



Board of Directors
Meeting Agenda Packet

May 12, 2025



Board of Directors

*Jeffrey D. Griffith, EMT-P, Chair
Michael Pacheco, Vice Chair
Linda Greer, RN, Treasurer
Theresa Corrales, RN, Secretary
John Clark, Director
Laurie Edwards-Tate, MS, Director
Abbi Jahaaski, MSN, BSN, RN, Director*

Diane Hansen, President and CEO

*Regular meetings of the Board of Directors are held on the second Monday of each month at 6:30 p.m.,
unless indicated otherwise.*

*For an agenda, locations or further information please
visit our website at www.palomarhealth.org, or call (760) 740-6375*

Our Mission

*To heal, comfort, and promote health
in the communities we serve*

Our Vision

*Palomar Health will be the health system of choice for patients, physicians and employees, recognized
nationally for the highest quality of clinical care and access to comprehensive services*

Our Values

*Compassion - Providing comfort and care
Integrity - Doing the right thing for the right reason
Teamwork - Working together toward shared goals*

*Excellence - Aspiring to be the best
Service - Serving others and our community
Trust - Delivering on promises*

Posted
Friday,
May 8, 2025

BOARD OF DIRECTORS

Meeting Agenda

Monday, May 12, 2025
6:30 p.m.

Please see page 3 of agenda for meeting location

	The Board may take action on any of the items listed below, including items specifically labeled "Informational Only"	Time	Form A Page	Target
Call To Order				6:30
1.	Establishment of Quorum	1		6:31
2.	Opening Ceremony	4		6:35
	a. Pledge of Allegiance to the Flag			
3.	Public Comments¹	30		7:05
4.	Approval of Minutes (ADD A)	5		7:10
	a. Regular Session Board of Directors Meeting – Monday, April 14, 2025 (Pp 9-18)			
	b. Special Closed Session Board of Directors Meeting – Monday, April 14, 2025 (Pp 19-20)			
	c. Special Closed Session Board of Directors Meeting – Wednesday, April 23, 2025 (Pp 21-22)			
5.	Approval of Agenda to accept the Consent Items as listed (ADD B)	5		7:15
	a. Palomar Medical Center Escondido Medical Staff Credentialing and Reappointments (Pp 24-26)		6	
	b. Palomar Medical Center Poway Medical Staff Credentialing and Reappointments (Pp 27-30)		7	
	c. YTD FY2025 and March 2025 Financials (Pp 31-60)			
6.	Reports – Informational Only			
	a. Medical Staff			
	I. Chief of Staff-Elect, Palomar Medical Center Escondido – Kanchan Koirala, MD	5		7:20
	II. Chief of Staff, Palomar Medical Center Poway – Mark Goldsworthy, MD	5		7:25
	b. Administration			

	I. President and CEO – Diane Hansen	5		7:30
	II. Vice Chair of the Board – Michael Pacheco	5		7:35
7.	Approval of Bylaws, Charters, Resolutions and Other Actions (ADD C)	5		7:40
	Agenda Item	Committee/ Department	Action	
	a. Resolution No. 05.12.25(01)-07 of the Board of Directors of Palomar Health Ratifying the Opening of a Deposit Account in Accordance with the Sharp Forbearance Agreement (Pp 62-63)	Finance	Review/ Approve	
	b. Board of Directors Code of Conduct (68552) Redline Pp 64-86, Clean Pp 87-109	Governance	Review/ Approve	
8.	Board Committees – Informational Only (ADD D)	5		7:45
	a. Audit & Compliance Committee – Michael Pacheco, Committee Chair			
	b. Community Relations Committee – Terry Corrales, Committee Chair			
	c. Finance Committee – Linda Greer, Committee Chair (Pp 111)			
	d. Governance Committee – Jeff Griffith, Committee Chair (Pp 112)			
	e. Human Resources Committee – Terry Corrales, Committee Chair			
	f. Quality Review Committee – Linda Greer, Committee Chair			
	g. Strategic & Facilities Planning – Michael Pacheco, Committee Chair			
Final Adjournment				7:45

NOTE: If you need special assistance to participate in the meeting, please call 760.740.6375 with requests 72 hours prior to the event, so we may provide reasonable accommodations.

¹ 3 minutes allowed per speaker. For further details, see Request for Public Comment Process and Policy on page 4 of agenda.

Board of Directors Meeting Location Options

Palomar Medical Center Escondido
1st Floor Conference Room
2185 Citracado Parkway, Escondido, CA 92029

- Elected Board Members of the Palomar Health Board of Directors will attend at this location, unless otherwise noticed below
- Non-Board member attendees, and members of the public may also attend at this location

<https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>

Meeting ID: 277 533 693 824

Passcode: TT2Yh7oC

or

Dial in using your phone at 929.352.2216; Access Code: 444 027 050#¹

- Non-Board member attendees, and members of the public may also attend the meeting virtually utilizing the above link

- 1664 Lake View Avenue, Davenport, FL. 33837
- 2198 Palomar Airport Road, Carlsbad, CA. 92008

- An elected member of the Board of Directors will be attending the meeting virtually from these locations

¹ New to Microsoft Teams? Get the app now and be ready when your first meeting starts: [Download Teams](#)

DocID: 21790
Revision: 9
Status: Official

Source:
Administrative
Board of Directors

Applies to Facilities:
All Palomar Health Facilities

Applies to Departments:
Board of Directors

Policy: Public Comments and Attendance at Public Board Meetings

I. PURPOSE:

A. It is the intention of the Palomar Health Board of Directors to hear public comment about any topic that is under its jurisdiction. This policy is intended to provide guidelines in the interest of conducting orderly, open public meetings while ensuring that the public is afforded ample opportunity to attend and to address the board at any meetings of the whole board or board committees.

II. DEFINITIONS:

A. None defined.

III. TEXT / STANDARDS OF PRACTICE:

- A. There will be one-time period allotted for public comment at the start of the public meeting. Should the chair determine that further public comment is required during a public meeting, the chair can call for such additional public comment immediately prior to the adjournment of the public meeting. Members of the public who wish to address the Board are asked to complete a [Request for Public Comment form](#) and submit to the Board Assistant prior to or during the meeting. The information requested shall be limited to name, address, phone number and subject, however, the requesting public member shall submit the requested information voluntarily. It will not be a condition of speaking.
- B. Should Board action be requested, it is encouraged that the public requestor include the request on the *Request for Public Comment* as well. Any member of the public who is speaking is encouraged to submit written copies of the presentation.
- C. The subject matter of any speaker must be germane to Palomar Health's jurisdiction.
- D. Based solely on the number of speaking requests, the Board will set the time allowed for each speaker prior to the public sections of the meeting, but usually will not exceed 3 minutes per speaker, with a cumulative total of thirty minutes.
- E. Questions or comments will be entertained during the "Public Comments" section on the agenda. All public comments will be limited to the designated times, including at all board meetings, committee meetings and board workshops.
- F. All voting and non-voting members of a Board committee will be seated at the table. Name placards will be created as placeholders for those seats for Board members, committee members, staff, and scribes. Any other attendees, staff or public, are welcome to sit at seats that do not have name placards, as well as on any other chairs in the room. For Palomar Health Board meetings, members of the public will sit in a seating area designated for the public.
- G. In the event of a disturbance that is sufficient to impede the proceedings, all persons may be excluded with the exception of newspaper personnel who were not involved in the disturbance in question.
- H. The public shall be afforded those rights listed below (Government Code Section 54953 and 54954).
 - 1. To receive appropriate notice of meetings;
 - 2. To attend with no pre-conditions to attendance;
 - 3. To testify within reasonable limits prior to ordering consideration of the subject in question;
 - 4. To know the result of any ballots cast;
 - 5. To broadcast or record proceedings (conditional on lack of disruption to meeting);
 - 6. To review recordings of meetings within thirty days of recording; minutes to be Board approved before release,
 - 7. To publicly criticize Palomar Health or the Board; and
 - 8. To review without delay agendas of all public meetings and any other writings distributed at the meeting. I. This policy will be reviewed and updated as required or at least every three years.

(REFERENCED BY [Public Comment Form](#))

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:21790\\$9](https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:21790$9).

Palomar Health Board of Directors Meeting

Meeting will begin at 6:30 p.m.



Request for Public Comments

If you would like to make a public comment, submit your request by doing the following:

- In Person: Submit a Public Comment Form, or verbally submit a request, to the Board Clerk
- Virtual: Enter your name and “Public Comment” in the chat function

Those who submit a request will be called on during the Public Comments section and given 3 minutes to speak.

Public Comments Process

Pursuant to the Brown Act, the Board of Directors can only take action on items listed on the posted agenda. To ensure comments from the public can be made, there is a 30 minute public comments period at the beginning of the meeting. Each speaker who has requested to make a comment is granted three (3) minutes to speak. The public comment period is an opportunity to address the Board of Directors on agenda items or items of general interest within the subject matter jurisdiction of Palomar Health.

Palomar Medical Center Escondido Medical Staff Credentialing Recommendations

TO: Board of Directors

MEETING DATE: May 12, 2025

FROM: Kanchan Koirala, M.D., Chief of Staff, Palomar Medical Center Escondido

Background: Credentialing Recommendations from the Medical Executive Committee of Palomar Medical Center Escondido.

Budget Impact: None

Staff Recommendation: Recommend Approval

Committee Questions:

COMMITTEE RECOMMENDATION: Approval

Motion: X

Individual Action:

Information:

Required Time:

Palomar Medical Center Poway Medical Staff Credentials Recommendations

TO: Board of Directors

MEETING DATE: Monday, May 12, 2025

FROM: Mark Goldsworthy, M.D., Chief of Staff, Palomar Medical Center Poway

Background: Monthly credentials recommendations from the Palomar Medical Center Poway Medical Executive Committee for approval by the Board of Directors.

Budget Impact: None

Staff Recommendation: Recommend Approval

Committee Questions:

COMMITTEE RECOMMENDATION: Approval

Motion: X

Individual Action:

Information:

Required Time:

ADDENDUM A

Board of Directors Meeting Minutes – Monday, April 14, 2025	
Agenda Item	
<ul style="list-style-type: none"> Discussion 	Conclusion/Action/Follow Up
Notice of Meeting	
<p>Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, as well as on the Palomar Health website, on Thursday, April 14, 2025, which is consistent with legal requirements.</p>	
Call To Order	
<p>The meeting, which was held at the Palomar Medical Center Escondido, First Floor Conference Room at 2185 Citracado Parkway, Escondido, CA. 92029, and called to order at 6:30 p.m. by Board Chair Jeff Griffith.</p>	
1. Establishment of Quorum	
<p>Quorum comprised of Directors Clark, Corrales, Edwards-Tate, Greer, Griffith, Jahaaski, Pacheco*</p> <p>Absences: Edwards-Tate</p> <p>*Director Michael Pacheco attended virtually and chose not to invoke his right for emergency exception to participate. Director Pacheco will be marked absent during roll call votes for written recording purposes only.</p>	
2. Opening Ceremony	
<p>The Pledge of Allegiance was recited in unison led by Director Abbi Jahaaski.</p>	

Board of Directors Meeting Minutes – Monday, April 14, 2025

Agenda Item

- *Discussion*

Conclusion/Action/Follow Up

3. Public Comments

- No public comments

4. Presentations – Informational Only

- Trauma Survivors Series episode three was shared with the Board of Directors.

5. Approval of Minutes

- a. Regular Session Board of Directors Meeting - Monday, March 10, 2025

MOTION: By Director Jahaaski, 2nd by Director Clark and carried to approve the Monday, March 10, 2025, Regular Session Board of Directors Meeting minutes as written.

Roll call voting was utilized.

Director Clark – aye

Director Corrales – aye

Director Edwards-Tate – absent

Director Greer – aye

Director Griffith – aye

Director Jahaaski – aye

Director Pacheco – absent

Chair Griffith announced that five board members were in favor. None opposed. No abstention. Two absent.

Motion approved.

Board of Directors Meeting Minutes – Monday, April 14, 2025

Agenda Item

<i>• Discussion</i>	<i>Conclusion/Action/Follow Up</i>
<i>b. Special Closed Session Board of Directors Meeting – Friday, March 7, 2025</i>	<p>MOTION: By Director Corrales, 2nd by Director Jahaaski and carried to approve the Friday, March 7, 2025, Special Closed Session Board of Directors Meeting minutes as written.</p> <p>Roll call voting was utilized. Director Clark – aye Director Corrales – aye Director Edwards-Tate – absent Director Greer – aye Director Griffith – aye Director Jahaaski – aye Director Pacheco – absent Chair Griffith announced that five board members were in favor. None opposed. No abstention. Two absent. Motion approved.</p>

Board of Directors Meeting Minutes – Monday, April 14, 2025

Agenda Item

<ul style="list-style-type: none"><i>Discussion</i>	<i>Conclusion/Action/Follow Up</i>
c. <i>Special Closed Session Board of Directors Meeting – Thursday, March 27, 2025</i>	<p>MOTION: By Director Jahaaski, 2nd by Director Corrales and carried to approve the Thursday, March 27, 2025, Special Closed Session Board of Directors Meeting minutes as written.</p> <p>Roll call voting was utilized. Director Clark – aye Director Corrales – aye Director Edwards-Tate – absent Director Greer – aye Director Griffith – aye Director Jahaaski – aye Director Pacheco – absent Chair Griffith announced that five board members were in favor. None opposed. No abstention. Two absent. Motion approved.</p>
<ul style="list-style-type: none">	
6. Approval of Agenda to accept the Consent Items as listed	

Agenda Item

<ul style="list-style-type: none">Discussion	Conclusion/Action/Follow Up
<ul style="list-style-type: none">a. Palomar Medical Center Escondido Medical Staff Credentialing and Reappointmentsb. Palomar Medical Center Poway Medical Staff Credentialing and Reappointmentsc. YTD FY2025 and February 2025 Financials	<p>MOTION: By Director Clark, 2nd by Director Jahaaski and carried to pull Consent Agenda items 6, c from the consent agenda.</p> <p>Roll call voting was utilized. Director Clark – aye Director Corrales – aye Director Edwards-Tate – absent Director Greer – no Director Griffith – aye Director Jahaaski – aye Director Pacheco – absent Chair Griffith announced that four board members were in favor. One opposed. No abstention. Two absent. Motion approved.</p> <p>MOTION: By Director Jahaaski, 2nd by Director Greer and carried to approve Consent Agenda items 6, a through b as presented.</p> <p>Roll call voting was utilized. Director Clark – aye Director Corrales – aye Director Edwards-Tate – absent Director Greer – aye Director Griffith – aye Director Jahaaski – aye Director Pacheco – absent Chair Griffith announced that five board members were in favor. None opposed. No abstention. Two absent. Motion approved.</p>

Board of Directors Meeting Minutes – Monday, April 14, 2025

Agenda Item

<i>• Discussion</i>	<i>Conclusion/Action/Follow Up</i>
	<p>MOTION: By Director Greer, 2nd by Director Jahaaski and carried to approve Consent Agenda items 6, c as presented.</p> <p>Roll call voting was utilized. Director Clark – abstain Director Corrales – aye Director Edwards-Tate – absent Director Greer – aye Director Griffith – aye Director Jahaaski – aye Director Pacheco – absent Chair Griffith announced that four board members were in favor. None opposed. One abstention. Two absent. Motion approved.</p>
<ul style="list-style-type: none">Director John Clark motioned item 6c be pulled for discussion. Director Clark asked clarifying questions, Chief Financial Officer, Andrew Tokar, answered.	
7. Reports – Informational Only	
a. Medical Staffs	
I. Palomar Medical Center Escondido	
Palomar Medical Center Escondido Chief of Staff, Dr. Kanchan Koirala, provided a verbal report.	
II. Palomar Medical Center Poway	
Palomar Medical Center Poway Chief of Staff, Dr. Mark Goldsworthy, provided a verbal report.	
b. Administrative	
I. President and CEO	

Board of Directors Meeting Minutes – Monday, April 14, 2025

Agenda Item

- *Discussion*

Conclusion/Action/Follow Up

Palomar Health President & CEO Diane Hansen provided a verbal report.

II. Chair of the Board

Palomar Health Chair of the Board Jeff Griffith provided a verbal report.

Chair Jeff Griffith announced the CEO Compensation Ad Hoc Committee has been dissolved. CEO Contract and Compensation Ad Hoc Committee, including himself, Vice Chair Michael Pacheco and Director Terry Corrales will meet in early June, 2025.

8. Approval of Bylaws, Charters, Resolutions and Other Actions

- a. Resolution No. 04.14.25(01)-06 of the Board of Directors of Palomar Health to Appoint Infection Control Leadership for Palomar Health

MOTION: By Director Greer, 2nd by Director Clark and carried to approve Resolution No. 04.14.25(01)-06 of the Board of Directors of Palomar Health to Appoint Infection Control Leadership for Palomar Health

Roll call voting was utilized.

Director Clark – aye

Director Corrales – aye

Director Edwards-Tate – absent

Director Greer – aye

Director Griffith – aye

Director Jahaaski – aye

Director Pacheco – absent

Chair Griffith announced that four board members were in favor. None opposed. One abstention. Two absent.

Motion approved.

Board of Directors Meeting Minutes – Monday, April 14, 2025

Agenda Item

- *Discussion*

Conclusion/Action/Follow Up

- b. *Quality Review Committee Charter*

MOTION: By Director Greer, 2nd by Director Corrales and carried to approve Quality Review Committee Charter as presented.

Roll call voting was utilized.

Director Clark – aye

Director Corrales – aye

Director Edwards-Tate – absent

Director Greer – aye

Director Griffith – aye

Director Jahaaski – aye

Director Pacheco – absent

Chair Griffith announced that four board members were in favor. None opposed. One abstention. Two absent.

Motion approved.

-

9. Board Committees – Informational Only

- a. *Audit & Compliance Committee – Michael Pacheco, Committee Chair*

- *Audit & Compliance Committee did not meet in April*

Board of Directors Meeting Minutes – Monday, April 14, 2025

Agenda Item

<ul style="list-style-type: none">• Discussion	Conclusion/Action/Follow Up
b. Community Relations Committee – Terry Corrales, Committee Chair	
<ul style="list-style-type: none">• Director Terry Corrales provided a verbal update	
c. Finance Committee – Linda Greer, Committee Chair	
<ul style="list-style-type: none">• Director Linda Greer provided a verbal update	
d. Governance Committee – Jeff Griffith, Committee Chair	
<ul style="list-style-type: none">• Chair Jeff Griffith provided a verbal update	
e. Human Resources Committee – Terry Corrales, Committee Chair	
<ul style="list-style-type: none">• Director Terry Corrales provided a verbal update	
f. Quality Review Committee – Linda Greer, Committee Chair	
<ul style="list-style-type: none">• Director Linda Greer provided a verbal update	
g. Strategic & Facilities Planning – Michael Pacheco, Committee Chair	
<ul style="list-style-type: none">• Strategic & Facilities Planning Committee did not meet in April	
Final Adjournment	
<ul style="list-style-type: none">• There being no further business, Chair Jeff Griffith adjourned the meeting at 6:59 p.m.	

Board of Directors Meeting Minutes – Monday, April 14, 2025

Agenda Item

- *Discussion*

Conclusion/Action/Follow Up

Signatures:

Board Secretary

Terry Corrales, R.N.

Board Clerk

Carla Albright

<i>Special Closed Session Board of Directors Minutes – Monday, April 14, 2025</i>	
<i>Agenda Item</i>	<i>Conclusion / Action</i>
<i>Discussion</i>	
Notice of Meeting	
Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, as well as on the Palomar Health website, on Thursday, April 10, 2025, which is consistent with legal requirements.	
I. Call To Order	
The meeting, which was held at the Palomar Medical Center Escondido, First Floor Conference Room at 2185 Citracado Parkway, Escondido, CA. 92029, and called to order at 5:33 p.m. by Board Chair Jeff Griffith.	
II. Establishment Of Quorum	
Quorum was established via roll call comprising of Directors Clark, Corrales, Greer, Griffith, Jahaaski, Pacheco Absences: Edwards-Tate	
III. Public Comments	
<ul style="list-style-type: none"> No public comments 	
IV. Adjournment To Closed Session	
a. Pursuant to California Government Code § 54962 and California Health & Safety Code § 32155 – HEARINGS - Subject matter: Report of Quality Assurance Committee	

V. Re-Adjournment To Open Session

VI. Action Resulting From Closed Session – if any

- No action was taken in closed session.

VIII. Final Adjournment

There being no further business, Chair Jeff Griffith adjourned the meeting at 5:51 p.m.

Signatures:

Board Secretary

Terry Corrales, RN

Board Assistant

Carla Albright

<i>Special Closed Session Board of Directors Minutes – Wednesday, April 23, 2025</i>	
<i>Agenda Item</i>	<i>Conclusion / Action</i>
<i>Discussion</i>	
Notice of Meeting	
Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, as well as on the Palomar Health website, on Tuesday, April 22, 2025, which is consistent with legal requirements.	
I. Call To Order	
The meeting, which was held in the Linda Greer Board Room, Suite 300, 2125 Citracado Parkway, Escondido, CA. 92029, and virtually, was called to order at 3:01 p.m. by Board Chair Jeff Griffith.	
II. Establishment Of Quorum	
Quorum was established via roll call comprising of Directors Clark, Corrales, Edwards-Tate, Greer, Griffith, Jahaaski, Pacheco	
Absences:	
III. Public Comments	
<ul style="list-style-type: none"> No public comments 	

IV. Adjournment To Closed Session

- a. Pursuant to California Government Code § 54962 and California Health & Safety Code § 32106—REPORT INVOLVING TRADE SECRET—Discussion will concern: proposed new service or program. Estimated date of public disclosure: December 1, 2025

V. Re-Adjournment To Open Session

VI. Action Resulting From Closed Session – if any

- No action was taken in closed session.

VIII. Final Adjournment

There being no further business, Chair Jeff Griffith adjourned the meeting at 4:04 p.m.

