Posted
Friday,
July 24, 2026

SPECIAL SESSION
BOARD OF DIRECTORS MEETING

MEETING AGENDA

Monday, July 27, 2026

3:00 p.m.

PLEASE SEE PAGE 2 FOR MEETING LOCATION OPTIONS

	The Board may take action on any of the items listed below, including items specifically labeled "Informational Only"	Time	Target
Call To Order			
I.	**Establishment of Quorum**	1	3:01
II.	**Public Comments**[1]	30	3:31
III.	**Action Item(s)**		
	A. Audit and Compliance Committee Minutes, May 21, 2026 *(Pp 5-7)*	5	3:36
	B. Finance Committee Minutes, June 1, 2026 *(Pp 8-11)*	5	3:41
	C. Baker Tilly 2026 Financial Audit Planning *(Pp 12-29)*	19	4:00
IV.	Palomar Health District Board Financial Budget Discussion *(Pp 30-35)*	29	4:29
Final Adjournment			

Note: If you need special assistance to participate in the meeting,
please call 760.740.6375, 48 hours prior to the meeting so that we may provide reasonable accommodations.

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

PALOMAR HEALTH
Reimagining Healthcare

Special Session
Board of Directors Meeting
Meeting Location Options

Linda Greer Board Room
2125 Citracado Parkway, Suite 300, 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: 244 620 413 617 043
Pass Code: mi7vG6Dt
Or

Dial in using your phone at 929.352.2216; Access Code: 265 715 914#[1]

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

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

  - **2198 Palomar Airport Rd., Carlsbad, CA 92008**

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

PALOMAR HEALTH

DocID: 21790
Revision: 10
Status: Official

Source:

Applies to Facilities:
All Palomar Health Facilities

Applies to Departments:
Board of Directors

Policy : Public Comments and Attendance at Public Board Meetings

I. SUMMARY/INTENT:

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. POLICY: COMPLIANCE - KEY ELEMENTS:

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 additonal 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.

Special Session
Board of Directors Meeting

Meeting will begin at 3:00 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.

Board Audit and Compliance Meeting Minutes – Thursday, May 21, 2026	
Agenda Item	***Conclusion/Action***
Discussion	
Notice Of Meeting	
Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Escondido, CA. 92029; also posted with agenda packet on the Palomar Health website on Friday, May 15, 2026.	
Call To Order	
The meeting, which was held in the Linda Greer Board Room at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, and virtually, was called to order at 1:00 p.m. by Director Pacheco	
I. Establishment of Quorum	
• Quorum was established via roll call vote consisting of: Directors Greer and Pacheco • Director Edwards-Tate (virtual) joined the meeting at 1:15 p.m. • Absences: None	
II. Public Comments	
• No public comments	

Agenda Item	*Conclusion/Action*
Discussion	
III. Action Items	
A. Audit & Compliance Committee Minutes, January 30, 2026.	**MOTION** by Director Greer, 2nd by Director Pacheco to approve the Audit & Compliance Committee Minutes from January 30, 2026. Roll call voting was utilized. Director Edwards-Tate – absent at the time of the motion Director Greer - aye Director Pacheco - aye Two in favor. None opposed. One absent. None abstained. Motion approved.
Discussion: • No discussion	
B. HIPAA 2026 Breaches in California – *Informational Only*	**Informational Only**
Discussion • Helen Waishkey, Corporate Compliance Officer, shared the HIPAA 2026 Breaches in California and answered all questions.	
C. 2026 CMS Changes – *Informational Only*	**Informational Only**
Discussion: • Helen Waishkey, Corporate Compliance Officer, shared the 2026 CMS Changes and answered all questions. • This document will be shared with the full Palomar Health Board of Directors at a Regular Session Committee report.	

Agenda Item	*Conclusion/Action*
Discussion	
IV. Adjourn to Closed Session	
A. Pursuant to California Government Code § 54956.6 — CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION — Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: One (1) potential case	
V. Re-Adjourn to Open Session	
VI. Action Resulting from Closed Session, if any	
• No action resulting from closed session	
Final Adjournment	
Meeting adjourned by Committee Director Pacheco at 1:50 p.m.	
Signatures:	

Committee Chair _____ Michael Pacheco

Committee Assistant _____ Janet Kren

PALOMAR HEALTH
Reimagining Healthcare

Board Finance Committee Meeting Minutes – Monday, June 1, 2026	
Agenda Item	*Conclusion/Action*

Discussion

Notice Of Meeting

Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Escondido, CA. 92029; also posted with an agenda packet on the Palomar Health website on Friday, May 29, 2026.

Call To Order

The meeting, which was held in the Linda Greer Board Room at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, and virtually, was called to order at 2:00 p.m. by Director Greer.

