agenda packet as Addendum J, Kristine Roberts presented the June 2015 and YTD FY15 Pre-Audit Financial Report.

  - **Palomar Health Development**
    - **Revenue**
      - $298K vs. a budget of $297K, for a positive variance of $977.
AGENDA ITEM

- DISCUSSION
  - EXPENSES
    - $139K vs. a budget of $137K, for a negative variance of $1.8K
      1) Due in part to management fees from the prior year that ended up being paid in this year
  - NET INCOME/LOSS
    - $158K vs. a budget of $159K, for a net loss of $911

- RESEARCH INSTITUTE
  - REVENUE
    - $437K vs. a budget of $17.5K, for a positive variance of $420K
    - We only budgeted for protocol and research revenue, not for the inpatient studies
  - EXPENSES
    - $444K vs a budget of $12K, for a negative variance of $432K
      1) Also didn’t budget for the inpatient studies
  - NET INCOME/LOSS
    - Negative $6.4K vs. a budget of $5.5K, for a net loss of $11.9K

- ADJOURNMENT TO CLOSED SESSION
  Citing the following statute, Chairperson Czerwonka adjourned the meeting to closed session at 7:54 p.m.
  CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
  Government Code §54956.9(d) 1 matter

- RESUMPTION OF OPEN SESSION
  Action Resulting From Closed Session Discussion – IF ANY
  - There was no action resulting from the closed session discussion

VIII. BOARD MEMBER COMMENTS/FUTURE AGENDA ITEMS
  - None

IX. FINAL ADJOURNMENT
  Following a MOTION to adjourn by Director Sison, seconded by Director Hemker, and carried, the meeting was adjourned by Chairperson Czerwonka at 8:08 p.m.

SIGNATURES:

PHD Board Chair: Dara Czerwonka, MSW
Board Assistant: Tanya Howell

Next Meeting: Annual Meeting – 9:00 a.m. on Tuesday, January 6, 2016 in the Palomar Health Administrative Office’s 1st Floor Conference Room, 456 E. Grand Avenue, Escondido, CA