Signatures:

Board Secretary

Terry Corrales, RN

Board Assistant

Carla Albright

ADDENDUM B

Palomar Medical Center Escondido
2185 Citracado Parkway
Escondido, CA 92029
(442) 281-1005 (760) 233-7810 fax
Medical Staff Services

May 5, 2025

To: Palomar Health Board of Directors

From: Kanchan Koirala, M.D., Chief of Staff
Palomar Medical Center Escondido Medical Executive Committee

Board Meeting Date: May 12, 2025

Subject: Palomar Medical Center Escondido Credentialing Recommendations

Provisional Appointment (05/12/2025 to 04/30/2027)

Hedayati, Amir, M.D. – Teleradiology
Shah, Nayna V., M.D. – Family Medicine
Wen, Timothy, M.D., MPH – Maternal Fetal Medicine
Winners, Bret, D.O. – Emergency Medicine

Advance from Provisional to Courtesy Category

Wright, Tabita A., M.D.- Diagnostic Radiology- Dept. of Radiology (06/01/2025 to 01/31/2026)

Advance from Provisional to Active Category

Bownds, Shannon E., MD-Diagnostic Radiology- Dept. of Radiology (06/01/2025 to 12/31/2025)
Fan, Li, M.D. - Obstetrics and Gynecology- Dept. of OB/GYN (06/01/2025 to 09/30/2026)
Johnson, Jeffrey D., M.D. – Obstetrics and Gynecology – Dept. of OB/GYN (06/01/2025 to 05/31/2027)
Martinez, Jorge, D.O.- Emergency Medicine- Dept. of Emergency Medicine (06/01/2025 to 03/31/2027)
Wright, Brenton A., M.D.-Neurology-Dept. of Medicine (06/01/2025 to 10/31/2025)

Request for Change in Category

Bailey, Timothy, M.D. – Internal Medicine, category change to Consulting (eff. 04/02/2025 to 10/31/2026)

Physician Voluntary Resignation

Bareiss, Anna K., M.D. - Otolaryngology (eff. 03/31/2025)
Ismawan, Johannes M., M.D - Anesthesia (eff. 06/01/2025)
McClay, Edward F., M.D. – Oncology (eff. 03/31/2025)
Pevoto, Patrick S., M.D. – Obstetrics and Gynecology (eff. 05/31/2025)
Tygart, Melissa K., M.D. – Pediatrics (06/01/2025)
Stupin, Jeremy S., M.D. – Diagnostic Radiology (eff. 06/01/2025)
Yi, Jung Soo, M.D. – Anesthesia (eff. 04/11/2025)

Request for 2 Year Leave of Absence

Gioioso, Valeria, M.D. – Diagnostic Radiology, 2 years (01/01/2025 to 12/31/26)

Leng, Poh H., M.D. – Internal Medicine, 2 years (04/25/2025 to 04/24/2027)

Allied Health Professional Appointment (effective 05/12/2025 – 04/30/2027)

Brasley, Manuel R., N.P – Nurse Practitioner Dept. of Medicine (Sponsor: Dr. Ali Fadhil)

Allied Health Professional Resignation

Fryer, Ashley K., PA-C – Physician Assistant (eff. 04/17/2025)

PALOMAR MEDICAL CENTER ESCONDIDO RECOMMENDATIONS FOR REAPPOINTMENT

Reappointments (effective 06/01/2025 to 05/31/2027)

Bower, Bradley B., M.D.	Internal Medicine	Dept. of Medicine	Affiliate
Carranza, Carlee M., D.O.	Emergency Medicine	Dept. of Emergency Medicine	Active
Chambers, Edward T., M.D.	Pediatrics	Dept. of Pediatrics	Active
Cohen, Jordan Y., M.D.	Emergency Medicine	Dept. of Emergency Medicine	Active
Cotten, Paul J., M.D.	Anesthesiology	Dept. of Anesthesiology	Active
Drohan, Juliette M., D.O.	Emergency Medicine	Dept. of Emergency Medicine	Active
Enderby, Scott F., D.O.	Internal Medicine	Dept. of Medicine	Affiliate
Gara, Naveen, M.D.	Gastroenterology	Dept. of Medicine	Active
Kelly, Thomas F., M.D.	Maternal-Fetal Medicine	Dept. of OB/GYN	Active
Phan, Hoa T., D.O.	Hospice & Palliative Medicine	Dept. of Medicine	Active
Rivera, Marcelo R., M.D.	Internal Medicine	Dept. of Medicine	Affiliate
Rivera, Tania L., M.D.	Rheumatology	Dept. of Medicine	Consulting
Sahagian, Gregory A., M.D.	Neurology	Dept. of Medicine	Affiliate
Thalken, Gregory L., MD	Diagnostic Radiology	Dept. of Radiology	Active
Wolf, Richard B., D.O.	Maternal-Fetal Medicine	Dept. of OB/GYN	Active

Allied Health Professional Reappointments (effective 06/01/2025 to 05/31/2027)

Hermanson, Kathleen H., PA-C	Physician Assistant	Dept. of Medicine	(Sponsor: Dr. Paduga)
Lien, Theresa A., PharmD	Pharmacist	Dept. of Medicine	(Sponsor: Dr. Teja Singh)
Pellecchia, Kristyn G., PMHNP	Psychiatric Nurse Pract.	Dept. of Psychiatry	(Sponsor: Dr. Hidy)
Quach, Linda L., PNP	Pediatric Nurse Pract.	Dept. of Pediatrics	(Sponsor: Dr. Fatayerji)
Rahim, Arianna S., PA-C	Physician Assistant	Dept. of Medicine	(Sponsor: Dr. Choudry)
Tanner, Natasha A., NNP	Neonatal Nurse Pract.	Dept. of Pediatrics	(Sponsor: Dr. Fatayerji)

Certification by and Recommendation of Chief of Staff

As Chief of Staff of Palomar Medical Center Escondido, I certify that the procedures described in the Medical Staff Bylaws for appointment, reappointment or alteration of staff membership or the granting of privileges and that the policy of Palomar Health's Board of Directors regarding such practices have been properly followed. I recommend that the action requested in each case be taken by the Board of Directors.

Palomar Medical Center Poway
 Medical Staff Services
 15615 Pomerado Road
 Poway, CA 92064
 (858) 613-4538 (858) 613-4217 fax

Date: May 5, 2025
 To: Palomar Health Board of Directors – May 12, 2025 Meeting
 From: Mark Goldsworthy, M.D., Chief of Staff, PMC Poway Medical Staff
 Subject: Medical Staff Credentials Recommendations – April, 2025

Provisional Appointments: (05/12/2025 – 04/30/2027)

Amir Hedayati, M.D., Teleradiology
 Nayna Shah, M.D., Family Practice
 Bret Winners, D.O., Emergency Medicine

Biennial Reappointments: (06/01/2025 - 05/31/2027)

Ednan Ahmed, M.D., Ophthalmology, Affiliate (Transfer from Active)
 Philip Balikian, M.D., Orthopedic Surgery, Active (Includes The Villas at Poway)
 Carlee Carranza, D.O., Emergency Medicine, Active
 Sarah Carroll, M.D., Otolaryngology, Courtesy
 Kathy Clewell, M.D., Internal Medicine, Active No Clinical Activity
 Jordan Cohen, M.D., Emergency Medicine, Active
 Paul Cotten, M.D., Anesthesiology, Active
 Juliette Drohan, D.O., Emergency Medicine, Active
 Scott Enderby, D.O., Internal Medicine, Affiliate
 Casey Fisher, M.D., Pain Medicine, Courtesy
 Naveen Gara, M.D., Gastroenterology, Active (Includes The Villas at Poway)
 Hoa Phan, D.O., Hospice and Palliative Medicine, Active (Includes The Villas at Poway)
 Marcelo Rivera, M.D. Internal Medicine, Active (Includes The Villas at Poway)
 Gregory Sahagian, M.D., Neurology, Affiliate
 Gregory Thalken, M.D., Teleradiology, Active

Advancements to Active Category:

Shannon Bownds, M.D., Teleradiology, effective 06/01/2025 – 12/31/2025
 Jorge Martinez, D.O., Emergency Medicine, effective 06/01/2025 – 03/31/2027
 Brenton Wright, M.D., Neurology, effective 06/01/2025 – 10/31/2025
 Tabita Wright, M.D., Diagnostic Radiology, effective 06/01/2025 – 01/31/2026

Requests for 2 Year Leave of Absence:

David Lee, M.D., Emergency Medicine, effective 04/01/2025 – 03/31/2027

Valeria Gioioso, M.D., Radiology, effective 01/01/2025 – 12/31/2026

Asaf Presente, M.D., Critical Care Medicine, effective 04/25/2025 – 04/24/2027

Voluntary Resignations:

Noor Al-Ameri, M.D., Internal Medicine, effective 04/22/2025

Anna Bareiss, M.D., Otolaryngology, effective 03/29/2025

Kirsta Brummel, D.O., Ophthalmology, effective 05/31/2025

Tapash Das, M.D., Internal Medicine, effective 03/27/2025

Mark Garfinkle, M.D., Internal Medicine, effective 05/06/2025

Madison Ginn, D.O., Emergency Medicine, effective 03/25/2025

Peter Gougov, M.D., Anesthesiology, effective 05/08/2025

Gilbert Ho, M.D., Neurology, effective 05/31/2025

Bryan Hyler, M.D., Psychiatry, effective 05/31/2025

Martin Ismawan, M.D., Anesthesiology, effective 03/30/2025

Edward McClay, M.D., Oncology, effective 04/15/2025

Erik Nagel, D.O., Anesthesiology, effective 01/31/2025

Jeremy Stupin, M.D., Radiology, effective 05/31/2025

Zehui Tan, M.D., Internal Medicine, effective 03/25/2025

Allied Health Professional Appointments: (05/12/2025 – 04/30/2027)

Manuel Brasley, NP, Sponsor Dr. Fadhil

Gabrielle Burns, PA, Sponsors Dr. Schultzel and Burgess

Joy Starr, PA, Sponsor Dr. Schultzel

Allied Health Professional Biennial Reappointments: (06/01/2025 - 05/31/2027)

Kathleen Hermanson, PA, Sponsor Dr. Paduga

Kristyn Pelledchia, PNP, Sponsor Dr. Hidy (Includes The Villas at Poway)

Arianna Rahim, PA, Sponsor Dr. Choudry

Allied Health Professional Reappointment Effective 06/01/2025 – 06/30/2026:

Robert Frost, PA, Sponsors Drs. B. Cohen, Brummel

PALOMAR MEDICAL CENTER POWAY: Certification by and Recommendation of Chief of Staff: As Chief of Staff of Palomar Medical Center Poway, I certify that the procedures described in the Medical Staff Bylaws for appointment, reappointment, or alternation of staff membership or the granting of privileges and the policy of the Palomar Health's Board of Directors regarding such practices have been properly followed. I recommend that the Board of Directors take the action requested in each case.

Provider Profiles



Brasley, Manuel R., NP
PMC Escondido and Poway

Status: Applicant
Specialty: Nurse
Practitioner
Department: Medicine



Hedayati, Amir, MD
PMC Escondido and Poway

Status: Applicant
Specialty: Diagnostic
Radiology
Department: Radiology



Shah, Nayna V., MD
PMC Escondido and Poway

Status: Applicant
Specialty: Family Practice
Department: Family Practice



Wen, Timothy, MD, MPH
PMC Escondido

Status: Applicant
Specialty: Obstetrics and
Gynecology
Specialty2: Maternal-Fetal
Medicine
Department: OB/GYN



Winners, Bret, DO
PMC Escondido and Poway

Status: Temporary
Privileges
Specialty: Emergency
Medicine
Department: Emergency
Medicine



Burns, Gabrielle, PA-C
PMC Poway

Status: Temporary
Privileges
Specialty: Physician
Assistant
Department: Surgery



Starr, Joy, PA-C
PMC Poway

Status: Temporary
Privileges
Specialty: Physician
Assistant
Department: Surgery

Margin Improvement / Turnaround Project Financial Update

Reporting Month: Mar-25

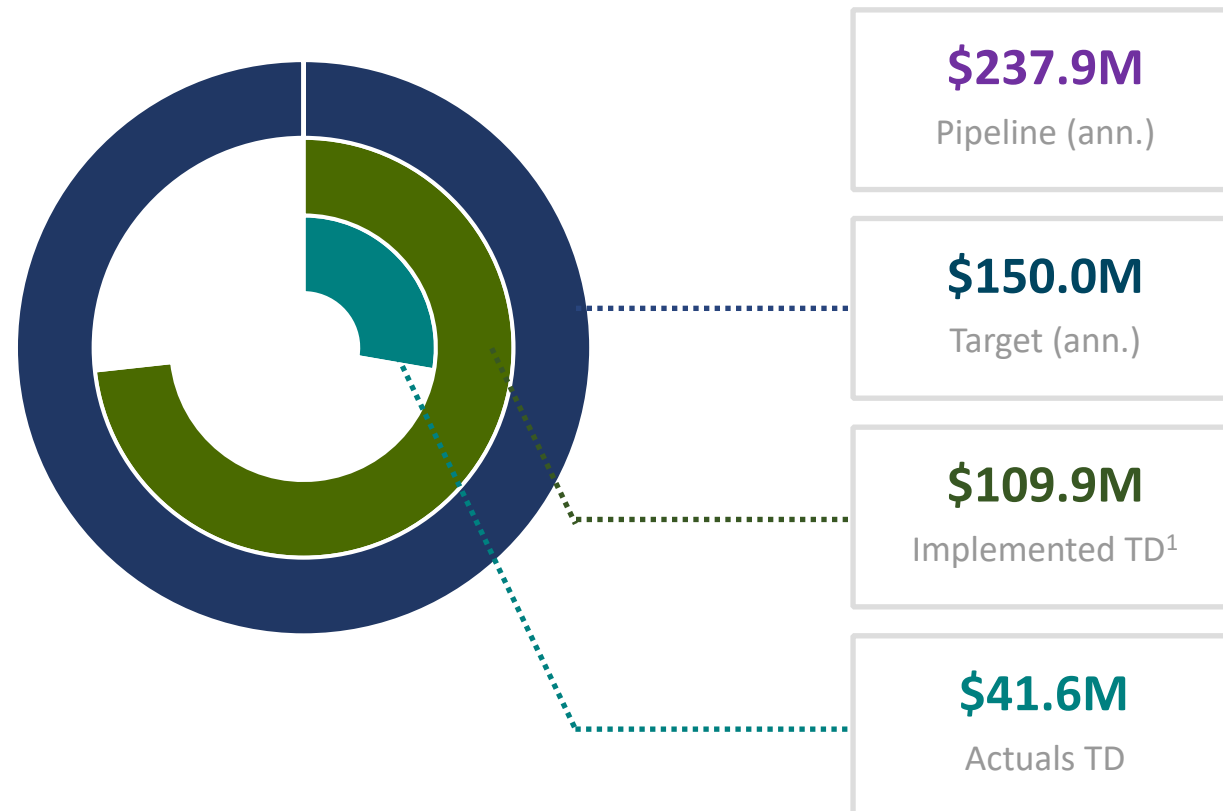
April 23, 2025

Palomar Health has implemented a projected \$109.9M of initiatives and realized \$41.6M in improvement through March

Key FY 25 Q4 upcoming initiatives include:

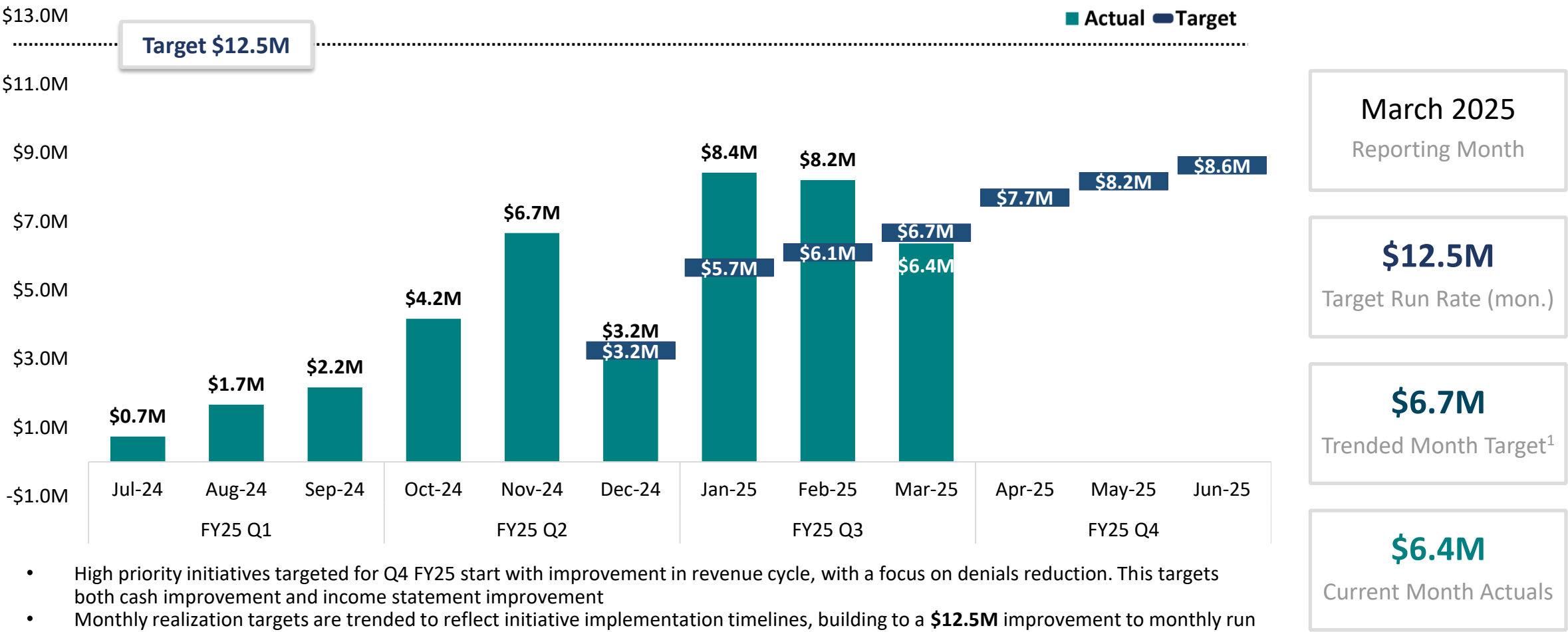
- ❑ **\$10M** Denials Reduction –initial and fatal denials
- ❑ **\$5.0M** Corporate Services – departmental reductions
- ❑ **\$3.5M** Workforce Productivity - departmental and premium pay improvements
- ❑ **\$3.0M** Pediatric ICU – program adjustments
- ❑ **\$3.0M** Villas at Poway - volume and net income improvement

¹Implemented to date value has increased **\$1.7M** from **\$108.2M** presented on 3/26/25



¹Implemented to date (TD) reflects pipeline initiatives actively implemented with and projected impact.

Initiative performance in March 2025 resulted in \$6.4M in realization, coming in under the monthly target of \$6.7M



- High priority initiatives targeted for Q4 FY25 start with improvement in revenue cycle, with a focus on denials reduction. This targets both cash improvement and income statement improvement
- Monthly realization targets are trended to reflect initiative implementation timelines, building to a **\$12.5M** improvement to monthly run rate, annualized to **\$150M**, over the next **18 months**

¹Workstream targets were established and communicated to board 1/27/25; actuals will be tracked against month targets moving forward.

Continuing progress is being made on the financial results, high priority initiatives needed to hit Q4 liquidity and income statement goals

Workstream	February		March (Current Month)		Apr.	Status
	Target	Actual	Target	Actual	Target	
Supply Chain & PS	\$0.3M	\$0.3M	\$0.4M	\$0.3M	\$0.4M	
Care Transitions & PSA	\$1.0M	\$1.1M	\$1.0M	\$1.9M	\$1.0M	
PHMG	\$0.7M	\$0.4M	\$0.8M	\$0.7M	\$0.9M	
Workforce & Periop	\$0.7M	\$1.0M	\$0.8M	(\$1.4M)	\$1.0M	
Corporate Services	\$0.8M	(\$0.3M)	\$0.8M	\$0.1M	\$0.9M	
Growth Strategy	\$0.7M	\$1.0M	\$0.8M	\$0.6M	\$0.8M	
Facilities & Real Estate	-	-	-	\$0.0M	\$0.0M	
Revenue Cycle	\$1.9M	\$4.1M	\$2.1M	\$4.1M	\$2.7M	
Total:	\$6.1M	\$7.8M	\$6.7M	\$6.4M	\$7.7M	

Key Updates

- March labor expense increased **\$1.4M from prior FY**, However both gross and patient revenues were up as well. Salaries and Contract Labor Expense is 48.4% of NPR in March '25 as opposed to 56.7% FY24
- \$1.9M** in revenue improvement driven by correct patient classification and throughput improvements compared to prior FY
- \$400K** improvement from prior FY average in both Marketing and Revenue Cycle

High Priority Initiatives

- Short-term Liquidity Improvement
- Revenue Cycle Denials improvement
- PHMG: IKS Solution Implementation
- Departmental Workforce Improvements
- Purchased Services governance structure and additional contract savings
- Real Estate MSA, strategic planning with Cushman & Wakefield

March 2025
Reporting Month

\$6.7M
Trended Month Target

\$6.4M
Current Month Actuals

Status		
On Track	Caution	At Risk

Fiscal Year 2025 Financial Performance

**Supplemental Section includes Palomar Health Medical Group (PHMG) and
Consolidating Schedules*

March 2025

<u>Page</u>	<u>Report</u>
3	Executive Summary
4-6	Management Discussion and Analysis
7-9	Executive Dashboard
10	Income Statement for Fiscal Period, Excludes PHMG
11	Income Statement for Current Year, Excludes PHMG
12	Income Statement for the Current Year versus Prior Year, Excludes PHMG
13	Income Statement for the Current Fiscal Year Trend, Excludes PHMG
14	Statement of Net Position excluding G.O. Bonds, Excludes PHMG
15	Statement of Net Position including G.O. Bonds, Excludes PHMG
16	Statement of Cash Flows, Excludes PHMG
18	Condensed Combining Statement of Net Position for the Fiscal Year-to-Date Ending March 31, 2025
19	Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position for the Fiscal Year-to-Date Ending March 31, 2025
20	Condensed Combining Statement of Net Position
21	Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position
22	Condensed Combining Statement of Cash Flows
23	Bond Covenants
24	Interest Expense
25	Initial Denials by Department
26	Initial Denial by Patient Type and CARC Adjustment Reason

Highlights for March 2025

Revenue

- Strong gross revenue month (though high inpatient ancillary often does not translate to additional net revenues on DRG payers)
- Gross revenue per day was lower than Feb (highest month this year) but ties with January for the next highest month
- Difficult month for capitation, with lower in network expenses and very high out of network expenses

Volumes

- March continued to be a strong month for inpatient volumes, increasing the positive variance to budget and prior year for inpatient days and discharges
 - Inpatient days are 10.1% higher than prior year and discharges are 12.4% YTD
- Adjusted discharges are still favorable to PY (3.7% up) but less favorable than inpatient discharges, reflecting lower outpatient trends. Some of this is driven by Care Transitions work that reduced Observation patients and increased IP's
- For both surgery and emergency room, the trend remains where IP is growing compared to last year and OP is down.
 - IP Surgery is up 4.4% from PYTD
 - IP admits from ED is up 17.9% from PYTD
 - Emergency visits overall are up 1.4% compared to last year, so this primarily a shift from OP to IP, but overall ED volume is down 1.3% compared to PYTD
- While deliveries are still down YOY when you look at the entire year, March deliveries were favorable to budget and 10.5% higher than PY March (28 higher than last March)
- Radiation Onc has generally run behind PYTD but had a strong month of March, beating the budget by 11.8% and PY March by 29.1%
- Length of Service continues to remain lower than budget and PY

Expenses

- Salaries are flat with budget on the month and expenses included a one-time \$2M catch-up accrual for the nurse bonuses
- Premium pay continues to run high and is up 10-15% (depending on area) from earlier this year
- High consulting, attorney fees and other purchased services

Other Highlights

- EBIDA* for March dropped to 8.9%, so we regressed a bit here as expenses escalated on the month, but improved to 6.2% YTD
- Days Cash on Hand Consolidated for March was 12.2 days and that is down from 15.4 days from February
- We made all IGT payments in March and will make all debt service payments in April
- Debt Service Coverage improved month-over-month from (0.08) to 0.01 so the first positive month for us on this metric in the year

*Excludes PHMG; YTD is Year-to-Date; PY is Prior year; PYTD is Prior Year-to-Date; Onc is Oncology

Net loss from operations for the month was \$2.1 million, unfavorable to budget by \$3.7 million. The year-to-date loss from operations was \$43.0 million with a \$40.3 million unfavorable variance. Net loss for the month was \$4.4 million, unfavorable to budget by \$4.3 million. Net loss year-to-date was \$61.3 million and unfavorable variance of \$47.3 million.

EBIDA margin for the month of February was unfavorable to budget by 4.1% and year-to-date EBIDA margin was unfavorable to budget by 5.2%. Additional comments and further analyses are presented in the following sections.

Patient Utilization

Inpatient (IP) Services

For March YTD, Acute Discharges for the District were 12.1% favorable to budget, and increased 12.4% YOY. Acute Average Daily Census was 9.6% favorable to budget, and increased 6.3% YOY. Total Average Daily Census was 1.6% favorable to budget, and is impacted by Villas patient days (19.1%) unfavorable to budget. Acute Adjusted Discharges were 5.7% favorable to budget, and increased 3.8% YOY. Acute Adjusted Patient Days were 3.4% favorable to budget, and relatively flat YOY.

IP surgeries for PMC Escondido and PMC Poway were 4,604 cases (3.9% favorable to budget and 4.4% increase YOY). Emergent cases increased YOY due to a 17.9% increase to Inpatient ER Admits.

Deliveries for PMC Escondido were 2,644, which was (0.3%) unfavorable to budget and (4.1%) decrease YOY.

Trauma inpatient admissions were 1,502, which was 27.1% favorable to budget and 19.2% increase YOY.

Outpatient (OP) and Ancillary Services

OP surgeries for PMC Escondido and PMC Poway were 3,746 cases, which was (7.9%) unfavorable to budget and a (12.45%) decrease YOY. Outpatient ER visits were 77,288 (includes trauma), which was (6.4%) unfavorable to budget and a (1.3%) decrease YOY. OP registrations were (14.4%) unfavorable to budget and (11.7%) decrease YOY. ER inpatient admissions were 16.2% favorable to budget and increased 17.9% YOY.

Financial PerformanceOperating Revenue

Net Patient Revenue for the month was \$72.9 million, which was \$4.1 million (5.6%) unfavorable to budget.

Other Operating Revenue

Other Operating Revenue for the month was \$744 thousand, which was \$613 thousand (82.4%) unfavorable to budget.

Operating Expenses

Total Operating Expenses for the month were \$75.0 million, which was \$437 thousand (0.6%) favorable to budget.

Salaries, Wages & Contract Labor for the month were \$34.4 million, which was \$29 thousand (0.1%) favorable to budget.

Benefits for the month were \$7.6 million, which was \$377 thousand (4.9%) favorable to budget.

Supplies for the month were \$10.8 million, which was \$466 thousand (4.3%) unfavorable to budget.

Professional Fees and Purchased Services for the month were \$13.2 million, which was \$911 thousand (6.9%) unfavorable to budget.

Depreciation & Amortization for the month was \$5.0 million, which was \$242 thousand (4.9%) favorable to budget.

Other Direct Expenses for the month were \$4.0 million, which was \$597 thousand (14.8%) favorable to budget.

Net Non-Operating Income/Expense

Net Non-Operating Loss for the month was \$2.2 million, which was \$596 thousand unfavorable to budget due to year-end investments, county redevelopment distribution and lease agreements.

Payor Mix, Net Days in Accounts Receivable (A/R) and Cash Collections

The percentages of Gross Patient Service Revenue from the Medicare, Managed Care Medicare, Managed Care, Medi-Cal and Managed Care Medi-Cal financial classes for the month were consistent with budget. Cash postings were \$62.4 million. Days in Net A/R are 69.9, a increase of 1.6 days from the prior month due to a higher volumes/charges, even with a higher cash collection month.

Revenue Cycle – Key Performance Indicators (KPIs)

Key Performance Indicators (KPI)	December 2024	January 2025	February 2025	March 2025
Total Net A/R (\$) ¹	153,128,078	157,290,461	156,624,969	161,106,820
Net Days in A/R (Days) ²	68.9	71.1	68.3	69.9
% AR > 90 Days	40.4%	40.2%	37.9%	39.5%
% of Avoidable Denial Write-Offs	11.0%	10.1%	8.4%	6.1%
Net Revenue Yield	100.4%	99.3%	98.8%	96.9%

Balance Sheet

Cash, Cash Equivalents and Investments decreased in February by \$8.7 million primarily due to an effort to increase vendor payments. We will begin to receive supplemental payments in May, and also expect to see an infusion related to the UCSD loan in late April. While a separate corporation, we are expecting PHMG cash receipts to being to improve that will help improve our overall cash position as well. We are working through a number of payer advances/settlements to strengthen liquidity as we move toward year end.

The Days Cash On Hand ratio decreased by 3.9 days from the prior month to 12.1 days.

¹ Total Net A/R: This is the total amount of accounts receivable which management expects to collect from patients, insurance companies, Medicare, Medi-Cal, in future months, for services to patients through the end of the current accounting period. This number is computed by subtracting estimated contractual adjustments, bad debt and charity write-offs from gross accounts receivable.

² Net Days in A/R (Days): The full name for this performance indicator is "Net Days of Revenue in Net Accounts Receivable." This statistic is a measure of the effectiveness of the organization's collections of revenue. For example, if the organization has average daily net revenues of \$2 million and \$140 million in Net A/R, then the organization has 70 days of net revenue/potential cash (\$140M divided by \$2M) tied up in its Accounts Receivable.

	Month					Year to Date				
	Actual Mar-25	Budget Mar-25	Budget Variance	Prior Year Mar-24	Prior Year Variance	Actual Mar-25	Budget Mar-25	Budget Variance	Prior Year Mar-24	Prior Year Variance
Key Volumes										
Discharges - Total	2,387	2,052	16.3%	2,078	14.9%	19,640	17,698	11.0%	17,978	9.2%
Acute - General	2,344	1,996	17.4%	1,993	17.6%	19,291	17,210	12.1%	17,163	12.4%
Acute - Behavioral Health	-	-	0.0%	46	(100.0%)	-	-	0.0%	406	(100.0%)
Total Acute Discharges	2,344	1,996	17.4%	2,039	15.0%	19,291	17,210	12.1%	17,569	9.8%
The Villas at Poway	43	56	(23.2%)	39	10.3%	349	488	(28.5%)	409	(14.7%)
Patient Days - Total	12,604	12,421	1.5%	11,648	8.2%	108,671	106,944	1.6%	107,192	1.4%
Acute - General	10,006	8,980	11.4%	8,462	18.3%	84,497	77,067	9.6%	76,735	10.1%
Acute - Behavioral Health	-	-	0.0%	357	(100.0%)	-	-	0.0%	3,027	(100.0%)
Total Acute Patient Days	10,006	8,980	11.4%	8,819	13.5%	84,497	77,067	9.6%	79,762	5.9%
The Villas at Poway	2,598	3,441	(24.5%)	2,829	(8.2%)	24,174	29,877	(19.1%)	27,430	(11.9%)
Acute Adjusted Discharges	3,654	3,347	9.2%	3,437	6.3%	30,522	28,867	5.7%	29,401	3.8%
Total Adjusted Discharges*	3,706	3,403	8.9%	3,473	6.7%	30,932	29,355	5.4%	29,820	3.7%
Acute Adjusted Patient Days	15,598	15,051	3.6%	14,864	4.9%	133,600	129,164	3.4%	133,397	0.2%
Total Adjusted Patient Days*	18,196	18,492	(1.6%)	17,693	2.8%	157,774	159,041	(0.8%)	160,827	(1.9%)
Acute Average Daily Census	323	290	11.4%	284	13.5%	308	281	9.6%	290	6.3%
Total Average Daily Census*	407	401	1.5%	376	8.2%	397	390	1.6%	390	1.8%
Surgeries - Total	917	1,025	(10.5%)	963	(4.8%)	8,350	8,498	(1.7%)	8,694	(4.0%)
Inpatient	521	525	(0.8%)	473	10.2%	4,604	4,431	3.9%	4,411	4.4%
Outpatient	396	499	(20.7%)	490	(19.2%)	3,746	4,067	(7.9%)	4,283	(12.5%)
Deliveries	295	279	5.7%	267	10.5%	2,644	2,652	(0.3%)	2,758	(4.1%)
ER Visits (Includes Trauma) - Total										
Inpatient	1,712	1,454	17.7%	1,464	16.9%	15,205	13,081	16.2%	12,898	17.9%
Outpatient	7,966	9,471	(15.9%)	8,341	(4.5%)	77,288	82,532	(6.4%)	78,305	(1.3%)

	Month					Year to Date				
	Actual	Budget	Budget	Prior Year	Prior Year	Actual	Budget	Budget	Prior Year	Prior Year
	Mar-25	Mar-25	Variance	Mar-24	Variance	Mar-25	Mar-25	Variance	Mar-24	Variance
Cardiac Cath RVUs	1,060	1,606	(34.0%)	1,272	(16.7%)	9,359	11,868	(21.1%)	11,382	(17.8%)
Escondido Interv. Radiology RVUs	836	1,034	(19.2%)	923	(9.4%)	8,523	8,392	1.6%	8,345	2.1%
Poway Interv. Radiology RVUs	273	295	(7.4%)	215	27.3%	2,379	2,308	3.1%	2,288	4.0%
Radiation Oncology RVUs	3,672	3,286	11.8%	2,845	29.1%	28,228	37,533	(24.8%)	28,587	(1.3%)
Infusion Therapy Hours	1,091	883	23.5%	813	34.2%	8,557	7,807	9.6%	6,721	27.3%
Imaging										
Escondido CAT Procedures	9,784	8,774	11.5%	8,284	18.1%	81,000	71,231	13.7%	71,716	13.0%
Poway CAT Procedures	2,850	2,558	11.4%	2,472	15.3%	23,700	22,382	5.9%	20,767	14.1%
Escondido MRI Procedures	573	343	67.1%	428	33.9%	4,217	3,350	25.9%	3,418	23.4%
Poway MRI Procedures	115	192	(40.0%)	152	(24.3%)	1,173	1,170	0.2%	1,251	(6.2%)
Escondido Diagnostic Rad. Procedures	7,265	7,384	(1.6%)	7,054	3.0%	63,464	62,937	0.8%	62,681	1.3%
Poway Diagnostic Rad. Procedures	2,307	2,393	(3.6%)	2,167	6.5%	20,183	20,709	(2.5%)	19,419	3.9%
*Includes The Villas at Poway										

	Month					Year to Date				
	Actual	Budget	Budget	Prior Year	Prior Year	Actual	Budget	Budget	Prior Year	Prior Year
	Mar-25	Mar-25	Variance	Mar-24	Variance	Mar-25	Mar-25	Variance	Mar-24	Variance
Key Statistics										
Acute Average LOS - Days	4.27	4.50	5.1%	4.33	(1.3%)	4.38	4.48	2.2%	4.54	(3.5%)
Acute - General	4.27	4.50	5.1%	4.25	0.5%	4.38	4.48	2.2%	4.47	(2.0%)
Average Observation Hours	25	38	35.8%	38	(35.8%)	27	38	29.4%	38	(29.4%)
Acute Case Mix - Excludes Deliveries	1.72	1.79	3.9%	1.79		1.71	1.78	3.9%	1.78	
Acute Case Mix -Medicare Only	1.71	1.87	8.6%	1.87		1.69	1.77	4.6%	1.77	
Labor Productivity by Hrs										
Days Cash on Hand						12.1				
Financial Performance										
Operating Income	(2,125,782)	1,545,815	(3,671,597)	2,054,403	(508,588)	(43,011,548)	(2,683,627)	(40,327,921)	(28,587,519)	25,903,892
Net Income	(4,363,396)	(95,725)	(4,267,671)	2,007,454	(2,103,179)	(61,281,368)	(13,966,747)	(47,314,621)	(40,513,604)	26,546,857
Oper. Expenses/Adj. Patient Days	3,850	3,799	1.3%	3,714	3.7%	3,905.21	3,915.25	(0.3%)	3,690	5.8%
EBIDA Margin-Excludes PHMG	6,469,229	9,965,815	(35.1%)	11,592,869	(44.2%)	38,280,078	75,874,574	(49.6%)	47,649,204	(19.7%)
EBIDA-Excludes PHMG	8.9%	12.9%	(31.0%)	16.1%	(44.7%)	6.2%	11.4%	(45.6%)	7.9%	(21.5%)

Note: Financial Performance excludes GO Bonds

	Actual Mar 25	Budget Mar 25	Variance Mar 25	Variance		Dollars/Adjusted Patient Day		
				Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	18,196	18,492	(296)					
Adjusted Discharges	3,706	3,403	303					
Operating Revenue								
Gross revenue	504,496,731	494,171,813	10,324,918	(7,910,170)	18,235,088	27,725.69	26,723.55	1,002.15
Deductions from revenue	(432,350,528)	(418,530,363)	(13,820,165)	6,699,383	(20,519,548)	(23,760.75)	(22,633.05)	(1,127.70)
Net patient revenue	72,146,203	75,641,450	(3,495,247)	(1,210,787)	(2,284,460)	3,964.95	4,090.50	(125.55)
Other operating revenue	743,928	1,357,165	(613,237)	(21,724)	(591,513)	40.88	73.39	(32.51)
Total net revenue	72,890,131	76,998,615	(4,108,484)	(1,232,511)	(2,875,973)	4,005.83	4,163.89	(158.06)
Operating Expenses								
Salaries, wages & contract labor	34,399,859	34,369,911	(29,948)	550,156	(580,104)	1,890.52	1,858.64	(31.88)
Benefits	7,631,965	8,008,664	376,699	128,194	248,505	419.43	433.09	13.66
Supplies	10,808,102	10,342,155	(465,947)	165,546	(631,493)	593.98	559.28	(34.71)
Prof fees & purch svcs	13,165,769	14,076,321	910,552	225,319	685,233	723.55	761.21	37.66
Depreciation & amortization	4,966,151	5,208,488	242,337	83,372	158,965	272.93	281.66	8.74
Other	4,044,068	3,447,260	(596,808)	55,180	(651,988)	222.25	186.42	(35.83)
Total expenses	75,015,914	75,452,799	436,885	1,207,767	(770,882)	4,122.66	4,080.29	(42.37)
Income from operations	(2,125,783)	1,545,816	(3,671,599)	(24,744)	(3,646,855)	(116.83)	83.59	(115.69)
Non-operating revenue (expense)								
Property tax revenues ¹	1,739,604	2,125,000	(385,396)					
Investment Income	1,636,411	881,113	755,298					
Interest Expense	(4,387,724)	(4,130,682)	(257,042)					
Non-operating depreciation & amortization	(1,478,750)	(722,370)	(756,380)					
Other non-operating revenue(expense)	252,845	205,399	47,446					
Net income(loss) ²	(4,363,397)	(95,724)	(4,267,673)					

EBIDA Margin 8.9% 12.9% **44** (4.1%)

	<u>Actual</u> <u>Mar 25</u>	<u>Budget</u> <u>Mar 25</u>	<u>Variance</u> <u>Mar 25</u>	<u>Variance</u>		<u>Dollars/Adjusted Patient Day</u>		
				<u>Volume</u>	<u>Rate/Eff</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Patient Days	157,774	159,041	(1,267)					
Adjusted Discharges	30,932	29,355	1,577					
Operating Revenue								
Gross revenue	4,350,389,917	4,217,870,641	132,519,276	(33,601,663)	166,120,939	27,573.55	26,520.65	1,052.90
Deductions from revenue	(3,739,307,833)	(3,563,745,263)	(175,562,572)	28,390,574	(203,953,144)	(23,700.41)	(22,407.71)	(1,292.69)
Net patient revenue	611,082,084	654,125,378	(43,043,296)	(5,211,089)	(37,832,205)	3,873.15	4,112.94	(239.79)
Other operating revenue	8,472,661	12,040,489	(3,567,828)	(95,921)	(3,471,907)	53.70	75.71	(22.01)
Total net revenue	619,554,745	666,165,867	(46,611,124)	(5,307,010)	(41,304,112)	3,926.85	4,188.64	(261.79)
Operating Expenses								
Salaries, wages & contract labor	285,716,787	295,219,597	9,502,808	2,351,867	7,150,943	1,810.92	1,856.25	45.32
Benefits	73,702,813	78,063,769	4,360,956	621,895	3,739,061	467.14	490.84	23.70
Supplies	92,509,308	90,665,188	(1,844,120)	722,284	(2,566,404)	586.34	570.07	(16.27)
Prof fees & purch svcs	136,680,131	127,710,999	(8,969,131)	1,017,410	(9,986,542)	866.30	803.01	(63.30)
Depreciation & amortization	46,426,052	46,163,851	(262,201)	367,764	(629,965)	294.26	290.26	(3.99)
Other	27,531,202	31,026,090	3,494,888	247,169	3,247,719	174.50	195.08	20.58
Total expenses	662,566,293	668,849,494	6,283,200	5,328,389	954,812	4,199.46	4,205.52	6.05
Income from operations	(43,011,548)	(2,683,627)	(40,327,921)	21,379	(40,349,300)	(272.61)	(16.87)	(267.84)
Non-operating revenue (expense)								
Property tax revenues ¹	18,354,208	19,125,000	(770,792)					
Investment Income	11,614,174	9,707,014	1,907,160					
Interest Expense	(39,828,265)	(37,176,137)	(2,652,128)					
Non-operating depreciation & amortization	(13,307,130)	(6,501,332)	(6,805,798)					
Other non-operating revenue(expense)	4,897,193	3,562,335	1,334,858					
Net income(loss) ²	(61,281,368)	(13,966,747)	(47,314,621)					

EBIDA Margin 6.2% 11.4% **45** (5.2%)

¹ Property Tax Revenue excludes O.G. Bonds Levy

	Actual Mar 25	Prior Year Mar 24	Variance Mar 25	Variance		Dollars/Adjusted Patient Day		
				Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	157,774	159,041	(1,267)					
Adjusted Discharges	30,932	29,355	1,577					
Operating Revenue								
Gross revenue	4,350,389,917	4,005,083,495	345,306,422	(31,906,494)	377,212,916	27,573.55	25,182.71	2,390.84
Deductions from revenue	(3,739,307,833)	(3,422,274,730)	(317,033,105)	27,263,549	(344,296,652)	(23,700.41)	(21,518.19)	(2,182.21)
Net patient revenue	611,082,084	582,808,765	28,273,317	(4,642,946)	32,916,265	3,873.15	3,664.52	208.63
Other operating revenue	8,472,661	23,009,144	(14,536,483)	(183,302)	(14,353,181)	53.70	144.67	(90.97)
Total net revenue	619,554,745	605,817,909	13,736,834	(4,826,248)	18,563,084	3,926.85	3,809.19	117.66
Operating Expenses								
Salaries, wages & contract labor	285,716,787	293,174,494	7,457,705	2,335,574	5,122,133	1,810.92	1,843.39	32.46
Benefits	73,702,813	70,200,327	(3,502,486)	559,251	(4,061,737)	467.14	441.40	(25.74)
Supplies	92,509,308	88,223,575	(4,285,733)	702,833	(4,988,566)	586.34	554.72	(31.62)
Prof fees & purch svcs	136,680,131	113,277,619	(23,402,511)	902,426	(24,304,938)	866.30	712.25	(154.05)
Depreciation & amortization	46,426,052	40,973,967	(5,452,085)	326,419	(5,778,504)	294.26	257.63	(36.63)
Other	27,531,202	28,555,447	1,024,245	227,487	796,758	174.50	179.55	5.05
Total expenses	662,566,293	634,405,429	(28,160,865)	5,053,990	(33,214,854)	4,199.46	3,988.94	(210.52)
Income from operations	(43,011,548)	(28,587,520)	(14,424,028)	227,742	(14,651,770)	(272.61)	(179.75)	328.18
Non-operating revenue (expense)								
Property tax revenues ¹	18,354,208	17,602,614	751,594					
Investment Income	11,614,174	17,650,603	(6,036,429)					
Interest Expense	(39,828,265)	(37,356,830)	(2,471,435)					
Non-operating depreciation & amortization	(13,307,130)	(9,832,011)	(3,475,119)					
Other non-operating revenue(expense)	4,897,193	9,538	4,887,655					
Net income(loss) ²	(61,281,368)	(40,513,606)	(20,767,762)					

EBIDA Margin 6.2% 7.9% **46** (1.7%)

¹ Property Tax Revenue excludes C.O. Bonds Levy

	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Fiscal Year 2025
Adjusted Patient Days	16,533	17,241	17,034	17,052	16,530	17,801	19,261	18,126	18,196	157,774
Adjusted Discharges	3,374	3,358	3,348	3,424	3,237	3,575	3,507	3,403	3,706	30,932
Operating Revenue										
Gross revenue	485,400,623	481,303,719	467,378,630	474,558,980	460,334,838	489,498,380	503,514,870	483,903,146	504,496,732	4,350,389,917
Deductions from revenue	415,757,901	415,886,086	403,359,082	402,798,738	398,689,552	418,393,206	432,589,279	419,483,463	432,350,529	3,739,307,835
Net patient revenue	69,642,722	65,417,634	64,019,548	71,760,241	61,645,286	71,105,174	70,925,591	64,419,683	72,146,203	611,082,082
Other operating revenue	920,937	782,991	1,167,339	1,079,195	1,127,177	717,219	930,518	1,003,357	743,928	8,573,574
Total net revenue	70,563,659	66,200,624	65,186,887	72,839,436	62,772,463	71,822,393	71,856,109	65,423,041	72,890,131	619,655,656
Operating Expenses										
Salaries, wages & contract labor	32,166,595	32,697,012	31,039,334	31,126,296	30,170,078	32,586,392	31,767,111	29,764,112	34,399,859	285,716,788
Benefits	7,845,288	9,667,894	8,249,929	7,595,482	7,835,218	9,168,549	9,282,958	6,425,530	7,631,965	73,702,812
Supplies	9,937,683	10,435,128	10,495,794	10,460,309	9,232,381	11,450,897	10,114,268	9,574,746	10,808,102	92,509,308
Prof fees & purch svcs	15,022,459	14,994,548	15,811,542	17,142,092	16,662,021	15,745,770	14,003,981	14,131,948	13,165,769	136,680,130
Depreciation & amortization	4,970,802	4,965,343	4,988,370	5,439,793	4,899,938	6,007,449	5,109,442	5,078,764	4,966,151	46,426,054
Other	2,622,147	2,630,102	2,712,652	4,403,218	2,425,595	2,503,764	3,901,254	2,288,403	4,044,068	27,774,647
Total expenses	72,564,973	75,390,027	73,297,622	76,167,190	71,225,231	77,462,822	74,179,014	67,263,503	75,015,913	662,809,739
Income from operations	(2,001,314)	(9,189,403)	(8,110,735)	(3,327,754)	(8,452,768)	(5,640,429)	(2,322,906)	(1,840,463)	(2,125,782)	(43,154,083)
Non-operating revenue (expense)										
Property tax revenues ¹	2,125,000	2,125,000	2,125,000	2,125,000	2,125,000	2,125,000	2,125,000	1,739,604	1,739,604	18,354,208
Investment Income	1,264,997	1,347,561	1,207,216	1,237,202	990,738	1,332,953	1,484,615	1,112,481	1,636,411	11,614,175
Interest Expense	(4,431,369)	(4,424,943)	(4,426,719)	(4,449,375)	(4,418,116)	(4,515,644)	(4,393,833)	(4,380,540)	(4,387,724)	(39,828,263)
Non-operating depreciation & amortization	(1,477,130)	(1,478,750)	(1,478,750)	(1,478,750)	(1,478,046)	(1,479,454)	(1,478,750)	(1,478,750)	(1,478,750)	(13,307,129)
Other non-operating revenue(expense)	595,819	582,346	639,696	(581,209)	673,917	(52,280)	2,225,696	560,363	252,845	4,897,193
Net income(loss) ²	(3,923,996)	(11,038,188)	(10,044,292)	(6,474,885)	(10,559,275)	(8,229,853)	(2,360,177)	(4,287,305)	(4,363,396)	(61,423,898)
EBIDA Margin	9.9%	-0.3%	1.3%	6.7%	0.4%	5.3%	12.0%	10.2%	8.9%	6.2%

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

Statement of Net Position excluding G.O. Bonds

Excludes PHMG

Assets	Current Fiscal Year				Prior Fiscal Year
	Dec-24	Jan-25	Feb-25	Mar-25	Jun-24
Current Assets					
Cash and cash equivalents	26,360,524	15,642,922	3,778,125	6,004,778	17,359,239
Investments	34,765,900	32,039,319	32,106,194	21,158,125	54,298,096
Board Designated	-	-	-	-	7,082,739
Total cash, cash equivalents & investments	61,126,423	47,682,241	35,884,319	27,162,903	78,740,073
Patient Accounts Receivable	552,113,099	537,677,625	530,520,957	545,172,225	475,079,653
Allowance on accounts	(398,985,021)	(380,387,164)	(373,895,989)	(384,065,405)	(327,700,367)
Net accounts receivable	153,128,078	157,290,461	156,624,969	161,106,820	147,379,287
Inventories	12,883,827	12,948,641	12,909,464	12,797,227	12,512,288
Prepaid expenses	20,918,729	18,841,204	17,240,243	15,904,150	9,872,204
Est. third party settlements	100,436,170	91,525,345	97,335,093	104,370,756	87,806,947
Other	73,208,682	72,523,479	74,352,101	77,782,246	71,689,100
Total current assets	421,701,910	400,811,371	394,346,189	399,124,103	407,999,899
Non-Current Assets					
Restricted assets	92,322,093	92,626,084	92,929,848	93,215,845	106,528,977
Restricted other	357,237	357,317	357,317	357,396	356,833
Total restricted assets	92,679,330	92,983,401	93,287,165	93,573,240	106,885,809
Property, plant & equipment	1,555,311,137	1,555,380,266	1,555,435,345	1,555,425,207	1,556,364,751
Accumulated depreciation	(665,750,415)	(669,270,190)	(672,797,656)	(676,321,198)	(644,358,038)
Construction in process	67,460,106	68,788,117	69,395,353	70,379,627	57,513,297
Net property, plant & equipment	957,020,827	954,898,192	952,033,041	949,483,636	969,520,010
Right of Use Assets	328,260,640	325,346,653	322,316,604	319,395,245	334,609,278
Investment related companies	2,574,846	2,907,329	2,911,516	3,768,054	6,754,766
Prepaid debt insurance costs	7,142,139	7,116,165	7,090,192	7,064,218	7,298,149
Other non-current assets	68,744,996	68,238,376	67,980,619	67,462,779	78,831,767
Total non-current assets	1,456,422,778	1,451,490,117	1,445,619,136	1,440,747,173	1,503,899,779
Total assets	1,878,124,687	1,852,301,488	1,839,965,325	1,839,871,276	1,911,899,678
Deferred outflow of resources-loss on refunding of debt	43,210,229	42,992,314	42,774,400	42,556,485	44,517,717
Total assets and deferred outflow of resources	1,921,334,916	1,895,293,802	1,882,739,725	1,882,427,761	1,956,417,396

Liabilities	Current Fiscal Year				Prior Fiscal Year
	Dec-24	Jan-25	Feb-25	Mar-25	Jun-24
Current Liabilities					
Accounts payable	122,090,155	118,811,183	111,781,823	113,762,981	67,475,287
Accrued payroll	43,390,390	28,565,370	29,561,067	30,985,657	38,178,331
Accrued PTO	22,628,427	22,527,814	22,651,682	22,880,548	24,267,836
Accrued interest payable	8,973,015	11,890,135	14,680,683	16,289,392	8,905,068
Current portion of bonds	8,925,000	8,925,000	8,925,000	8,925,000	8,530,000
Current portion of lease liab	21,398,808	21,316,854	21,287,484	21,293,255	20,245,743
Est. third party settlements	17,512,022	16,998,461	16,238,521	15,227,643	16,933,480
Other current liabilities	126,663,460	123,495,406	122,100,347	126,694,795	128,832,172
Total current liabilities	371,581,276	352,530,224	347,226,607	356,059,270	313,367,918
Long Term Liabilities					
Other LT liabilities	27,576,075	27,554,170	27,532,265	27,510,361	27,708,572
Bonds & contracts payable	714,536,038	714,313,332	714,090,625	713,867,919	724,797,898
Lease liabilities	338,627,542	337,184,037	334,424,640	332,771,496	342,095,335
Total long term liabilities	1,080,739,655	1,079,051,539	1,076,047,531	1,074,149,775	1,094,601,805
Total liabilities	1,452,320,931	1,431,581,763	1,423,274,138	1,430,209,045	1,407,969,723
Deferred inflow of resources- unearned revenue	6,850,577	6,800,059	6,749,541	6,699,024	6,653,683
Total liabilities and deferred inflow of resources	1,459,171,508	1,438,381,822	1,430,023,680	1,436,908,069	1,414,623,405
Net Position					
Unrestricted	461,806,170	456,554,663	452,358,728	445,162,297	541,437,159
Restricted for other purpose	357,237	357,317	357,317	357,396	356,833
Total net position	462,163,407	456,911,980	452,716,045	445,519,692	541,793,991
Total liabilities, deferred inflow of resources and net position	1,921,334,915	1,895,293,802	1,882,739,725	1,882,427,761	1,956,417,396

Statement of Net Position including G.O. Bonds
Excludes PHMG

Assets	Current Fiscal Year				Prior Fiscal Year
	Dec-24	Jan-25	Feb-25	Mar-25	Jun-24
Current Assets					
Cash and cash equivalents	26,360,524	15,642,922	3,778,125	6,004,778	17,359,239
Investments	34,765,900	32,039,319	32,106,194	21,158,125	54,298,096
Board Designated	-	-	-	-	7,082,739
Total cash, cash equivalents & investments	61,126,423	47,682,241	35,884,319	27,162,903	78,740,073
Patient Accounts Receivable	552,113,099	537,677,625	530,520,957	545,172,225	475,079,653
Allowance on accounts	(398,985,021)	(380,387,164)	(373,895,989)	(384,065,405)	(327,700,367)
Net accounts receivable	153,128,078	157,290,461	156,624,969	161,106,820	147,379,287
Inventories	12,883,827	12,948,641	12,909,464	12,797,227	12,512,288
Prepaid expenses	20,918,729	18,841,204	17,240,243	15,904,150	9,872,204
Est. third party settlements	100,436,170	91,525,345	97,335,093	104,370,756	87,806,947
Other	83,621,439	78,595,640	82,132,530	87,425,434	71,978,298
Total current assets	432,114,666	406,883,532	402,126,618	408,767,290	408,289,097
Non-Current Assets					
Restricted assets	148,691,141	158,095,958	148,149,953	149,669,316	176,672,759
Restricted other	357,237	357,317	357,317	357,396	356,833
Total restricted assets	149,048,379	158,453,275	148,507,271	150,026,711	177,029,591
Property, plant & equipment	1,555,311,137	1,555,380,266	1,555,435,345	1,555,425,207	1,556,364,751
Accumulated depreciation	(665,750,415)	(669,270,190)	(672,797,656)	(676,321,198)	(644,358,038)
Construction in process	67,460,106	68,788,117	69,395,353	70,379,627	57,513,297
Net property, plant & equipment	957,020,827	954,898,192	952,033,041	949,483,636	969,520,010
Right of Use Assets	328,260,640	325,346,653	322,316,604	319,395,245	334,609,278
Investment related companies	2,574,846	2,907,329	2,911,516	3,768,054	6,754,766
Prepaid debt insurance and other costs	8,369,688	8,330,802	8,291,916	8,253,030	8,603,170
Other non-current assets	68,744,996	68,238,376	67,980,619	67,462,779	78,831,767
Total non-current assets	1,514,019,375	1,518,174,627	1,502,040,967	1,498,389,456	1,575,348,583
Total assets	1,946,134,041	1,925,058,159	1,904,167,584	1,907,156,746	1,983,637,680
Deferred outflow of resources-loss on refunding of debt	45,692,832	45,457,056	45,221,281	44,985,506	47,107,482
Total assets and deferred outflow of resources	1,991,826,873	1,970,515,216	1,949,388,867	1,952,142,253	2,030,745,163

Liabilities	Current Fiscal Year				Prior Fiscal Year
	Dec-24	Jan-25	Feb-25	Mar-25	Jun-24
Current Liabilities					
Accounts payable	122,090,655	118,811,183	111,781,823	113,763,481	67,477,787
Accrued payroll	43,390,390	28,565,370	29,561,067	30,985,657	38,178,331
Accrued PTO	22,628,427	22,527,814	22,651,682	22,880,548	24,267,836
Accrued interest payable	23,387,685	29,187,740	23,182,940	29,144,315	28,882,187
Current portion of bonds	19,081,756	19,081,756	19,081,756	19,081,756	18,010,103
Current portion of lease liab	21,398,808	21,316,854	21,287,484	21,293,255	20,245,743
Est. third party settlements	17,512,022	16,998,461	16,238,521	15,227,643	16,933,480
Other current liabilities	57,265,171	54,696,680	53,603,989	58,803,123	55,689,956
Total current liabilities	326,754,915	311,185,859	297,389,263	311,179,776	269,685,423
Long Term Liabilities					
Other LT liabilities	27,576,075	27,554,170	27,532,265	27,510,361	27,708,572
Bonds & contracts payable	1,343,058,285	1,342,922,270	1,342,786,254	1,341,104,673	1,362,956,758
Lease liabilities	338,627,542	337,184,037	334,424,640	332,771,496	342,095,335
Total long term liabilities	1,709,261,902	1,707,660,477	1,704,743,159	1,701,386,530	1,732,760,665
Total liabilities	2,036,016,817	2,018,846,336	2,002,132,422	2,012,566,306	2,002,446,088
Deferred inflow of resources-unearned revenue	76,248,867	75,598,786	75,245,901	74,590,697	79,795,899
Total liabilities and deferred inflow of resources	2,112,265,684	2,094,445,122	2,077,378,324	2,087,157,003	2,082,241,987
Net Position					
Unrestricted	(120,796,048)	(124,287,223)	(128,346,774)	(135,372,146)	(51,853,656)
Restricted for other purpose	357,237	357,317	357,317	357,396	356,833
Total net position	(120,438,811)	(123,929,906)	(127,989,457)	(135,014,750)	(51,496,824)
Total liabilities, deferred inflow of resources and net position	1,991,826,873	1,970,515,216	1,949,388,867	1,952,142,253	2,030,745,163

	Feb-25	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	(1,840,463)	(31,081,969)
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation Expense	5,078,764	25,264,246
Provision for bad debts	1,222,863	48,370,127
Changes in operating assets and liabilities:		
Patient accounts receivable	(557,370)	(52,976,187)
Property Tax and other receivables	1,135,462	4,860,969
Inventories	39,177	(397,983)
Prepaid expenses and other current assets	1,882,498	(449,278)
Accounts payable	(7,029,360)	44,706,367
Accrued compensation	1,119,564	(3,427,099)
Estimated settlement amounts due third-party payors	(6,569,688)	(24,310,727)
Other liabilities	(932,184)	7,057,449
Net cash provided from (used by) operating activities	(6,450,737)	17,615,915
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	9,879,130	75,483,125
Income (Loss) on investments	1,320,202	7,089,171
Investment in affiliates	(155,411)	(19,846,328)
Net cash provided from (used by) investing activities	11,043,921	62,725,968
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	1,220,793	5,059,724
Receipt of District Taxes	815,188	3,311,819
Net cash provided from non-capital financing activities	2,035,981	8,371,543
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(662,315)	(17,346,423)
G.O. Bond Interest paid	(11,678,281)	(22,860,054)
ROU Interest paid	(1,324,928)	(7,151,625)
Proceeds (Payments) of Long Term Debt	0	(18,011,171)
Payments of Long Term Lease Liabilities	(4,828,438)	(9,908,117)
Net cash provided from (used by) capital and related financing activities	(18,493,962)	(75,277,391)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,864,797)	(4,358,800)
CASH AND CASH EQUIVALENTS - Beginning of period	15,642,922	17,359,239
CASH AND CASH EQUIVALENTS - End of period	3,778,125	13,000,439

Supplemental Information

**Financial performance includes Palomar Health Medical Group (PHMG) and Consolidating Schedules*

	Palomar Health	PHMG	PAC	Eliminations	Total
ASSETS					
Current assets	454,654,182	69,333,019	4,238,391	(59,637,529)	468,588,063
Capital assets - net	949,483,636	6,569,057	-	-	956,052,693
Right of use assets - net	319,395,245	30,512,078	-	(20,289,387)	329,617,936
Non-current assets	183,623,684	2,405,310	-	-	186,028,993
Total assets	1,907,156,747	108,819,464	4,238,391	(79,926,916)	1,940,287,685
Deferred outflow of resources	44,985,506	-	-	-	44,985,506
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,952,142,253	108,819,464	4,238,391	(79,926,916)	1,985,273,191
LIABILITIES AND NET POSITION					
Current liabilities	281,749,829	103,401,167	174,232	(63,845,870.42)	321,479,357
Long-term liabilities	1,376,094,790	-	-	-	1,376,094,790
Right of use lease liabilities	332,771,496	24,338,429	-	(17,116,778)	339,993,147
Total liabilities	1,990,616,115	127,739,596	174,232	(80,962,649)	2,037,567,294
Deferred inflow of resources - deferred revenue	96,540,886	-	-	-	96,540,886
Total liabilities and deferred inflow of resources	2,087,157,001	127,739,596	174,232	(80,962,649)	2,134,108,180
Invested in capital assets - net of related debt	(313,829,830)	5,463,380	-	1,035,732	(307,330,717)
Restricted	35,641,213	-	-	-	35,641,213
Unrestricted	143,173,869	(24,383,512)	4,064,160	-	122,854,515
Total net position	(135,014,748)	(18,920,132)	4,064,160	1,035,732	(148,834,989)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	1,952,142,253	108,819,464	4,238,391	(79,926,916)	1,985,273,191

Note: Financial Performance includes GO Bonds
Financial Performance excludes PHMG

	Palomar Health	PHMG	PAC	Elimination	YTD Consolidated
OPERATING REVENUE:					
Net patient service revenue	552,871,841	61,911,431	-	-	614,783,272
Shared risk revenue	58,210,240	25,262,584	-	(1,531,133)	81,941,691
Other revenue	8,472,661	5,545,460	223,089	(391,462)	13,849,748
PH Program revenue	-	23,448,549	-	(23,448,549)	-
Total operating revenue	619,554,742	116,168,024	223,089	(25,371,144)	710,574,711
OPERATING EXPENSES	616,140,241	155,840,887	845,523	(30,536,224)	742,290,426
DEPRECIATION AND AMORTIZATION	46,426,054	3,658,614	-	-	50,084,668
Total operating expenses	662,566,295	159,499,500	845,523	(30,536,224)	792,375,094
INCOME (LOSS) FROM OPERATIONS	(43,011,553)	(43,331,476)	(622,434)	5,165,080	(81,800,383)
NON-OPERATING INCOME (EXPENSE):					
Investment income	13,354,836	(765)	-	-	13,354,071
Interest expense	(66,756,005)	(173,482)	-	141,357	(66,788,131)
Property tax revenue	56,295,661	-	-	-	56,295,661
Other - net	(7,777,538)	1,246,504	-	(3,969,175)	(10,500,209)
Total non-operating expense - net	(4,883,046)	1,072,257	-	(3,827,819)	(7,638,608)
Net income (loss) before capital contrib	(47,894,599)	(42,259,220)	(622,434)	1,337,261	(89,438,991)
CAPITAL CONTRIBUTIONS					-
CHANGE IN NET POSITION	(47,894,599)	(42,259,220)	(622,434)	1,337,261	(89,438,991)
Interfund - PHMG	(35,623,328)	32,438,800	-	-	(3,184,528)
NET POSITION - Beginning of year	(51,496,823)	(9,099,710)	4,686,594	(301,529)	(56,211,468)
NET POSITION - Year to date	(135,014,750)	(18,920,130)	4,064,160	1,035,732	(148,834,987)

Note: Financial Performance includes GO Bonds
Financial Performance excludes PHMG

Assets	
Current Assets	
Cash and cash equivalents	\$ 6,004,778
Investments	21,158,125
Patient accounts receivable - net of allowances for uncollectible accounts of \$114,832	161,106,820
Other receivables	87,425,434
Supplies and inventories	12,797,227
Prepaid expenses and other	15,904,150
Estimated third-party payor settlements receivable	91,870,756
Total current assets	454,654,181
Restricted Noncurrent Cash and Investments	
Held by trustee under indenture agreements	90,931,798
Held by trustee under general obligation bonds indenture	56,453,471
Held in escrow for street improvements	2,284,047
Restricted by donor and other	357,396
Total restricted noncurrent cash and investments	91,639,821
Capital Assets - net	949,483,636
Right of Use Assets - Net	319,395,245
Other Assets	
Prepaid debt insurance costs	8,253,030
Investment in and amounts due from affiliated entities	3,768,054
Other	67,462,780
Total other assets	79,483,864
Total assets	1,907,156,747
Deferred outflow of resources - loss on refunding of debt	44,985,506
Total Assets and Deferred Outflow of Resources	\$ 1,952,142,253

Liabilities	
Current Liabilities	
Accounts payable	113,763,480
Accrued compensation and related liabilities	46,386,447
Current portion of general obligation bonds	10,156,756
Current portion of long-term debt	8,925,000
Current portion of lease liabilities	21,293,255
Other accrued liabilities	36,852,933
Accrued interest payable	27,506,242
Accrued interest payable-ROU's	1,638,073
Total current liabilities	281,749,829
Long-term debt - general obligation bonds - net of current portion	627,236,754
Long-term debt - net of current portion	748,858,036
Long-term debt - Lease liability - net of current portion	332,771,496
Total liabilities	1,990,616,115
Deferred inflow of resources - unearned revenue	96,540,886
Total liabilities and deferred inflow of resources	2,087,157,001
Net Position	
Net investment in capital assets	(313,829,830)
Restricted, expendable for:	
Repayment of debt	32,999,770
Capital acquisitions	2,284,047
Other purposes	357,396
Unrestricted	143,173,869
Total net position	(135,014,748)
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 1,952,142,253

	March 31, 2025
	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:	
Income (Loss) from operations	(43,011,545)
Adjustments to reconcile change in net assets to net cash provided from operating activities:	
Depreciation Expense	46,426,052
Provision for bad debts	74,740,520
Changes in operating assets and liabilities:	
Patient accounts receivable	(88,468,054)
Property Tax and other receivables	1,088,230
Inventories	(284,939)
Prepaid expenses and other current assets	1,307,116
Accounts payable	52,307,524
Accrued compensation	(8,579,963)
Estimated settlement amounts due third-party payors	(22,277,988)
Other liabilities	4,870,306
Net cash provided from (used by) operating activities	18,117,259
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net (purchases) sales of investments	67,225,590
Income (Loss) on investments	13,377,802
Investment in affiliates	(30,502,101)
Net cash provided from (used by) investing activities	50,101,291
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Receipt of G.O. Bond Taxes	28,587,465
Receipt of District Taxes	15,252,167
Net cash provided from non-capital financing activities	43,839,631
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of property plant and equipment	(21,460,133)
Redevelopment Trust Fund Distributions	1,454,676
G.O. Bond Interest paid	(34,538,335)
Revenue Bond Interest paid	(17,794,835)
ROU Interest paid	(12,605,276)
Proceeds (Payments) of Long Term Debt	(18,011,171)
Payments of Long Term Lease Liabilities	(20,457,568)
Net cash provided from (used by) capital and related financing activities	(123,412,643)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,354,462)
CASH AND CASH EQUIVALENTS - Beginning of period	17,359,239
CASH AND CASH EQUIVALENTS - End of period	6,004,777

	March 31, 2025
CASH FROM OPERATING ACTIVITIES	
Receipts from:	
Patients, insurers, and other third-party payers	674,676,723
Other sources	(12,254,311)
Payments to:	
Employees	(494,502,241)
Suppliers	(193,556,986)
Net cash provided by operating activities	(25,636,814)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipt of district taxes	18,354,208
Other	
Net cash provided by noncapital financing activities	18,354,208
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(13,256,281)
Interest payments on long-term debt	(53,812,207)
Interest payments on lease liabilities	(13,153,364)
Proceeds from issuance of long-term debt	-
Defeasance of debt	-
Interest rate swap payment	-
Principal repayment on long-term debt	(18,128,377)
Principal repayment on lease obligations	(17,316,911)
Deferred financing costs	-
Proceeds on sale of capital assets	(47,766)
Receipt of property taxes restricted for debt service on general obligation bonds	37,941,453
Other	(8,210,747)
Net cash used in capital and related financing activities	(85,984,200)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(74,621,678)
Proceeds from sale of investments	148,425,945
Interest received on investments and notes receivable	7,561,316
Other	-
Net cash provided by (used in) investing activities	81,365,583
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,901,224)
CASH AND CASH EQUIVALENTS - beginning of year	23,865,333
CASH AND CASH EQUIVALENTS - end of year	\$ 11,964,109

Days Cash on Hand Ratio Covenant		March 31, 2025 Consolidated
Cash and Cash Equivalents		33,122,234
Divide Total by Average Adjusted Expenses per Day		
Total Expenses		792,375,095
Less: Depreciation		50,084,668
Adjusted Expenses		742,290,427
Number of days in period		274
Average Adjusted Expenses per Day		2,709,089
Days Cash on Hand		12.2
REQUIREMENT		65
	NOT ACHIEVED	

Debt Service Coverage Ratio Covenant		Consolidated
Excess of revenues over expenses		(102,825,760)
REVERSE:		
Depreciation and Amortization		50,084,668
Depreciation and Amortization-NonOp		13,307,129
Interest Expense		39,860,387
Income Available for Debt Service		426,424
Divided by:		
Maximum Annual Debt Service (excludes GO Bonds)		42,217,769
Debt Service Coverage Ratio		0.01

NOTE: Pre-audit results shown

*Palomar Health
Interest Expense
Consolidated
FY 2025*

<i>Certificates of Participation & R \$</i>	<i>26,704,729</i>
<i>General Obligation Bonds</i>	<i>26,927,742</i>
<i>Interest on ROUs</i>	<i>12,137,423</i>
<i>Interest Other</i>	<i>986,111</i>
<i>PHMG</i>	<i>32,125</i>
<i>Total</i>	<i>\$ 66,788,130</i>

	2024			2025		
Denial Dept.	Oct	Nov	Dec	Jan	Feb	Mar
Access	53.0%	42.6%	44.4%	38.7%	31.8%	30.8%
Billing	24.0%	15.4%	18.2%	18.5%	23.8%	19.8%
Case Management	26.1%	19.0%	16.3%	15.9%	16.9%	19.4%
Other/Unknown	-14.1%	12.5%	12.8%	17.0%	16.9%	22.1%
PFS	8.7%	8.2%	7.3%	6.5%	9.3%	7.2%
Rev Cycle Process	2.3%	2.3%	1.0%	3.4%	1.3%	0.7%

Denial Dept.	Denial Opportunity	Next Steps
Patient Access	<ul style="list-style-type: none"> • Authorization / Pre-Cert and/or timely notification of IP admission • Incorrect identification of Patient Insurance/IPLAN 	<ul style="list-style-type: none"> • Experian Patient Access tool training • Automate Insurance Discovery • Establish Minimum Data Set at time of Scheduling
Billing	<ul style="list-style-type: none"> • Attachment or Other Documentation is required to adjudicate 	<ul style="list-style-type: none"> • Standard payor denial for Neuro, Surgical, Critical, and Cardiovascular Acute claims
Case Management	<ul style="list-style-type: none"> • Level Of Care, IP Authorization, Medical Necessity 	<ul style="list-style-type: none"> • Appeals reviewed with Case Management on recurring basis
Other/Unknown	<ul style="list-style-type: none"> • Claim Lacks Information to Process Claim 	<ul style="list-style-type: none"> • Increased denials resulting from rebills/appeals • Expect to see elevated until reduction in overall denials

	2024			2025		
	Oct	Nov	Dec	Jan	Feb	Mar
Inpatient	54%	63%	70%	64%	73%	74%
Authorization/PreCert or Notification absent	19%	13%	13%	17%	12%	13%
Payer - Transferred Claim to Proper Payer	19%	18%	19%	9%	5%	7%
An Attachment or Other Documentation is Required to Adjudicate	19%	2%	4%	12%	13%	13%
Services are Not Covered due to Medical Necessity	20%	14%	8%	7%	7%	8%
Emergency	22%	20%	16%	18%	13%	13%
Claim lacks Information to Process Claim	30%	20%	19%	20%	20%	20%
Payer - Transferred Claim to Proper Payer	18%	19%	19%	19%	12%	14%
Coordination of Benefits May have Other Coverage	8%	3%	11%	8%	12%	8%
Recurring	8%	6%	7%	9%	5%	6%
Coordination of Benefits May have Other Coverage	28%	28%	49%	59%	52%	62%
Authorization/PreCert or Notification absent	16%	14%	13%	7%	5%	20%
Claim lacks Information to Process Claim	14%	5%	19%	6%	4%	13%
Outpatient	7%	4%	3%	4%	5%	4%
Claim lacks Information to Process Claim	23%	16%	21%	20%	14%	19%
Authorization/PreCert or Notification absent	15%	13%	12%	8%	16%	24%
Coordination of Benefits May have Other Coverage	5%	23%	13%	15%	19%	11%
Outpatient w/Obs Svcs	4%	4%	2%	4%	2%	1%
Claim lacks Information to Process Claim	29%	22%	17%	8%	19%	19%
Payer - Transferred Claim to Proper Payer	7%	12%	23%	10%	6%	10%
Procedure Code was invalid on the date of service	1%	1%	0%	37%	1%	1%
Outpatient In Bed	4%	3%	2%	1%	2%	1%

ADDENDUM C

RESOLUTION NO. 05.12.25(01)-07

**RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR HEALTH RATIFYING THE
OPENING OF A DEPOSIT ACCOUNT IN ACCORDANCE WITH THE SHARP
FORBEARANCE AGREEMENT**

WHEREAS, Palomar Health is a local healthcare district duly organized and existing under The Local Health Care District Law, constituting Division 23 of the Health and Safety Code of the State of California; and,

WHEREAS, on November 26, 2024, the Board of Directors (the "Board") of Palomar Health passed and adopted Resolution No. 11.26.24(01), wherein the Board authorized and approved the execution by the Chief Executive Officer of Palomar Health of a Forbearance Agreement (the "Forbearance Agreement") by and between Palomar Health, Assured Guaranty, Inc., and U.S. Bank Trust Company, National Association; and,

WHEREAS, the receipt by Assured Guaranty, Inc., and U.S. Bank National Trust Company, National Association, of an executed forbearance (the "Sharp Forbearance") with respect to that certain loan agreement by and between Palomar Health and Sharp Healthcare dated March 29, 2024, was a condition precedent to the effectiveness of the Forbearance Agreement; and

WHEREAS, the Sharp Forbearance was executed on January 14, 2025, and the Forbearance Agreement was executed on January 16, 2025; and

WHEREAS, the Forbearance Agreement and the Sharp Forbearance require Palomar Health to designate and maintain a separate deposit account (the "Sharp Reserve Account") solely for the purpose of principal and interest owed on the Sharp Loan; and

WHEREAS, Palomar Health opened the Sharp Reserve Account with Bank of America, NA, in April 2025.

NOW, THEREFORE, BE IT RESOLVED, that the Board ratifies the actions taken to establish a separate deposit account with Bank of America, NA, designated the Sharp Reserve Account.

PASSED AND ADOPTED at a meeting of the Board of Directors of Palomar Health held on May 12, 2025, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

Dated: May 12, 2025

BY:

ATTESTED:

*Jeff Griffith, EMT-P
Chair, Board of Directors*

*Terry Corrales, RN
Secretary, Board of Directors*

Palomar Health Board of Directors Code of Conduct

DRAFT

Table of Contents

	Page
PREAMBLE: PURPOSE OF THIS CODE.....	1
CHAPTER 1 : BOARD MEMBER FIDUCIARY DUTIES	2
1.1 DUE CARE	2
1.2 LOYALTY	2
CHAPTER 2 : CONFLICTS OF INTEREST.....	4
2.1 INCORPORATION OF POLITICAL REFORM ACT AND FAIR POLITICAL PRACTICES COMMISSION REGULATIONS	4
2.2 BOARD MEMBERS WITH POSITIONAL CONFLICTS ADVERSE TO THE DISTRICT	5
2.3 STATEMENT OF ECONOMIC INTEREST AND PLACE OF FILING	5
2.4 DISCLOSURE CATEGORIES OF REPORTABLE ECONOMIC INTERESTS	5
2.5 PROCEDURE REGARDING DISCLOSURE AND VOTING ON ACTUAL OR APPARENT CONFLICT FOLLOWING SEI FILING	7
2.6 BOARD MEMBERS WITH BUSINESS INTERESTS.....	7
2.7 BOARD MEMBER SPOUSES AND DEPENDENT CHILDREN.....	8
2.8 BOARD MEMBERS AND NONPROFIT ENTITIES.....	8
2.9 NO HIRING OR EMPLOYMENT WITHIN TWELVE MONTHS OF BOARD SERVICE	9
2.10 NO INFLUENCE ON PROSPECTIVE EMPLOYMENT.....	9
CHAPTER 3 : ROLE AND RESPONSIBILITIES OF INDIVIDUAL BOARD MEMBERS...	10
3.1 AUTHORITY OF BOARD MEMBERS	10
3.2 BOARD MEMBER RESPONSIBILITIES	10
3.3 BOARD MEMBER ORIENTATION.....	10
3.4 BOARD MEMBER USE OF DISTRICT ELECTRONIC RESOURCES	11
3.5 BOARD MEMBER RECEIPT OF CONFIDENTIAL INFORMATION	12
3.6 BOARD MEMBER REQUEST FOR INFORMATION.....	13
3.7 BOARD MEMBER MANAGEMENT OF CONSTITUENT PUBLIC CONCERNS.....	14
3.8 BOARD MEMBER MEDIA RELATIONS.....	15
3.9 DISTRICT REPRESENTATION IN MEMBERSHIP ORGANIZATIONS.....	17
3.10 BOARD SELF-EVALUATION.....	18
CHAPTER 4 : ENFORCEMENT OF BOARD ETHICS AND POLICIES.....	19
4.1 FORMAL PROCEDURES REGARDING BOARD MEMBER MISCONDUCT	19
4.2 RESOLUTION OF COMPLAINTS TO BOARD	20
4.3 SANCTIONS.....	20
4.4 ANNUAL BOARD MEMBER ACKNOWLEDGMENT.....	21

Preamble: Purpose of this Code

Palomar Health (“the District” or “Palomar Health”) enjoys a community and state-wide reputation for integrity, honesty, and good faith in all dealings. Maintaining Palomar Health’s reputation depends on maintaining the highest standards of conduct in all business endeavors. Palomar Health’s Board of Directors (collectively, the “Board” and individually, a “Board Member”) has a responsibility to lead by example, and act with truth, sincerity, and fairness in all decisions. This Code of Conduct (“Code”) is intended to focus the Board and each Board Member on areas of ethical risk, to provide guidance to help Board Members recognize and deal with ethical issues, to provide mechanisms to report unethical conduct, and to foster a culture of honesty and accountability.

Each Board Member must comply with the letter and spirit of this Code. A fundamental aspect of strong elected leadership is a commitment to the highest ethical standards of conduct by Board Members. In recognition of this principle, the Board has adopted this Code. Every Board Member is expected to maintain and foster these standards and has an obligation to promptly disclose to the Chair of the Board and to Palomar Health General Counsel (hereafter “General Counsel”) any action which is believed to be inconsistent with them. No code can anticipate every situation that may arise. Board Members are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Board Chair and General Counsel. To the extent this Code references statutes, regulations, case law, or policies subject to revision, amendment, or repeal by the relevant governing body or legal authority, this Code hereby incorporates such changes by reference herein.

Chapter 1: Board Member Fiduciary Duties

1.1 Due Care

Board Members must perform their duties as members of the Board and committees in good faith, with sound business judgment and with the care, including reasonable inquiry, of an ordinarily prudent person. The Board and its committees take action as a body and Board Members' duties are exercised as a part of those bodies. The District's interests are served by full and open participation by all Board Members in meetings. Directors must conduct themselves professionally, with the highest standards of candor, good faith, and fair dealing in relation to the District and all its constituents. Directors may not knowingly disseminate false or misleading information, and must act promptly to correct erroneous communications for which they are responsible. Below is a list of non-exclusive examples of what the Duty of Care requires of a Board Member:

- Perform his or her duties in good faith, in what the Board Member believes is in the best interests of the District, and with the care expected of a prudent person engaged in similar activities;
- Attend and participate regularly at Board and committee meetings, conference calls, workshops, retreats, and training sessions;
- Comply with all applicable laws, regulations, and policies;
- Review and, if necessary, ask reasonable questions about important matters requiring Board action;
- Timely read all material distributed to the Board;
- Keep informed of work delegated to committees and serve usefully when assigned to committees;
- Question information provided to the Board where the validity of the information is subject to doubt;
- Participate in Board and committee discussions and contribute usefully to the analysis of proposals which come before the Board or committees;
- Respect the boundaries between the Board's role in policy development and oversight and the management or executive team's role in the implementation of Board policy; and
- Act in good faith in making decisions guided by honest and fair business judgment.

1.2 Loyalty

Board Members must be loyal and act at all times in the best interests of the District and its constituents. Their loyalty must be to the District and all its constituents, not just to one group of constituents. Board Members must also put the District and its constituents' good before his or her own personal interest. Once the Board has acted, a Board Member may seek change through Board action, but may not undermine public or District constituent confidence in the Board or the District. Below is a list of non-exclusive examples of what the Duty of Loyalty requires of a Board Member:

- Never use his or her position on the Board or a committee to make a personal profit;

- Disclose personal interest before Board or committee action on transactions involving real or apparent conflicts of interest or personal advantage in the transaction;
- Abstain from voting on actions where the Board Member has a conflict of interest (as outlined and defined below);
- See that conflicting interests are recognized and treated objectively;
- Be concerned that all constituents of the District are dealt with fairly;
- Protect the confidentiality of information received; and
- Do not use information gained while serving on the Board to personal advantage.

Chapter 2: Conflicts of Interest¹

Board Members must avoid any conflicts of interest with the District. A conflict exists when a Board Member's personal, business, or other direct or indirect interests or relationships interfere in any way with the interests of the District. Even if an actual conflict may not exist, the appearance of a conflict ("apparent conflict") is just as objectionable and should be dealt with as a conflict in most circumstances.

Business dealings that present actual or apparent conflicts between the interests of the District and those of a Board Member must be avoided and disclosed. Such conflicts may arise because of employment or business activities of a Director, Spouse, or Dependent Child (defined below). Directors must also avoid conflicts while serving on committees and either disclose such conflict and avoid participating in decisions which may involve a conflict of interest or the appearance of a conflict, or resign from the committee.

Disclosure of an actual or apparent conflict of interest should be promptly provided, so that appropriate action can be taken, including recusal from deliberations, voting, and chairing of applicable portions of Board or Committee meetings when necessary. In addition, Directors should promptly disclose before accepting appointments to the board of directors or the advisory board of any public or privately-held company, so that such appointments may be considered in accordance with the requirements of this Code.

While a Board Member must comply with his or her duty to disclose actual or apparent conflicts, where confusion or dispute exists as to the existence of a conflict or the requirements of this Code, General Counsel must so advise the Board. The Board must thereafter take action on General Counsel's advice, including but not limited to instituting a formal vote to exclude a Director who, in General Counsel's opinion, possesses an actual or apparent conflict upon which the Board must or will take action.

2.1 Incorporation of Political Reform Act and Fair Political Practices Commission Regulations

This Code hereby adopts by reference the California Political Reform Act of 1974 (hereafter "PRA") (California Government Code, Sections 81000 *et seq.*), which requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The definitions contained in the PRA are incorporated by reference into this Code. In the case of inconsistency with this Code and the PRA, the provisions of the PRA govern.

This Code hereby adopts by reference the regulations of the Fair Political Practices Commission (hereafter "FPPC") (California Code of Regulations, Title 2, Division 6, Sections 18100, *et seq.*). The definitions contained in the FPPC are incorporated by reference into this Code. In the case of inconsistency with this Code and the FPPC, the provisions of the FPPC govern. The FPPC has adopted a regulation, California Code of Regulations, Title 2, Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the FPPC to conform to amendments in the PRA. Therefore, the terms of California Code of Regulations,

¹ This Code supersedes and replaces the prior Palomar Health Conflict of Interest Code, No. 21800, but only as it pertains to Board Members.

Title 2, Section 18730 and any amendments to it duly adopted by the FPPC are likewise hereby incorporated by reference.

2.2 Board Members with Positional Conflicts Adverse to the District

A Board Member who directly participates in a personal capacity, or as an agent for entity, in anticipated or existing litigation adverse to Palomar Health² must disclose his or her positional conflict prior to any Board consideration of anticipated or existing litigation in closed session. *See* California Government Code, Section 54954.5.

Thereafter, the Board may, by simple majority vote, vote to exclude the Board Member from Board consideration of the anticipated or existing litigation in closed session. *See* California Code of Regulations, Title 2, Section 18707(c) (“Nothing in the provisions of this regulation is intended to cause an agency or public official to make any disclosure that would reveal the confidences of a closed session or any other privileged information as contemplated by law including, but not limited to, the recognized privileges found [the FPPC]” or elsewhere in applicable federal or state law.).

2.3 Statement of Economic Interest and Place of Filing

Board Members are officials who manage public investments and are required to file a Statement of Economic Interest (“SEI”).³ *See* California Government Code, Section 87200 *et seq.*; California Code of Regulations, Title 2, Section 18701, subdivision (b). Board Members must file their SEI (Form 700) with the Palomar Health Chief Executive Officer or designee. The Palomar Health Chief Executive Officer or designee must make and retain a copy and forward the original to the San Diego County Board of Supervisors. The Palomar Health Chief Executive Officer or designee will make the Board Member SEIs available for public inspection and reproduction in accordance with California Government Code, Section 81008.

2.4 Disclosure Categories of Reportable Economic Interests

The PRA requires Board Members to file a SEI upon assumption of office, annually thereafter, and upon leaving office. California Government Code, Sections 87200-87210. The disclosure encompasses those reportable investments, business positions held, real property interests, income and its sources that might cause a financial conflict of interest to arise in the performance of the Board Member’s duties for Palomar Health including, but not limited to, the following:

- Each investment in a business entity with a fair market value equal to or exceeding \$2,000 or more;

² “Litigation adverse to Palomar Health” occurs where a Board Member, acting in his or her personal capacity or as entity agent, finds him/herself/the entity party to a proceeding commenced in formal arbitration, by official agency action, or in a state or federal court, or where such a proceeding is threatened with a reasonable likelihood of proceeding, with Palomar Health’s interests directly adverse to that Board Member.

³ Board Members may contact the FPPC for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly or for any other reason. The FPPC makes the final determination whether a position is subject to California Government Code, Section 87200.

-
- Each interest in real property located within the local agency jurisdiction with a fair market value equal to or exceeding \$2,000 or more (note: interest in real property does not include the filer's residence);
 - Each source of gross income of \$500 or more (including loans) that is located in or doing business in the jurisdiction of the city; and
 - Any source of a gift or gifts aggregating \$50 or more, whether or not the source is located in or does business in the jurisdiction.

When disclosure of an interest is required, the Board Member has a duty to disclose the interest whether or not there is a pending or likely governmental decision involving the disclosed interest.

The disclosure categories set forth below specify which kinds of economic interests are reportable. Each Board Member must disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned. It has been determined that the economic interests set forth in a Board Members disclosure categories are the kinds of economic interests that he or she foreseeably can affect materially through the conduct of his or her office.

Category 1.

All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments that are located in, do business in or own real property within the jurisdiction of Palomar Health.

Category 2.

All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of Palomar Health.

Category 3.

All investments and business positions in, and sources of income from, business entities that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of Palomar Health.

Category 4.

All investments and business positions in, and sources of income from, business entities that are banking, savings and loan, or other financial institutions.

Category 5.

All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by Palomar Health.

Category 6.

All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Employee's Department.

Category 7.

All financial interests in investment advisors and managers; financial services providers, actuaries, and those providing fiduciary services (including recordkeeping) to retirement plans.

2.5 Procedure Regarding Disclosure and Voting on Actual or Apparent Conflict Following SEI Filing

California Government Code, Section 87105 requires all public officials who manage public investments, such as Board Members of Palomar Health (see below) to publicly identify and announce the financial interest that gives rise to the conflict of interest or potential conflict of interest prior to the consideration of the matter. California Government Code, Section 87105(a)(1). If prior to a Board meeting, disclosure should be promptly given to the Board Chair and General Counsel. If during a Board meeting, disclosure should be promptly given immediately prior to the consideration of the matter.

If the Board's decision is to be made during an open session of a public meeting, the public identification must be made orally and be made part of the official public record. The Board Member must recuse himself or herself and leave the room after the identification is made. The Board Member may not be counted towards achieving a quorum while the item is discussed.

If a Board decision is made during a closed session, the Board Member conflict identification may be made orally during the open session before the body goes into closed session and must be limited to a declaration that his or her recusal is because of a conflict of interest under California Government Code, Section 87100. That declaration must be made part of the official record.

The Board Member may not be present when the decision is considered in closed session or knowingly obtain or review a recording or any other non-public information regarding the governmental decision. California Code of Regulations, Title 2, Section 18707(a)(2).

2.6 Board Members with Business Interests

Any business entity in which the Board Member has a direct or indirect investment worth \$2,000 or more is considered a financial interest if the business entity, or its parent or subsidiary, has an interest in real property in the jurisdiction, or does business or expects to do business, or has done business in the jurisdiction during the two years prior to the Board's action. California Government Code, Sections 87103(a), 82030(a) (imposing 2-year restriction); 82005 (definition of "business entity"); 82034 (definition of "investment"); and 82035 (defining "jurisdiction"). An indirect investment includes "any investment or interest owned by the spouse or dependent child of a public servant, by an agent on behalf of a public servant, or by a business entity or trust in which the public servant, the public servant's agents, spouse, and dependent children own directly, indirectly, or beneficially a ten percent interest or greater." California Government Code, Section 87103. *See also, Metropolitan Water Dist. v Fair Political Practices Comm'n*, 73 Cal.App.3d 650 (1977); *Commission on Cal. State Gov't Org. & Econ. v Fair Political Practices Comm'n*, 75 Cal.App.3d 716 (1977); *Witt v Morrow*, 70 Cal.App.3d 817 (1997). A business entity that is a parent or subsidiary, or is otherwise related to a business entity in which the official has an investment, is also included as an economic interest. California Government Code, Section 82034.

2.7 Board Member Spouses and Dependent Children

Financial interests of a Board Member's spouse and dependent children are attributed to the Board Member. For example, direct or indirect investments or interests in business entities worth \$2,000 or more constitute economic interests. California Government Code, Sections 87103(a), 87103(b). Indirect investments or interests include those owned by the Board Member's spouse and dependent children. California Government Code, Section 87103. A Board Member also has an economic interest in the Board Member's personal finances and those of the Board Member's "immediate family." California Code of Regulations, Title 2, Section 18700.1. The term "immediate family" means spouses and dependent children. California Government Code, Section 82029. For definition of "dependent children," see California Code of Regulations, Title 2, Section 18229.1. The term "spouse" includes "registered domestic partners" recognized by state law. California Code of Regulations, title 2, section 18229.

2.8 Board Members and Nonprofit Entities

Financial interests in nonprofits are not exempt from the PRA or the FCCP. *See, e.g.*, California Code of Regulations, Title 2, Section 18700.1. Because Board Members are often active within the communities they serve, it is not uncommon for them to serve local charitable organizations in various capacities, either as an officer or member of the board of directors or as an employee. Such service, if it is for compensation however, can affect the Board Member's ability to participate in Palomar Health's decision making.

A Board Member has a conflicting financial interest if it is reasonably foreseeable that a Board decision will have a material financial effect on a specified interest in any relevant business entity wherein the Board Member is an officer, member of the board of directors, or employee. *See* California Government Code, Section 87103. This is the case where the business entity is a source of income to the Board Member because he or she has received \$500 or more from the business entity in the previous twelve months. California Code of Regulations, Title 2, Section 18700.1(a)(2). Those specified interests include service as a director, officer, partner, trustee, employee, or any position of management in any "business entity," including nonprofit entities. California Code of Regulations, Title 2, Section 18700.1(a)(2)(B).

While a nonprofit is not a "business entity" as defined in California Government Code Section 82005, which is limited to entities operated for profit, *if* the Board Member receives payments from the nonprofit, such as a salary, stipend or meeting fees, the nonprofit would be a source of income to the Board Member, provided he or she received more than \$500 in the previous twelve months. California Government Code, Section 87103. If a Board Member is compensated by a nonprofit, a Palomar Health decision will have a reasonably foreseeable financial effect on the Board Member's financial interest in the nonprofit if:

(A) The decision may result in an increase or decrease of the organization's annual gross receipts, or the value of the organization's assets or liabilities, in an amount equal to or more than:

(i) \$1,000,000; or

(ii) Five percent of the organization's annual gross receipts and the increase or decrease is equal to or greater than \$10,000.

(B) The decision may cause the organization to incur or avoid additional expenses or to reduce or eliminate expenses in an amount equal to or more than:

(i) \$250,000; or

(ii) One percent of the organization's annual gross receipts and the change in expenses is equal to or greater than \$2,500.

California Code of Regulations, Title 2, Section 18702.3(a)(3). *See* California Code of Regulations, Title 2, Section 18702.2 for the relevant materiality standard for a financial interest in real property. For additional questions regarding Board Member activities and nonprofits, please consult General Counsel.

2.9 No Hiring or Employment within Twelve Months of Board Service

Palomar Health will not hire or employ a former Board Member for a period of one year after their term of service as a Board Member has ended. This is to ensure compliance with PRA section 87406.3, which prohibits a local elected official, for a period of one year after leaving that office or employment, to act as agent or attorney for, or otherwise represent, for compensation, any other person, by making any formal or informal appearance before, or by making any oral or written communication to, that local government agency (in this case, Palomar Health), or any committee, subcommittee, or present member of that local government agency, or any officer or employee of the local government agency, if the appearance or communication is made for the purpose of influencing administrative or legislative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract, or the sale or purchase of goods or property. For the avoidance of doubt, this provision is likewise applicable to an individual who is, at the time of the appearance or communication, an independent contractor of a local government agency or a public agency and is appearing or communicating on behalf of that agency.

“Administrative action” means the proposal, drafting, development, consideration, amendment, enactment, or defeat by any local government agency of any matter, including any rule, regulation, or other action in any regulatory proceeding, whether quasi-legislative or quasi-judicial. Administrative action does not include any action that is solely ministerial.

“Legislative action” means the drafting, introduction, modification, enactment, defeat, approval, or veto of any ordinance, amendment, resolution, report, nomination, or other matter by the legislative body of a local government agency or by any committee or subcommittee thereof, or by a member or employee of the legislative body of the local government agency acting in his or her official capacity.

For further guidance, please refer to a California Code of Regulations, Title 2, Section 18746.2; California Code of Regulations, Title 2, Section 18746.3.

2.10 No Influence on Prospective Employment

Board Members will comply with the ban on influencing prospective employment, which prohibits any public official from making, participating in making, or influencing a governmental decision that directly relates to a prospective employer while negotiating or after reaching an employment arrangement.

For further guidance, please refer to California Government Code, Section 87407; California Code of Regulations, Title 2, Section 18747.

Chapter 3: Role and Responsibilities of Individual Board Members

3.1 Authority of Board Members

Board Members have authority on behalf of the District only when acting as a body in regular or special meetings of the Board. An individual Board Member has no authority to bind the District or the Board by his or her statements or actions except when such statements or actions are authorized by the Board. An individual Board Member acting without authority creates potential personal liability exposure for his or her actions.

3.2 Board Member Responsibilities

Serving as District Board Member involves a commitment and legal obligations. To meet that commitment and those obligations, Board Members are expected to:

- Monitor the adherence to the District's mission, policies, and all applicable laws;
- Attend and actively participate in all Board meetings, and to notify the Chair of anticipated absences;
- Review minutes and results of meetings;
- Do his or her homework to be prepared to participate fully in Board and committee meetings;
- Act only with the full Board, not individually, unless authorized to do so by the full Board;
- Speak for the full Board only when the full Board authorizes his or her doing so;
- Exhibit high ethical standards and integrity in all Board actions;
- Be an enthusiastic advocate for the District;
- Take responsibility and accountability for the District and all decisions made by the Board;
- Be respectful of the time and responsibilities of the staff; and
- Demonstrate willingness to work as a team with other Board Members and the management and executive team.

3.3 Board Member Orientation⁴

The management or executive team, acting through the administrative staff of the District will formulate and provide an orientation program for all newly elected or appointed members of the Board. Such program may include, but not be limited to, the following components:

- Administration of the oath of office;
- Provision of the Bylaws and all other relevant policies of the District;

⁴ Section 3.3 of this Code supersedes and replaces the prior Palomar Health Governing Body Orientation policy, No. 21797.

- Obtaining of signatures of the Annual Board Member Acknowledgment of this Code of Conduct, as described herein;
- Provision of copies of Board and Committee meeting minutes for the previous three-month period;
- Provision of any Board of Directors Handbook;
- Organization of structured orientation meeting relative to roles, relationships and responsibilities of governance;
- Organization of individual meetings with the CEO, any other officers, and staff, as requested by the newly elected or appointed Board Member;
- Facilitation of tours of District facilities, as requested by the newly elected or appointed Board Member;
- Procurement of subscriptions to publications that may be of interest and value;
- Provision of information relative to District, third-party, or outside programs on hospital governance, when available; and
- Facilitation of sexual harassment and ethics training as required by law. *See Government Code sections 12950.1, and 53232 et seq.*

3.4 Board Member Use of District Electronic Resources⁵

Board Members have access to District electronic resources and information, including but not limited to hardware, software, cloud-based computing platforms, and the like. Board Member access to District electronic resources and information is granted to each Board Member by the District as a privilege, not a right, to be used solely by a Board Member in the course and scope of his or her duties as a member of the Board.

Board Members may not use or employ personal, electronic storage (hardware, software, or cloud-based), or personal email accounts, or any other personal electronic profile or platform which employs a unique login credential unassociated with the District, to conduct District business, or otherwise in the course and scope of a Board's Member's duties as a member of the Board.

Board Members understand that a combination of his or her user unique I.D. and password (hereafter "login credentials") to access any District platform is confidential. Each Board Member understands and acknowledges that he or she may not grant to any other individual or group use or access to District electronic resources and information. In the event a Board Member believes his or her login credentials have been compromised, he or she will take all necessary steps to remedy the situation, including but not limited to immediately notifying the appropriate District administrative personnel, and working with such personnel as necessary, to rectify the breach.

⁵ Section 3.4 of this Code is in addition to, and must be interpreted consistent with, Palomar Health Email Access and Appropriate Use policy, No. 20310.

3.5 Board Member Receipt of Confidential Information⁶

Confidential information is non-public data that must not be disclosed due to its sensitive nature. A Board Member may access or be provided access to confidential information in the course and scope of his or her duties as a member of the Board, and must take all reasonable and appropriate steps to safeguard such information. Board Members agree to maintain the confidentiality of all discussions, deliberations, records and information related to such activities, and will not voluntarily disclose any such information to anyone except to persons authorized to receive the information in the conduct or peer review affairs or business of the District, or as otherwise required by law.

- Confidential Information Learned in Closed Session
 - All information learned in closed session constitutes confidential information unless such information may be obtained from a public source, whose public nature is not due to improper disclosure. A Board Member receives and has access to confidential information during closed session meetings of the Board. A Board Member may not disclose confidential information acquired during or in preparation for such closed session conducted pursuant to the Brown Act, *see* California Government Code, Section 54950 *et seq.*, to a person not entitled to receive it, unless (i) the Board, acting in an official capacity, expressly authorized the disclosure of that confidential information; or (ii) the Board Member is making confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law. Board Members agree and acknowledge that improperly disclosing confidential information acquired during closed session is a violation of law. *See* California Government Code, Section 54963.
- Patient Information
 - Board Members may have access to private and confidential information about patients who have been, are, or will be, patients of the District. Board Members agree to treat such information as confidential and agree not disclose it to any other party, except as necessary in the course and scope of his or her duties as a member of the Board and consistent with all applicable law.
 - Board Members agree that they must implement, maintain and use appropriate administrative, technical and physical safeguards, in compliance with the Federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), and any other applicable federal or state law, regulation, or policy, to prevent use or disclosure of patient Protected Health Information (“PHI”) and Electronic Protected Health Information (“EPHI”), other than as required by law.
- Quality Management
 - A Board Member’s status as Board Member does not entitle that Board Member to access private and confidential information about patients who have been, are, or will be, patients of the District, whether that information is kept and maintained manually or electronically. In the course and scope of a Board Member’s duties

⁶ Section 3.5 of this Code supersedes and replaces the prior Palomar Health Confidentiality Statement, No. 21799.

as a member of the Board, a Board Member may be provided with, or made aware of, confidential information derived from patient information, including but not limited to PHI or EPHI, in preparation for or in closed session, or for any other specific confidential purpose, on matters related to quality management or quality assurance, or existing litigation matters involving the District. Board Members agree to maintain the confidentiality of all discussions, deliberations, records and information related to these activities, and will not voluntarily disclose any such information to anyone except to persons authorized to receive the information in the conduct or peer review affairs or business of the District, or as otherwise required by law.

- Employee, Consultant, and Medical Staff Information
 - Board Members may have access to private and confidential information concerning employees, consultants, or medical staff of the District. Board Members agree to treat such information as confidential and agree not disclose it to any other party, except as necessary for the performance of a Board Member in the course and scope of his or her duties as a member of the Board, or as otherwise required by law.
- Consequence of Violations
 - Board Members understand and acknowledge that the District may subject a Board Member in violation of this section to disciplinary action as provided in this policy, any other applicable policy of the District, or as otherwise provided by law, including but not limited to injunctive relief to prevent the disclosure of confidential information, and referral to the grand jury.

3.6 Board Member Request for Information⁷

Board Member request for information may be subject to Government Code section 54953.5(b) (“Any inspection of an audio or video recording shall be provided without charge on equipment made available by the local agency.”); *see also* 64 Cal. Op. Att’y Gen. 317 (1981). Palomar must only maintain video or audio recordings of open and public meetings made “by or at the direction of the [Board],” for 30 days. *See id.*

All Board Member requests for information originating from any standing or ad-hoc Board Committee (hereafter “Board Committee”) will be solely communicated by individual Board Committee Members to the Committee Chair and copied to the Board Chair (for informational purposes). Individual Board Committee Members will not directly request information from the management or the executive team, acting through the administrative staff of the District, nor from any District employee or consultant. The Committee Chair will determine if the information request is properly relevant to the function of the Committee and, if so, obtain the information from the management or the executive team, acting through the administrative staff of the District, to be presented to the Board Committee at the soonest available opportunity. If the Committee Chair determines that the information request is not relevant to the business of the

⁷ Section 3.6 of this Code supersedes and replaces the prior Palomar Health Information Request by Board Members policy, No. 63356.

Committee, the Committee Chair will place the information request on the agenda of an upcoming Committee Meeting on a list of information requests not accommodated and such list will formally appear in Committee Meeting Minutes.

All requests for information at the level of Board activities, including requests for information denied at the Board Committee level, may be communicated by individual Board Members to the Board Chair. Individual Board Members will not directly request information from the management or the executive team, acting through the administrative staff of the District, nor from any District employee or consultant. The Board Chair will determine if the information request is properly relevant to the function of the Board and, if so, obtain the information from the management or the executive team, acting through the administrative staff of the District, to be presented to the Board at the soonest available opportunity. If the Board Chair determines that the information request is not relevant to the business of the Board, the Board Chair will place the information request on the agenda as a potential action item of an upcoming Board Meeting on a list of information requests not accommodated and such list will formally appear in Board Meeting Minutes. If requested by any Board Member, the Board may determine by majority vote whether or not the Board wishes the management or the executive team, acting through the administrative staff of the District, to furnish the information requested. If the Board votes in favor of any information request, the Board Chair will obtain the information from the management or the executive team, acting through the administrative staff of the District, on behalf of the Board acting with the authority of the Board. The information will be presented to the Board at the soonest available opportunity.

The management or the executive team, acting through the administrative staff of the District, will provide all information to the Board that is properly requested consistent with this policy by the Chair of the Board on behalf of the Board when acting as directed by the Board with the exception of requests that violate any applicable law.

This section is not intended to preclude a Board Member from filing a properly noticed and served California Public Records Act (hereafter, "CPRA") Request. However, Board Member requests for records may be subject to the limits of Government Code section 6254 (CPRA, Exemptions), as applicable.

No Board Member may use any District record in violation of Government Code Section 1098.

Board Members understand and acknowledge that the District may subject a Board Member in violation of this section to disciplinary action as provided in this policy, any other applicable policy of the District, or as otherwise provided by law, including but not limited to injunctive relief to prevent the disclosure of any District record, and referral to the grand jury.

3.7 Board Member Management of Constituent Public Concerns⁸

When a Board Member is contacted by a constituent or member of the public who has a non-employee/non-staff concern or complaint about the District or persons within the District, the Board member will follow the following procedures:

- Remember that individual Board Members have no power or authority to speak or act for the full Board.

⁸ Section 3.7 of this Code supersedes and replaces the prior Palomar Health Correspondence To or From Board Members policy, No. 21796.

- Remember that Board Members may not address employee or staff complaints or grievances, which will be addressed in accordance with Palomar Health employee policies. Refer all employees and staff to personnel grievance policies and procedures.
- Remember that Board Members may not address complaints or grievances concerning employees or staff. Refer all complainants to Palomar Health complaint process and appropriate forms.
- To the extent the complaint is related to a Board Member, listen to the person's concern and refer the complainant to General Counsel or the Chair.
- Express a desire to reach a satisfactory solution.
- Assure the person that the General Counsel or the Chair will be informed of the concern and will provide resolution as needed.
- Ask the General Counsel or the Chair to report back to you about the progress or resolution of the concern, if desired.

3.8 Board Member Media Relations⁹

The Board wishes to ensure that accurate, complete and consistent information is provided to the constituents of the District via the news media in a responsive manner that is compliant with state and federal laws, and safeguards patient privacy. For purposes of this policy, "media" or "news media" includes but is not limited to reporters or journalists, as well as social, print, radio and other audio or web-based media platforms and their hosts. As a public entity, Palomar has an obligation, as well as a desire, to communicate with the public it serves.

Board Members are encouraged to contact the District Marketing Department or specifically designated District media representative¹⁰ before speaking or otherwise publishing to the media on matters of District business. This assists the Marketing Department or specifically designated District media representative to coordinate messaging, ascertain the nature of the media query (if any) and what prompted it, determine the most recent and relevant information to disseminate, and select among possible responses and spokespersons, whether District representatives or Board Members. A District Marketing Department or specifically designated media relationship representative will be available at all times to assist in this process; should a Board Member experience difficulty reaching either, the Board Member should raise the concern with the Chair and/or General Counsel.

Board Members must be mindful of all applicable state and federal laws concerning the release of patient information.

⁹ Section 3.8 of this Code supersedes and replaces the prior Palomar Health Media Relations policy, No. 21789, but only as it pertains to Board Members. Section 3.8 of this Code likewise supersedes and replaces the prior Palomar Health Correspondence To or From Board Members policy, No. 21796.

¹⁰ For purposes of this policy, a "specifically designated District media representative" will be an employee or contractor of the District retained for a specific media purpose; the identity and responsibilities of the representative will be communicated to Board Members in a timely manner by the Board Chair or General Counsel.

- **Personal Points of View**

When speaking about the District or about Board action, Board Members should be careful to define when or what portion of their remarks represent personal opinion and when or what of their remarks represent official Board position. For purposes of this policy, “official Board position” means factually recounting an official action taken by the Board at a special or regular Board meeting. Board Members must be aware that they are always perceived and recognized as Board members, even when they designate comments as personal. As such, Board Members must be mindful of their fiduciary duties of care and loyalty, and the consequences of a violation of either or both, in the context of any discussion with the media.

All Board Members have the right to express their personal points of view regarding matters of general public concern. However, personal points of view may conflict with an official Board position. Therefore, Board Members who write letters to the editor may not use official District stationary or letterhead, nor may a Board Member sign a letter or an email to the media employing or displaying his or her Board Member title, role, or indicating or communicating the fact of his or her Board Membership as indicative or illustrative of his or her position without explicitly stating that the views set forth in the letter do not represent official Board position, but are the Board Member’s personal opinions, speaking in a personal capacity.

A similar disclaimer must be given if a Board Member addresses a public meeting, participates in a radio talk show, or is interviewed for radio or television or any similar social media platform, unless the Board Member is working with the District Marketing Department or specifically designated District media representative on a specific item of messaging, or communicating an official Board position in a factual manner.

- **Media Requests for Records**

Media requests for records will be handled in accordance with this policy, to the extent it is consistent with the California Public Records Act (“CPRA”), the California Constitution, and all other applicable state and federal laws. *See, e.g.,* California Government Code, Section 6250 *et seq.*, and Article I, Section 3(b) of the California Constitution. The records produced in response to media requests must be readily available for Board Member viewing upon request.

- **Privileged and Private Information**

The vast majority of the records and affairs of District are public information which citizens, including the media, have the right to know. All public information should be provided to the press upon request without unnecessary delay.

Some matters, however, like ongoing investigations, information regarding litigation or the threat of litigation, personnel issues, real estate transactions, medical and mental health matters, private data regarding citizens, documents in draft form, to name a few, are governed by privileges and laws intended to advance important public policy goals.

When a media request for an interview or ~~for~~ records appears to involve a subject matter that may be privileged or private, the Board Member must consult with General Counsel. The General Counsel will review the request without delay and promptly provide counsel to the Board Member.

3.9 District Representation in Membership Organizations¹¹

In the interest of fiscal accountability, organizations in which the District participates as a dues paying member, including trade associations, Governance 100, Volunteer Trustees, Adapt, etc. (hereafter “Membership Organizations”), will be periodically evaluated for compatibility with the District’s mission as well as community and economic benefit. For those Membership Organizations who request representation from the Board on their governing body or other position, the Board must follow the following guidelines for the selection of a nominee.

- All Membership Organizations will be periodically reviewed to ensure that:
 - Their mission is compatible with the mission of the District;
 - The value to the District or community is commensurate with the dues or other expense;
 - Progress reports are provided on a regular basis by the District representative or Membership Organization.
- Should a Membership Organization request representation from the Board on its governing body or other position, the following guidelines will apply:
 - Representatives are to be selected by a majority of the Board or, for brief, special assignments, by appointment of the Chair of the Board, who will notify the full Board;
 - Assignments of representatives are to be made in a fair and equitable manner;
 - To ensure sufficient rotation, assignments will **be** reviewed on a regular basis.
- Should the Membership Organization solicit input from the Board on legislation, such input will reflect the views of the majority of the Board, voting at an open session of a properly noticed meeting.
 - Copies of all letters ~~to~~ provided to government representatives or concerning legislation must be provided to the Board.
 - The District will not take positions on individual candidates.
- District representatives selected in accordance with these guidelines in governing or other positions of influence within Membership Organizations will at all times act for the benefit of the District, not for any personal benefit.
- Expenses associated with participation in Membership Organizations by a District representative selected in accordance with these guidelines will be at the cost of the Membership Organization and not the District.
- To obtain the most value from the participation in Membership Organizations, all District representatives attending meetings of such organizations are to report to the full Board, verbally or in writing, about their participation at the meetings. In the event multiple District representatives attend, a single report will be adequate.

¹¹ Section 3.9 of this Code supersedes and replaces the prior Palomar Health Membership Organizations and Board Representations policy, No. 21795.

3.10 Board Self-Evaluation

Performance accountability for the Board can only be maintained at a high level through regular self-evaluation of the Board's work. Therefore, the Board will annually or on a periodic basis conduct a written self-evaluation of the Board's performance for the past year set period of time as established by the Board, on a Board approved evaluation form. The evaluation will include, but not be limited to, determinations of the degree to which:

- the Board has supported the Palomar Health vision and guiding principles;
- the Board has complied with Palomar Health Bylaws;
- the Board has set clear goals and expectations arising from realistic strategic planning;
- the Board attends to policy-related decisions which effectively guide operational activities of staff;
- the Board receives regular reports on finance/budget, and business performance of business lines;
- the Board meetings facilitate focus and progress on important business matters;
- the Board regularly monitors and evaluates progress toward strategic business goals and product/program performance;
- the Board regularly evaluates and assists in the development of an effective management or executive team;
- the Board has approved comprehensive personnel policies which have been reviewed by a qualified professional; and
- the work of the Board has aided in:
 - a strategic management process;
 - fiscal responsibility;
 - appropriate investment in employees and stakeholders;
 - enhanced, positive relationships with Palomar Health stakeholders.

It will be the responsibility of the Chair to initiate the Board self-evaluation.

Chapter 4: Enforcement of Board Ethics and Policies¹²

To protect the public interest, protect the District, protect the Board, and protect the rights of individual Board Members, the Board must address individual Board Member actions that constitute misconduct or malfeasance in office, violation of the law or public policy, violation of Board policy, or action harmful to the best interests of the District. This policy is intended to be consistent with, but not limited to, the provisions of California Government Code, Section 3060.

4.1 Formal Procedures Regarding Board Member Misconduct

Any Board Member may present a complaint in writing to the Chair and General Counsel for consideration concerning a fellow Board Member (hereafter “Subject Director”). If the complaint concerns the Chair, the complaint must be sent directly to the General Counsel and the General Counsel must take all actions below that are specifically designated for the Chair. The complaint must be specific in nature, associated with written materials if they are available and applicable, and directly relevant to the general issue of misconduct in office or violation of the law or policy as articulated above.

The Chair must provide a copy of the written complaint to the Subject Director with notification that the Subject Director will have ten (10) days to respond in writing to the complaint. Following the expiration of the ten (10) day notice period, the Chair must cause the written complaint along with the Subject Director’s response, if any, to be distributed to each member of the Board, including the Subject Director, with a formal copy to Palomar Health’s General Counsel.

At the next regular meeting of the Board (or at a special meeting of the Board called for this specific purpose), the Board must review the complaint and the Subject Director’s response, if any. After providing the Subject Director with an opportunity to add anything to the Subject Director’s written response and to answer any questions from Board members, the Board must excuse the Subject Director and make a determination whether investigation of the complaint and response is warranted or whether the Board has enough information to act upon the written complaint and response. If the Board determines that additional information is needed, the Board may conduct or direct such investigation as, in consultation with General Counsel, it determines to be warranted or, at the discretion of the Board, the Board, by the affirmative vote of a simple majority of four (4) Board Members, appoints among themselves a committee to conduct an investigation into the matter and report to the Board the committee’s findings and recommendations. General Counsel must advise and assist the Board and, if appointed, such committee in conducting the investigation.

The Subject Director must cooperate in all Board-sanctioned investigations, proceedings, and resulting requirements. The Subject Director must preserve and not destroy or discard any information or documents relevant to the subject matter of the investigation. The Subject Director must make reasonable efforts to resolve any issues as to confidentiality. Failure to cooperate in any investigation or proceeding is itself violation of this policy and an abdication of the Subject Director’s duty of care and loyalty to the District.

¹² This foregoing supersedes and replaces the prior Palomar Health Board Member Misconduct and Sanctions policy, No. 6335.

4.2 Resolution of Complaints to Board

Following the completion of any investigation, the Board (or the committee, if one was appointed) must prepare a draft written report containing the investigation findings and a preliminary determination of the merits of the complaint. The draft report will be distributed to the full Board, including the Subject Director. The Subject Director must have an opportunity to review the draft report and have ten (10) business days following receipt of the draft report to review the report and respond to the Board in writing either accepting or rejecting the findings and preliminary determination of the merits. Failure to provide a timely response constitutes acceptance of the report and any proposed actions.

As soon as practicable after the tenth (10th) day following distribution of the draft report, the full Board must meet to review the report and determine appropriate actions, including sanctions, if any. The Board may take into consideration the Subject Director's response prior to adopting a final report and determining the appropriate resolution of the complaint.

There is no appeal of the final written report and resolution of the complaint as determined by the Board.

A Board Member who files a complaint alleging violations that are determined by the Board to be frivolous in nature is subject to disciplinary action, up to and including sanctions as provided in this Code.

A complainant and Subject Director is entitled to a full and complete copy of the Board's final written report, including findings of fact and recommendation for sanctions, if any.

The failure or refusal of the Subject Director to accept delivery of a complaint or other documents relating to a complaint or investigation by the Board will not prevent the Board from taking any action against the Subject Director.

4.3 Sanctions

The Board may vote to enact sanctions against the Subject Director by the affirmative vote of a simple majority; where a full Board of seven (7) is seated, a simple majority is four (4) Board Members. A Board Member whose actions demonstrate misconduct or malfeasance in office, a violation of the law or public policy, a violation of Board policy, or an action harmful to the best interests of the District is subject to any or all of the following sanctions as determined by the Board of Directors, to the extent permitted by law or the Bylaws of Palomar Health:

- i. Public censure and disclosure of the violation and sanctions;
- ii. Cessation of eligibility to receive (i) meeting fees, (ii) District health and welfare benefits and/or (iii) travel and incidental expenses reimbursement, as contemplated in the Bylaws of Palomar Health;
- iii. Removal of the Board member from any or all committee officer positions, committee memberships, or any current or future meeting where (i) the conduct of the Director or (ii) any other recusal action is discussed;
- iv. Formal request by the Board that the Subject Director resign as a Board member;
- v. Commencement of a lawsuit against the Subject Director for injunctive relief or for damages caused by breach of any applicable Palomar Health policies (for the

avoidance of doubt, the Board has the discretion to compel the Subject Director to take part in confidential arbitration); and

vi. Pursuit by the Board of the removal of the Subject Director.

The Board will establish the appropriate sanctions and duration of such sanction in relation to each violation. The Board may implement any sanction listed above, or others considered appropriate, without regard to whether lesser sanctions have been imposed or considered. The following factors may be considered by the Board in determining the appropriate sanction(s) (this list is not to be considered exclusive or exhaustive):

- The seriousness of the violation and the expected resulting harm to the reputation or finances of the District;
- The likelihood of repetition;
- Prior violations by the Subject Director;
- Whether the Subject Director or his/her relatives personally profited from the violation;
- The Subject Director's willingness to disclose the conduct; and
- The Subject Director's efforts to mitigate any harm caused by such violation.

4.4 Annual Board Member Acknowledgment

General Counsel or the Chair will cause each Board member to undertake an annual acknowledgment of his or her understanding of the requirements of and compliance with this Code of Conduct at an open session of a duly called regular or special Board meeting.

DULY ENACTED THIS 12th day of May, 2025, at Escondido, California.

Board Secretary

ATTEST:

Chair of the Board

Palomar Health Board of Directors Code of Conduct

Table of Contents

	Page
PREAMBLE: PURPOSE OF THIS CODE	1
CHAPTER 1 : BOARD MEMBER FIDUCIARY DUTIES	2
1.1 DUE CARE	2
1.2 LOYALTY	2
CHAPTER 2 : CONFLICTS OF INTEREST	4
2.1 INCORPORATION OF POLITICAL REFORM ACT AND FAIR POLITICAL PRACTICES COMMISSION REGULATIONS	4
2.2 BOARD MEMBERS WITH POSITIONAL CONFLICTS ADVERSE TO THE DISTRICT	5
2.3 STATEMENT OF ECONOMIC INTEREST AND PLACE OF FILING	5
2.4 DISCLOSURE CATEGORIES OF REPORTABLE ECONOMIC INTERESTS	5
2.5 PROCEDURE REGARDING DISCLOSURE AND VOTING ON ACTUAL OR APPARENT CONFLICT FOLLOWING SEI FILING	7
2.6 BOARD MEMBERS WITH BUSINESS INTERESTS	7
2.7 BOARD MEMBER SPOUSES AND DEPENDENT CHILDREN	8
2.8 BOARD MEMBERS AND NONPROFIT ENTITIES	8
2.9 NO HIRING OR EMPLOYMENT WITHIN TWELVE MONTHS OF BOARD SERVICE	9
2.10 NO INFLUENCE ON PROSPECTIVE EMPLOYMENT	9
CHAPTER 3 : ROLE AND RESPONSIBILITIES OF INDIVIDUAL BOARD MEMBERS ...	10
3.1 AUTHORITY OF BOARD MEMBERS	10
3.2 BOARD MEMBER RESPONSIBILITIES	10
3.3 BOARD MEMBER ORIENTATION	10
3.4 BOARD MEMBER USE OF DISTRICT ELECTRONIC RESOURCES	11
3.5 BOARD MEMBER RECEIPT OF CONFIDENTIAL INFORMATION	12
3.6 BOARD MEMBER REQUEST FOR INFORMATION	13
3.7 BOARD MEMBER MANAGEMENT OF CONSTITUENT PUBLIC CONCERNS	14
3.8 BOARD MEMBER MEDIA RELATIONS	15
3.9 DISTRICT REPRESENTATION IN MEMBERSHIP ORGANIZATIONS	17
3.10 BOARD SELF-EVALUATION	18
CHAPTER 4 : ENFORCEMENT OF BOARD ETHICS AND POLICIES	19
4.1 FORMAL PROCEDURES REGARDING BOARD MEMBER MISCONDUCT	19
4.2 RESOLUTION OF COMPLAINTS TO BOARD	20
4.3 SANCTIONS	20
4.4 ANNUAL BOARD MEMBER ACKNOWLEDGMENT	21

Preamble: Purpose of this Code

Palomar Health (“the District” or “Palomar Health”) enjoys a community and state-wide reputation for integrity, honesty, and good faith in all dealings. Maintaining Palomar Health’s reputation depends on maintaining the highest standards of conduct in all business endeavors. Palomar Health’s Board of Directors (collectively, the “Board” and individually, a “Board Member”) has a responsibility to lead by example, and act with truth, sincerity, and fairness in all decisions. This Code of Conduct (“Code”) is intended to focus the Board and each Board Member on areas of ethical risk, to provide guidance to help Board Members recognize and deal with ethical issues, to provide mechanisms to report unethical conduct, and to foster a culture of honesty and accountability.

Each Board Member must comply with the letter and spirit of this Code. A fundamental aspect of strong elected leadership is a commitment to the highest ethical standards of conduct by Board Members. In recognition of this principle, the Board has adopted this Code. Every Board Member is expected to maintain and foster these standards and has an obligation to promptly disclose to the Chair of the Board and to Palomar Health General Counsel (hereafter “General Counsel”) any action which is believed to be inconsistent with them. No code can anticipate every situation that may arise. Board Members are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Board Chair and General Counsel. To the extent this Code references statutes, regulations, case law, or policies subject to revision, amendment, or repeal by the relevant governing body or legal authority, this Code hereby incorporates such changes by reference herein.

Chapter 1: Board Member Fiduciary Duties

1.1 Due Care

Board Members must perform their duties as members of the Board and committees in good faith, with sound business judgment and with the care, including reasonable inquiry, of an ordinarily prudent person. The Board and its committees take action as a body and Board Members' duties are exercised as a part of those bodies. The District's interests are served by full and open participation by all Board Members in meetings. Directors must conduct themselves professionally, with the highest standards of candor, good faith, and fair dealing in relation to the District and all its constituents. Directors may not knowingly disseminate false or misleading information, and must act promptly to correct erroneous communications for which they are responsible. Below is a list of non-exclusive examples of what the Duty of Care requires of a Board Member:

- Perform his or her duties in good faith, in what the Board Member believes is in the best interests of the District, and with the care expected of a prudent person engaged in similar activities;
- Attend and participate regularly at Board and committee meetings, conference calls, workshops, retreats, and training sessions;
- Comply with all applicable laws, regulations, and policies;
- Review and, if necessary, ask reasonable questions about important matters requiring Board action;
- Timely read all material distributed to the Board;
- Keep informed of work delegated to committees and serve usefully when assigned to committees;
- Question information provided to the Board where the validity of the information is subject to doubt;
- Participate in Board and committee discussions and contribute usefully to the analysis of proposals which come before the Board or committees;
- Respect the boundaries between the Board's role in policy development and oversight and the management or executive team's role in the implementation of Board policy; and
- Act in good faith in making decisions guided by honest and fair business judgment.

1.2 Loyalty

Board Members must be loyal and act at all times in the best interests of the District and its constituents. Their loyalty must be to the District and all its constituents, not just to one group of constituents. Board Members must also put the District and its constituents' good before his or her own personal interest. Once the Board has acted, a Board Member may seek change through Board action, but may not undermine public or District constituent confidence in the Board or the District. Below is a list of non-exclusive examples of what the Duty of Loyalty requires of a Board Member:

- Never use his or her position on the Board or a committee to make a personal profit;

- Disclose personal interest before Board or committee action on transactions involving real or apparent conflicts of interest or personal advantage in the transaction;
- Abstain from voting on actions where the Board Member has a conflict of interest (as outlined and defined below);
- See that conflicting interests are recognized and treated objectively;
- Be concerned that all constituents of the District are dealt with fairly;
- Protect the confidentiality of information received; and
- Do not use information gained while serving on the Board to personal advantage.

Chapter 2: Conflicts of Interest¹

Board Members must avoid any conflicts of interest with the District. A conflict exists when a Board Member's personal, business, or other direct or indirect interests or relationships interfere in any way with the interests of the District. Even if an actual conflict may not exist, the appearance of a conflict ("apparent conflict") is just as objectionable and should be dealt with as a conflict in most circumstances.

Business dealings that present actual or apparent conflicts between the interests of the District and those of a Board Member must be avoided and disclosed. Such conflicts may arise because of employment or business activities of a Director, Spouse, or Dependent Child (defined below). Directors must also avoid conflicts while serving on committees and either disclose such conflict and avoid participating in decisions which may involve a conflict of interest or the appearance of a conflict, or resign from the committee.

Disclosure of an actual or apparent conflict of interest should be promptly provided, so that appropriate action can be taken, including recusal from deliberations, voting, and chairing of applicable portions of Board or Committee meetings when necessary. In addition, Directors should promptly disclose before accepting appointments to the board of directors or the advisory board of any public or privately-held company, so that such appointments may be considered in accordance with the requirements of this Code.

While a Board Member must comply with his or her duty to disclose actual or apparent conflicts, where confusion or dispute exists as to the existence of a conflict or the requirements of this Code, General Counsel must so advise the Board. The Board must thereafter take action on General Counsel's advice, including but not limited to instituting a formal vote to exclude a Director who, in General Counsel's opinion, possesses an actual or apparent conflict upon which the Board must or will take action.

2.1 Incorporation of Political Reform Act and Fair Political Practices Commission Regulations

This Code hereby adopts by reference the California Political Reform Act of 1974 (hereafter "PRA") (California Government Code, Sections 81000 *et seq.*), which requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The definitions contained in the PRA are incorporated by reference into this Code. In the case of inconsistency with this Code and the PRA, the provisions of the PRA govern.

This Code hereby adopts by reference the regulations of the Fair Political Practices Commission (hereafter "FPPC") (California Code of Regulations, Title 2, Division 6, Sections 18100, *et seq.*). The definitions contained in the FPPC are incorporated by reference into this Code. In the case of inconsistency with this Code and the FPPC, the provisions of the FPPC govern. The FPPC has adopted a regulation, California Code of Regulations, Title 2, Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the FPPC to conform to amendments in the PRA. Therefore, the terms of California Code of Regulations,

¹ This Code supersedes and replaces the prior Palomar Health Conflict of Interest Code, No. 21800, but only as it pertains to Board Members.

Title 2, Section 18730 and any amendments to it duly adopted by the FPPC are likewise hereby incorporated by reference.

2.2 Board Members with Positional Conflicts Adverse to the District

A Board Member who directly participates in a personal capacity, or as an agent for entity, in anticipated or existing litigation adverse to Palomar Health² must disclose his or her positional conflict prior to any Board consideration of anticipated or existing litigation in closed session. *See* California Government Code, Section 54954.5.

Thereafter, the Board may, by simple majority vote, vote to exclude the Board Member from Board consideration of the anticipated or existing litigation in closed session. *See* California Code of Regulations, Title 2, Section 18707(c) (“Nothing in the provisions of this regulation is intended to cause an agency or public official to make any disclosure that would reveal the confidences of a closed session or any other privileged information as contemplated by law including, but not limited to, the recognized privileges found [the FPPC]” or elsewhere in applicable federal or state law.).

2.3 Statement of Economic Interest and Place of Filing

Board Members are officials who manage public investments and are required to file a Statement of Economic Interest (“SEI”).³ *See* California Government Code, Section 87200 *et seq.*; California Code of Regulations, Title 2, Section 18701, subdivision (b). Board Members must file their SEI (Form 700) with the Palomar Health Chief Executive Officer or designee. The Palomar Health Chief Executive Officer or designee must make and retain a copy and forward the original to the San Diego County Board of Supervisors. The Palomar Health Chief Executive Officer or designee will make the Board Member SEIs available for public inspection and reproduction in accordance with California Government Code, Section 81008.

2.4 Disclosure Categories of Reportable Economic Interests

The PRA requires Board Members to file a SEI upon assumption of office, annually thereafter, and upon leaving office. California Government Code, Sections 87200-87210. The disclosure encompasses those reportable investments, business positions held, real property interests, income and its sources that might cause a financial conflict of interest to arise in the performance of the Board Member’s duties for Palomar Health including, but not limited to, the following:

- Each investment in a business entity with a fair market value equal to or exceeding \$2,000 or more;

² “Litigation adverse to Palomar Health” occurs where a Board Member, acting in his or her personal capacity or as entity agent, finds him/herself/the entity party to a proceeding commenced in formal arbitration, by official agency action, or in a state or federal court, or where such a proceeding is threatened with a reasonable likelihood of proceeding, with Palomar Health’s interests directly adverse to that Board Member.

³ Board Members may contact the FPPC for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly or for any other reason. The FPPC makes the final determination whether a position is subject to California Government Code, Section 87200.

-
- Each interest in real property located within the local agency jurisdiction with a fair market value equal to or exceeding \$2,000 or more (note: interest in real property does not include the filer's residence);
 - Each source of gross income of \$500 or more (including loans) that is located in or doing business in the jurisdiction of the city; and
 - Any source of a gift or gifts aggregating \$50 or more, whether or not the source is located in or does business in the jurisdiction.

When disclosure of an interest is required, the Board Member has a duty to disclose the interest whether or not there is a pending or likely governmental decision involving the disclosed interest.

The disclosure categories set forth below specify which kinds of economic interests are reportable. Each Board Member must disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned. It has been determined that the economic interests set forth in a Board Members disclosure categories are the kinds of economic interests that he or she foreseeably can affect materially through the conduct of his or her office.

Category 1.

All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments that are located in, do business in or own real property within the jurisdiction of Palomar Health.

Category 2.

All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of Palomar Health.

Category 3.

All investments and business positions in, and sources of income from, business entities that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of Palomar Health.

Category 4.

All investments and business positions in, and sources of income from, business entities that are banking, savings and loan, or other financial institutions.

Category 5.

All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by Palomar Health.

Category 6.

All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Employee's Department.

Category 7.

All financial interests in investment advisors and managers; financial services providers, actuaries, and those providing fiduciary services (including recordkeeping) to retirement plans.

2.5 Procedure Regarding Disclosure and Voting on Actual or Apparent Conflict Following SEI Filing

California Government Code, Section 87105 requires all public officials who manage public investments, such as Board Members of Palomar Health (see below) to publicly identify and announce the financial interest that gives rise to the conflict of interest or potential conflict of interest prior to the consideration of the matter. California Government Code, Section 87105(a)(1). If prior to a Board meeting, disclosure should be promptly given to the Board Chair and General Counsel. If during a Board meeting, disclosure should be promptly given immediately prior to the consideration of the matter.

If the Board's decision is to be made during an open session of a public meeting, the public identification must be made orally and be made part of the official public record. The Board Member must recuse himself or herself and leave the room after the identification is made. The Board Member may not be counted towards achieving a quorum while the item is discussed.

If a Board decision is made during a closed session, the Board Member conflict identification may be made orally during the open session before the body goes into closed session and must be limited to a declaration that his or her recusal is because of a conflict of interest under California Government Code, Section 87100. That declaration must be made part of the official record.

The Board Member may not be present when the decision is considered in closed session or knowingly obtain or review a recording or any other non-public information regarding the governmental decision. California Code of Regulations, Title 2, Section 18707(a)(2).

2.6 Board Members with Business Interests

Any business entity in which the Board Member has a direct or indirect investment worth \$2,000 or more is considered a financial interest if the business entity, or its parent or subsidiary, has an interest in real property in the jurisdiction, or does business or expects to do business, or has done business in the jurisdiction during the two years prior to the Board's action. California Government Code, Sections 87103(a), 82030(a) (imposing 2-year restriction); 82005 (definition of "business entity"); 82034 (definition of "investment"); and 82035 (defining "jurisdiction"). An indirect investment includes "any investment or interest owned by the spouse or dependent child of a public servant, by an agent on behalf of a public servant, or by a business entity or trust in which the public servant, the public servant's agents, spouse, and dependent children own directly, indirectly, or beneficially a ten percent interest or greater." California Government Code, Section 87103. *See also, Metropolitan Water Dist. v Fair Political Practices Comm'n*, 73 Cal.App.3d 650 (1977); *Commission on Cal. State Gov't Org. & Econ. v Fair Political Practices Comm'n*, 75 Cal.App.3d 716 (1977); *Witt v Morrow*, 70 Cal.App.3d 817 (1997). A business entity that is a parent or subsidiary, or is otherwise related to a business entity in which the official has an investment, is also included as an economic interest. California Government Code, Section 82034.

2.7 Board Member Spouses and Dependent Children

Financial interests of a Board Member's spouse and dependent children are attributed to the Board Member. For example, direct or indirect investments or interests in business entities worth \$2,000 or more constitute economic interests. California Government Code, Sections 87103(a), 87103(b). Indirect investments or interests include those owned by the Board Member's spouse and dependent children. California Government Code, Section 87103. A Board Member also has an economic interest in the Board Member's personal finances and those of the Board Member's "immediate family." California Code of Regulations, Title 2, Section 18700.1. The term "immediate family" means spouses and dependent children. California Government Code, Section 82029. For definition of "dependent children," see California Code of Regulations, Title 2, Section 18229.1. The term "spouse" includes "registered domestic partners" recognized by state law. California Code of Regulations, title 2, section 18229.

2.8 Board Members and Nonprofit Entities

Financial interests in nonprofits are not exempt from the PRA or the FCCP. *See, e.g.,* California Code of Regulations, Title 2, Section 18700.1. Because Board Members are often active within the communities they serve, it is not uncommon for them to serve local charitable organizations in various capacities, either as an officer or member of the board of directors or as an employee. Such service, if it is for compensation however, can affect the Board Member's ability to participate in Palomar Health's decision making.

A Board Member has a conflicting financial interest if it is reasonably foreseeable that a Board decision will have a material financial effect on a specified interest in any relevant business entity wherein the Board Member is an officer, member of the board of directors, or employee. *See* California Government Code, Section 87103. This is the case where the business entity is a source of income to the Board Member because he or she has received \$500 or more from the business entity in the previous twelve months. California Code of Regulations, Title 2, Section 18700.1(a)(2). Those specified interests include service as a director, officer, partner, trustee, employee, or any position of management in any "business entity," including nonprofit entities. California Code of Regulations, Title 2, Section 18700.1(a)(2)(B).

While a nonprofit is not a "business entity" as defined in California Government Code Section 82005, which is limited to entities operated for profit, *if* the Board Member receives payments from the nonprofit, such as a salary, stipend or meeting fees, the nonprofit would be a source of income to the Board Member, provided he or she received more than \$500 in the previous twelve months. California Government Code, Section 87103. If a Board Member is compensated by a nonprofit, a Palomar Health decision will have a reasonably foreseeable financial effect on the Board Member's financial interest in the nonprofit if:

- (A) The decision may result in an increase or decrease of the organization's annual gross receipts, or the value of the organization's assets or liabilities, in an amount equal to or more than:
 - (i) \$1,000,000; or
 - (ii) Five percent of the organization's annual gross receipts and the increase or decrease is equal to or greater than \$10,000.
- (B) The decision may cause the organization to incur or avoid additional expenses or to reduce or eliminate expenses in an amount equal to or more than:

(i) \$250,000; or

(ii) One percent of the organization's annual gross receipts and the change in expenses is equal to or greater than \$2,500.

California Code of Regulations, Title 2, Section 18702.3(a)(3). *See* California Code of Regulations, Title 2, Section 18702.2 for the relevant materiality standard for a financial interest in real property. For additional questions regarding Board Member activities and nonprofits, please consult General Counsel.

2.9 No Hiring or Employment within Twelve Months of Board Service

Palomar Health will not hire or employ a former Board Member for a period of one year after their term of service as a Board Member has ended. This is to ensure compliance with PRA section 87406.3, which prohibits a local elected official, for a period of one year after leaving that office or employment, to act as agent or attorney for, or otherwise represent, for compensation, any other person, by making any formal or informal appearance before, or by making any oral or written communication to, that local government agency (in this case, Palomar Health), or any committee, subcommittee, or present member of that local government agency, or any officer or employee of the local government agency, if the appearance or communication is made for the purpose of influencing administrative or legislative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract, or the sale or purchase of goods or property. For the avoidance of doubt, this provision is likewise applicable to an individual who is, at the time of the appearance or communication, an independent contractor of a local government agency or a public agency and is appearing or communicating on behalf of that agency.

“Administrative action” means the proposal, drafting, development, consideration, amendment, enactment, or defeat by any local government agency of any matter, including any rule, regulation, or other action in any regulatory proceeding, whether quasi-legislative or quasi-judicial. Administrative action does not include any action that is solely ministerial.

“Legislative action” means the drafting, introduction, modification, enactment, defeat, approval, or veto of any ordinance, amendment, resolution, report, nomination, or other matter by the legislative body of a local government agency or by any committee or subcommittee thereof, or by a member or employee of the legislative body of the local government agency acting in his or her official capacity.

For further guidance, please refer to a California Code of Regulations, Title 2, Section 18746.2; California Code of Regulations, Title 2, Section 18746.3.

2.10 No Influence on Prospective Employment

Board Members will comply with the ban on influencing prospective employment, which prohibits any public official from making, participating in making, or influencing a governmental decision that directly relates to a prospective employer while negotiating or after reaching an employment arrangement.

For further guidance, please refer to California Government Code, Section 87407; California Code of Regulations, Title 2, Section 18747.

Chapter 3: Role and Responsibilities of Individual Board Members

3.1 Authority of Board Members

Board Members have authority on behalf of the District only when acting as a body in regular or special meetings of the Board. An individual Board Member has no authority to bind the District or the Board by his or her statements or actions except when such statements or actions are authorized by the Board. An individual Board Member acting without authority creates potential personal liability exposure for his or her actions.

3.2 Board Member Responsibilities

Serving as District Board Member involves a commitment and legal obligations. To meet that commitment and those obligations, Board Members are expected to:

- Monitor the adherence to the District's mission, policies, and all applicable laws;
- Attend and actively participate in all Board meetings, and to notify the Chair of anticipated absences;
- Review minutes and results of meetings;
- Do his or her homework to be prepared to participate fully in Board and committee meetings;
- Act only with the full Board, not individually, unless authorized to do so by the full Board;
- Speak for the full Board only when the full Board authorizes his or her doing so;
- Exhibit high ethical standards and integrity in all Board actions;
- Be an enthusiastic advocate for the District;
- Take responsibility and accountability for the District and all decisions made by the Board;
- Be respectful of the time and responsibilities of the staff; and
- Demonstrate willingness to work as a team with other Board Members and the management and executive team.

3.3 Board Member Orientation⁴

The management or executive team, acting through the administrative staff of the District will formulate and provide an orientation program for all newly elected or appointed members of the Board. Such program may include, but not be limited to, the following components:

- Administration of the oath of office;
- Provision of the Bylaws and all other relevant policies of the District;

⁴ Section 3.3 of this Code supersedes and replaces the prior Palomar Health Governing Body Orientation policy, No. 21797.

-
- Obtaining of signatures of the Annual Board Member Acknowledgment of this Code of Conduct, as described herein;
 - Provision of copies of Board and Committee meeting minutes for the previous three-month period;
 - Provision of any Board of Directors Handbook;
 - Organization of structured orientation meeting relative to roles, relationships and responsibilities of governance;
 - Organization of individual meetings with the CEO, any other officers, and staff, as requested by the newly elected or appointed Board Member;
 - Facilitation of tours of District facilities, as requested by the newly elected or appointed Board Member;
 - Procurement of subscriptions to publications that may be of interest and value;
 - Provision of information relative to District, third-party, or outside programs on hospital governance, when available; and
 - Facilitation of sexual harassment and ethics training as required by law. *See* Government Code sections 12950.1, and 53232 *et seq.*

3.4 Board Member Use of District Electronic Resources⁵

Board Members have access to District electronic resources and information, including but not limited to hardware, software, cloud-based computing platforms, and the like. Board Member access to District electronic resources and information is granted to each Board Member by the District as a privilege, not a right, to be used solely by a Board Member in the course and scope of his or her duties as a member of the Board.

Board Members may not use or employ personal, electronic storage (hardware, software, or cloud-based), or personal email accounts, or any other personal electronic profile or platform which employs a unique login credential unassociated with the District, to conduct District business, or otherwise in the course and scope of a Board's Member's duties as a member of the Board.

Board Members understand that a combination of his or her user unique I.D. and password (hereafter "login credentials") to access any District platform is confidential. Each Board Member understands and acknowledges that he or she may not grant to any other individual or group use or access to District electronic resources and information. In the event a Board Member believes his or her login credentials have been compromised, he or she will take all necessary steps to remedy the situation, including but not limited to immediately notifying the appropriate District administrative personnel, and working with such personnel as necessary, to rectify the breach.

⁵ Section 3.4 of this Code is in addition to, and must be interpreted consistent with, Palomar Health Email Access and Appropriate Use policy, No. 20310.

3.5 Board Member Receipt of Confidential Information⁶

Confidential information is non-public data that must not be disclosed due to its sensitive nature. A Board Member may access or be provided access to confidential information in the course and scope of his or her duties as a member of the Board, and must take all reasonable and appropriate steps to safeguard such information. Board Members agree to maintain the confidentiality of all discussions, deliberations, records and information related to such activities, and will not voluntarily disclose any such information to anyone except to persons authorized to receive the information in the conduct or peer review affairs or business of the District, or as otherwise required by law.

- Confidential Information Learned in Closed Session
 - All information learned in closed session constitutes confidential information unless such information may be obtained from a public source, whose public nature is not due to improper disclosure. A Board Member receives and has access to confidential information during closed session meetings of the Board. A Board Member may not disclose confidential information acquired during or in preparation for such closed session conducted pursuant to the Brown Act, *see* California Government Code, Section 54950 *et seq.*, to a person not entitled to receive it, unless (i) the Board, acting in an official capacity, expressly authorized the disclosure of that confidential information; or (ii) the Board Member is making confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law. Board Members agree and acknowledge that improperly disclosing confidential information acquired during closed session is a violation of law. *See* California Government Code, Section 54963.
- Patient Information
 - Board Members may have access to private and confidential information about patients who have been, are, or will be, patients of the District. Board Members agree to treat such information as confidential and agree not disclose it to any other party, except as necessary in the course and scope of his or her duties as a member of the Board and consistent with all applicable law.
 - Board Members agree that they must implement, maintain and use appropriate administrative, technical and physical safeguards, in compliance with the Federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), and any other applicable federal or state law, regulation, or policy, to prevent use or disclosure of patient Protected Health Information (“PHI”) and Electronic Protected Health Information (“EPHI”), other than as required by law.
- Quality Management
 - A Board Member’s status as Board Member does not entitle that Board Member to access private and confidential information about patients who have been, are, or will be, patients of the District, whether that information is kept and maintained manually or electronically. In the course and scope of a Board Member’s duties

⁶ Section 3.5 of this Code supersedes and replaces the prior Palomar Health Confidentiality Statement, No. 21799.

as a member of the Board, a Board Member may be provided with, or made aware of, confidential information derived from patient information, including but not limited to PHI or EPHI, in preparation for or in closed session, or for any other specific confidential purpose, on matters related to quality management or quality assurance, or existing litigation matters involving the District. Board Members agree to maintain the confidentiality of all discussions, deliberations, records and information related to these activities, and will not voluntarily disclose any such information to anyone except to persons authorized to receive the information in the conduct or peer review affairs or business of the District, or as otherwise required by law.

- Employee, Consultant, and Medical Staff Information
 - Board Members may have access to private and confidential information concerning employees, consultants, or medical staff of the District. Board Members agree to treat such information as confidential and agree not disclose it to any other party, except as necessary for the performance of a Board Member in the course and scope of his or her duties as a member of the Board, or as otherwise required by law.
- Consequence of Violations
 - Board Members understand and acknowledge that the District may subject a Board Member in violation of this section to disciplinary action as provided in this policy, any other applicable policy of the District, or as otherwise provided by law, including but not limited to injunctive relief to prevent the disclosure of confidential information, and referral to the grand jury.

3.6 Board Member Request for Information⁷

Board Member request for information may be subject to Government Code section 54953.5(b) (“Any inspection of an audio or video recording shall be provided without charge on equipment made available by the local agency.”); *see also* 64 Cal. Op. Att’y Gen. 317 (1981). Palomar must only maintain video or audio recordings of open and public meetings made “by or at the direction of the [Board],” for 30 days. *See id.*

All Board Member requests for information originating from any standing or ad-hoc Board Committee (hereafter “Board Committee”) will be solely communicated by individual Board Committee Members to the Committee Chair and copied to the Board Chair (for informational purposes). Individual Board Committee Members will not directly request information from the management or the executive team, acting through the administrative staff of the District, nor from any District employee or consultant. The Committee Chair will determine if the information request is properly relevant to the function of the Committee and, if so, obtain the information from the management or the executive team, acting through the administrative staff of the District, to be presented to the Board Committee at the soonest available opportunity. If the Committee Chair determines that the information request is not relevant to the business of the

⁷ Section 3.6 of this Code supersedes and replaces the prior Palomar Health Information Request by Board Members policy, No. 63356.

Committee, the Committee Chair will place the information request on the agenda of an upcoming Committee Meeting on a list of information requests not accommodated and such list will formally appear in Committee Meeting Minutes.

All requests for information at the level of Board activities, including requests for information denied at the Board Committee level, may be communicated by individual Board Members to the Board Chair. Individual Board Members will not directly request information from the management or the executive team, acting through the administrative staff of the District, nor from any District employee or consultant. The Board Chair will determine if the information request is properly relevant to the function of the Board and, if so, obtain the information from the management or the executive team, acting through the administrative staff of the District, to be presented to the Board at the soonest available opportunity. If the Board Chair determines that the information request is not relevant to the business of the Board, the Board Chair will place the information request on the agenda as a potential action item of an upcoming Board Meeting on a list of information requests not accommodated and such list will formally appear in Board Meeting Minutes. If requested by any Board Member, the Board may determine by majority vote whether or not the Board wishes the management or the executive team, acting through the administrative staff of the District, to furnish the information requested. If the Board votes in favor of any information request, the Board Chair will obtain the information from the management or the executive team, acting through the administrative staff of the District, on behalf of the Board acting with the authority of the Board. The information will be presented to the Board at the soonest available opportunity.

The management or the executive team, acting through the administrative staff of the District, will provide all information to the Board that is properly requested consistent with this policy by the Chair of the Board on behalf of the Board when acting as directed by the Board with the exception of requests that violate any applicable law.

This section is not intended to preclude a Board Member from filing a properly noticed and served California Public Records Act (hereafter, “CPRA”) Request. However, Board Member requests for records may be subject to the limits of Government Code section 6254 (CPRA, Exemptions), as applicable.

No Board Member may use any District record in violation of Government Code Section 1098.

Board Members understand and acknowledge that the District may subject a Board Member in violation of this section to disciplinary action as provided in this policy, any other applicable policy of the District, or as otherwise provided by law, including but not limited to injunctive relief to prevent the disclosure of any District record, and referral to the grand jury.

3.7 Board Member Management of Constituent Public Concerns⁸

When a Board Member is contacted by a constituent or member of the public who has a non-employee/non-staff concern or complaint about the District or persons within the District, the Board member will follow the following procedures:

- Remember that individual Board Members have no power or authority to speak or act for the full Board.

⁸ Section 3.7 of this Code supersedes and replaces the prior Palomar Health Correspondence To or From Board Members policy, No. 21796.

-
- Remember that Board Members may not address employee or staff complaints or grievances, which will be addressed in accordance with Palomar Health employee policies. Refer all employees and staff to personnel grievance policies and procedures.
 - Remember that Board Members may not address complaints or grievances concerning employees or staff. Refer all complainants to Palomar Health complaint process and appropriate forms.
 - To the extent the complaint is related to a Board Member, listen to the person's concern and refer the complainant to General Counsel or the Chair.
 - Express a desire to reach a satisfactory solution.
 - Assure the person that the General Counsel or the Chair will be informed of the concern and will provide resolution as needed.
 - Ask the General Counsel or the Chair to report back to you about the progress or resolution of the concern, if desired.

3.8 Board Member Media Relations⁹

The Board wishes to ensure that accurate, complete and consistent information is provided to the constituents of the District via the news media in a responsive manner that is compliant with state and federal laws, and safeguards patient privacy. For purposes of this policy, “media” or “news media” includes but is not limited to reporters or journalists, as well as social, print, radio and other audio or web-based media platforms and their hosts. As a public entity, Palomar has an obligation, as well as a desire, to communicate with the public it serves.

Board Members are encouraged to contact the District Marketing Department or specifically designated District media representative¹⁰ before speaking or otherwise publishing to the media on matters of District business. This assists the Marketing Department or specifically designated District media representative to coordinate messaging, ascertain the nature of the media query (if any) and what prompted it, determine the most recent and relevant information to disseminate, and select among possible responses and spokespersons, whether District representatives or Board Members. A District Marketing Department or specifically designated media relationship representative will be available at all times to assist in this process; should a Board Member experience difficulty reaching either, the Board Member should raise the concern with the Chair and/or General Counsel.

Board Members must be mindful of all applicable state and federal laws concerning the release of patient information.

⁹ Section 3.8 of this Code supersedes and replaces the prior Palomar Health Media Relations policy, No. 21789, but only as it pertains to Board Members. Section 3.8 of this Code likewise supersedes and replaces the prior Palomar Health Correspondence To or From Board Members policy, No. 21796.

¹⁰ For purposes of this policy, a “specifically designated District media representative” will be an employee or contractor of the District retained for a specific media purpose; the identity and responsibilities of the representative will be communicated to Board Members in a timely manner by the Board Chair or General Counsel.

- **Personal Points of View**

When speaking about the District or about Board action, Board Members should be careful to define when or what portion of their remarks represent personal opinion and when or what of their remarks represent official Board position. For purposes of this policy, “official Board position” means factually recounting an official action taken by the Board at a special or regular Board meeting. Board Members must be aware that they are always perceived and recognized as Board members, even when they designate comments as personal. As such, Board Members must be mindful of their fiduciary duties of care and loyalty, and the consequences of a violation of either or both, in the context of any discussion with the media.

All Board Members have the right to express their personal points of view regarding matters of general public concern. However, personal points of view may conflict with an official Board position. Therefore, Board Members who write letters to the editor may not use official District stationery or letterhead, nor may a Board Member sign a letter or an email to the media employing or displaying his or her Board Member title, role, or indicating or communicating the fact of his or her Board Membership as indicative or illustrative of his or her position without explicitly stating that the views set forth in the letter do not represent official Board position, but are the Board Member’s personal opinions, speaking in a personal capacity.

A similar disclaimer must be given if a Board Member addresses a public meeting, participates in a radio talk show, or is interviewed for radio or television or any similar social media platform, unless the Board Member is working with the District Marketing Department or specifically designated District media representative on a specific item of messaging, or communicating an official Board position in a factual manner.

- **Media Requests for Records**

Media requests for records will be handled in accordance with this policy, to the extent it is consistent with the California Public Records Act (“CPRA”), the California Constitution, and all other applicable state and federal laws. *See, e.g.*, California Government Code, Section 6250 *et seq.*, and Article I, Section 3(b) of the California Constitution. The records produced in response to media requests must be readily available for Board Member viewing upon request.

- **Privileged and Private Information**

The vast majority of the records and affairs of District are public information which citizens, including the media, have the right to know. All public information should be provided to the press upon request without unnecessary delay.

Some matters, however, like ongoing investigations, information regarding litigation or the threat of litigation, personnel issues, real estate transactions, medical and mental health matters, private data regarding citizens, documents in draft form, to name a few, are governed by privileges and laws intended to advance important public policy goals.

When a media request for an interview or records appears to involve a subject matter that may be privileged or private, the Board Member must consult with General Counsel. The General Counsel will review the request without delay and promptly provide counsel to the Board Member.

3.9 District Representation in Membership Organizations¹¹

In the interest of fiscal accountability, organizations in which the District participates as a dues paying member, including trade associations, Governance 100, Volunteer Trustees, Adapt, etc. (hereafter “Membership Organizations”), will be periodically evaluated for compatibility with the District’s mission as well as community and economic benefit. For those Membership Organizations who request representation from the Board on their governing body or other position, the Board must follow the following guidelines for the selection of a nominee.

- All Membership Organizations will be periodically reviewed to ensure that:
 - Their mission is compatible with the mission of the District;
 - The value to the District or community is commensurate with the dues or other expense;
 - Progress reports are provided on a regular basis by the District representative or Membership Organization.
- Should a Membership Organization request representation from the Board on its governing body or other position, the following guidelines will apply:
 - Representatives are to be selected by a majority of the Board or, for brief, special assignments, by appointment of the Chair of the Board, who will notify the full Board;
 - Assignments of representatives are to be made in a fair and equitable manner;
 - To ensure sufficient rotation, assignments will be reviewed on a regular basis.
- Should the Membership Organization solicit input from the Board on legislation, such input will reflect the views of the majority of the Board, voting at an open session of a properly noticed meeting.
 - Copies of all letters provided to government representatives or concerning legislation must be provided to the Board.
 - The District will not take positions on individual candidates.
- District representatives selected in accordance with these guidelines in governing or other positions of influence within Membership Organizations will at all times act for the benefit of the District, not for any personal benefit.
- Expenses associated with participation in Membership Organizations by a District representative selected in accordance with these guidelines will be at the cost of the Membership Organization and not the District.
- To obtain the most value from the participation in Membership Organizations, all District representatives attending meetings of such organizations are to report to the full Board, verbally or in writing, about their participation at the meetings. In the event multiple District representatives attend, a single report will be adequate.

¹¹ Section 3.9 of this Code supersedes and replaces the prior Palomar Health Membership Organizations and Board Representations policy, No. 21795.

3.10 Board Self-Evaluation

Performance accountability for the Board can only be maintained at a high level through regular self-evaluation of the Board's work. Therefore, the Board will annually or on a periodic basis conduct a written self-evaluation of the Board's performance for the past year set period of time as established by the Board, on a Board approved evaluation form. The evaluation will include, but not be limited to, determinations of the degree to which:

- the Board has supported the Palomar Health vision and guiding principles;
- the Board has complied with Palomar Health Bylaws;
- the Board has set clear goals and expectations arising from realistic strategic planning;
- the Board attends to policy-related decisions which effectively guide operational activities of staff;
- the Board receives regular reports on finance/budget, and business performance of business lines;
- the Board meetings facilitate focus and progress on important business matters;
- the Board regularly monitors and evaluates progress toward strategic business goals and product/program performance;
- the Board regularly evaluates and assists in the development of an effective management or executive team;
- the Board has approved comprehensive personnel policies which have been reviewed by a qualified professional; and
- the work of the Board has aided in:
 - a strategic management process;
 - fiscal responsibility;
 - appropriate investment in employees and stakeholders;
 - enhanced, positive relationships with Palomar Health stakeholders.

It will be the responsibility of the Chair to initiate the Board self-evaluation.

Chapter 4: Enforcement of Board Ethics and Policies¹²

To protect the public interest, protect the District, protect the Board, and protect the rights of individual Board Members, the Board must address individual Board Member actions that constitute misconduct or malfeasance in office, violation of the law or public policy, violation of Board policy, or action harmful to the best interests of the District. This policy is intended to be consistent with, but not limited to, the provisions of California Government Code, Section 3060.

4.1 Formal Procedures Regarding Board Member Misconduct

Any Board Member may present a complaint in writing to the Chair and General Counsel for consideration concerning a fellow Board Member (hereafter “Subject Director”). If the complaint concerns the Chair, the complaint must be sent directly to the General Counsel and the General Counsel must take all actions below that are specifically designated for the Chair. The complaint must be specific in nature, associated with written materials if they are available and applicable, and directly relevant to the general issue of misconduct in office or violation of the law or policy as articulated above.

The Chair must provide a copy of the written complaint to the Subject Director with notification that the Subject Director will have ten (10) days to respond in writing to the complaint. Following the expiration of the ten (10) day notice period, the Chair must cause the written complaint along with the Subject Director’s response, if any, to be distributed to each member of the Board, including the Subject Director, with a formal copy to Palomar Health’s General Counsel.

At the next regular meeting of the Board (or at a special meeting of the Board called for this specific purpose), the Board must review the complaint and the Subject Director’s response, if any. After providing the Subject Director with an opportunity to add anything to the Subject Director’s written response and to answer any questions from Board members, the Board must excuse the Subject Director and make a determination whether investigation of the complaint and response is warranted or whether the Board has enough information to act upon the written complaint and response. If the Board determines that additional information is needed, the Board may conduct or direct such investigation as, in consultation with General Counsel, it determines to be warranted or, at the discretion of the Board, the Board, by the affirmative vote of a simple majority of four (4) Board Members, appoints among themselves a committee to conduct an investigation into the matter and report to the Board the committee’s findings and recommendations. General Counsel must advise and assist the Board and, if appointed, such committee in conducting the investigation.

The Subject Director must cooperate in all Board-sanctioned investigations, proceedings, and resulting requirements. The Subject Director must preserve and not destroy or discard any information or documents relevant to the subject matter of the investigation. The Subject Director must make reasonable efforts to resolve any issues as to confidentiality. Failure to cooperate in any investigation or proceeding is itself violation of this policy and an abdication of the Subject Director’s duty of care and loyalty to the District.

¹² This foregoing supersedes and replaces the prior Palomar Health Board Member Misconduct and Sanctions policy, No. 6335.

4.2 Resolution of Complaints to Board

Following the completion of any investigation, the Board (or the committee, if one was appointed) must prepare a draft written report containing the investigation findings and a preliminary determination of the merits of the complaint. The draft report will be distributed to the full Board, including the Subject Director. The Subject Director must have an opportunity to review the draft report and have ten (10) business days following receipt of the draft report to review the report and respond to the Board in writing either accepting or rejecting the findings and preliminary determination of the merits. Failure to provide a timely response constitutes acceptance of the report and any proposed actions.

As soon as practicable after the tenth (10th) day following distribution of the draft report, the full Board must meet to review the report and determine appropriate actions, including sanctions, if any. The Board may take into consideration the Subject Director's response prior to adopting a final report and determining the appropriate resolution of the complaint.

There is no appeal of the final written report and resolution of the complaint as determined by the Board.

A Board Member who files a complaint alleging violations that are determined by the Board to be frivolous in nature is subject to disciplinary action, up to and including sanctions as provided in this Code.

A complainant and Subject Director is entitled to a full and complete copy of the Board's final written report, including findings of fact and recommendation for sanctions, if any.

The failure or refusal of the Subject Director to accept delivery of a complaint or other documents relating to a complaint or investigation by the Board will not prevent the Board from taking any action against the Subject Director.

4.3 Sanctions

The Board may vote to enact sanctions against the Subject Director by the affirmative vote of a simple majority; where a full Board of seven (7) is seated, a simple majority is four (4) Board Members. A Board Member whose actions demonstrate misconduct or malfeasance in office, a violation of the law or public policy, a violation of Board policy, or an action harmful to the best interests of the District is subject to any or all of the following sanctions as determined by the Board of Directors, to the extent permitted by law or the Bylaws of Palomar Health:

- i. Public censure and disclosure of the violation and sanctions;
- ii. Cessation of eligibility to receive (i) meeting fees, (ii) District health and welfare benefits and/or (iii) travel and incidental expenses reimbursement, as contemplated in the Bylaws of Palomar Health;
- iii. Removal of the Board member from any or all committee officer positions, committee memberships, or any current or future meeting where (i) the conduct of the Director or (ii) any other recusal action is discussed;
- iv. Formal request by the Board that the Subject Director resign as a Board member;
- v. Commencement of a lawsuit against the Subject Director for injunctive relief or for damages caused by breach of any applicable Palomar Health policies (for the

avoidance of doubt, the Board has the discretion to compel the Subject Director to take part in confidential arbitration); and

vi. Pursuit by the Board of the removal of the Subject Director.

The Board will establish the appropriate sanctions and duration of such sanction in relation to each violation. The Board may implement any sanction listed above, or others considered appropriate, without regard to whether lesser sanctions have been imposed or considered. The following factors may be considered by the Board in determining the appropriate sanction(s) (this list is not to be considered exclusive or exhaustive):

- The seriousness of the violation and the expected resulting harm to the reputation or finances of the District;
- The likelihood of repetition;
- Prior violations by the Subject Director;
- Whether the Subject Director or his/her relatives personally profited from the violation;
- The Subject Director's willingness to disclose the conduct; and
- The Subject Director's efforts to mitigate any harm caused by such violation.

4.4 Annual Board Member Acknowledgment

General Counsel or the Chair will cause each Board member to undertake an annual acknowledgment of his or her understanding of the requirements of and compliance with this Code of Conduct at an open session of a duly called regular or special Board meeting.

DULY ENACTED THIS 12th day of May, 2025, at Escondido, California.

Board Secretary

ATTEST:

Chair of the Board

ADDENDUM D

To: Board of Directors
From: Linda Greer, RN - Chair, Board Finance Committee
Date: Monday, May 12, 2025
Re: Finance Committee Meeting, April 23, 2025

Board Member Attendance: Directors Linda Greer, Michael Pacheco and Jeff Griffith

Action Items:

- **Finance Committee Minutes, March 26, 2025:** The voting members reviewed and approved Finance Committee minutes from March 26, 2025
- **Guidehouse Turnaround Project Update:** A presentation was reviewed by the voting members
- **YTD FY2025 and March 2025 Financials:** The voting members reviewed and approved YTD FY2025 and March 2025 Financials and moved item to full Board for ratification

To: Board of Directors
From: Jeff Griffith - Chair, Board Governance Committee
Date: Monday, May 12, 2025
Re: Governance Committee Meeting, May 5, 2025

Member Attendance: Directors Jeff Griffith, Abbi Jahaaski and Michael Pacheco

Action Items:

- **Governance Committee minutes, March 3, 2025:** The voting members reviewed and approved Governance Committee minutes from March 3, 2025
- **Board of Directors Code of Conduct (68552):** The voting members reviewed and approved policy 68552 and moved the item to full Board for ratification

Standing Items:

- **ACHD Advocate:** No update was given at the May meeting