I. Establishment of Quorum

- Quorum determined by roll call vote comprised of: Director Linda Greer; Director Jeffrey Griffith; Director Michael Pacheco; Diane Hansen (virtual); Andrew Nguyen (virtual), M.D.; Mark Goldsworthy , MD (virtual)
- Absent: none

II. Public Comments

- No public Comments

Board Finance Committee Meeting Minutes – Monday, June 1, 2026	
Agenda Item	***Conclusion/Action***
Discussion	
III. Action Items	
A. Finance Committee Minutes, May 6, 2026	**MOTION** by Director Griffith, 2nd by Director Pacheco to approve the Finance Committee Minutes from May 6, 2026 as written. Roll call voting was utilized. Director Greer - aye Director Griffith – aye Director Pacheco – aye Diane Hansen – aye Mark Goldsworthy, MD – aye Andrew Nguyen, MD – aye All (6) in favor. None (0) opposed. None absent. No (0) abstention(s). Motion approved.
Discussion: • No discussion	

Board Finance Committee Meeting Minutes – Monday, June 1, 2026	
Agenda Item	***Conclusion/Action***
Discussion	
B. YTD FY2025 and April 2026 Financials	**MOTION** by Director Pacheco, 2nd by Director Griffith to approve YTD FY2025 and April 2026Financials and move to the Board of Directors for ratification. Roll call voting was utilized. Director Greer - aye Director Griffith – aye Director Pacheco – aye Diane Hansen – aye Mark Goldsworthy, MD – aye Andrew Nguyen, MD – aye All (6) in favor. None (0) opposed. None absent. No (0) abstention(s). Motion approved.
Discussion: • Andrew Tokar, Chief Financial Officer, presented the YTD FY2025 and April 2026 Financials to the Committee and answered questions. • It was shared that the turnaround was not included in this report and an update on the budget process was also shared. • Committee discussion ensued.	
C. Workday Update	**NO MOTION, INFORMATIONAL ONLY**
Discussion: • Andrew Tokar, Chief Financial Officer, shared information and updates on Workday. • Discussion included desire to share this information with the full board during the Board Finance Committee Report at a Regular Session Board of Directors Meeting.	
Final Adjournment	
Meeting adjourned by Board Committee Director Greer at 2:44 p.m.	

Signatures:

Committee Chair _____ Linda Greer, RN

Committee Assistant _____ Janet Kren

Palomar Health

2026 Audit Planning

Discussion with Management and
the Audit Committee

Agenda

1. Your Service Team
2. Scope of Services
3. Auditor’s Responsibility in a Financial Statement Audit
4. Group Audit Discussion
5. Significant Risks Identified
6. Risks Discussion
7. Consideration of Fraud in a Financial Statement Audit
8. Audit Timeline
9. Audit Deliverables
10. Expectations
11. 2026 Executive Health Care Conference
12. Connect with Us
13. Executive Session

Your Service Team

Aparna Venkateswaran
Engagement Lead Partner
Aparna.Venkateswaran@bakertilly.com
(949) 517-9473

Brian Conner
Concurring Reviewer
Brian.Conner@bakertilly.com
(209) 955-6144

Chris Pritchard
Client Relationship Partner
Chris.Pritchard@bakertilly.com
(415) 677-8262

Jessa May Sidebotham
Audit Senior Manager
JessaMay.Sidebotham@bakertilly.com
(949) 517-9488

Irmin Yunus
Audit Senior Manager
Irmin.Yunus@bakertilly.com
(858) 627-1477

Brent Tuanquin
Audit Manager
Brent.Tuanquin@bakertilly.com
(818) 675-5078

Scope of Services

Relationships between Baker Tilly and Palomar Health:

Annual Audit

- Annual financial statement audit for the year ended June 30, 2026.
- Single audit of federal awards for the year ended June 30, 2026, in accordance with Uniform Guidance.

Non-Attest Services

- Assist management with drafting the financial statements (excluding Management's Discussion and Analysis) for the year ended June 30, 2026.
- Assist management with drafting the Data Collection Form as of and for the year ended June 30, 2026.
- Assist management with the transaction with the University of California San Diego.
- Medicare reimbursement services.

Auditor's Responsibilities in a Financial Statement Audit

Auditor is responsible for:

- forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in conformity with applicable financial reporting framework;
- performing an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards*;
- communicating significant matters, as defined by professional standards, arising during the audit that are relevant to you;
- when applicable, communicating particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement.

The audit of the financial statements doesn't relieve management or you of your responsibilities.

The auditor is not responsible for designing procedures for the purpose of identifying other matters to communicate to you.

Group Audit Discussion

The components we have identified include:	• Palomar Health • Palomar Health Medical Group
The work we will perform on the financial information of each component includes:	• Baker Tilly to audit both components

Significant Risks Identified

During the planning of the audit, we have identified the following significant risks:

Significant Risks	Procedures
Patient revenue and receivables	We will document our understanding of management's analysis in determining the contractual and bad debt allowances and perform walk-throughs of the controls related to these by testing revenue charges, accounts receivable, cash receipts, and zero balance accounts. We will also develop our own independent estimate of the valuation of patient accounts receivable based on historical collection rates by payor and compare it to the amount recorded.
Cost report settlements and supplemental funding	We will obtain substantive supporting documents to evaluate if the receivables or payables are valid as of June 30, 2026, and properly supported.

Significant Risks Identified *(continued)*

During the planning of the audit, we have identified the following significant risks:

Significant Risks	Procedures
Liabilities, contingent liabilities, and long-term debt (including covenant compliance)	Palomar Health is subject to financial covenants related to their tax-exempt bonds. We will obtain management's covenant calculations, compare calculations to related debt agreements, and trace amounts to accounting records.
Compliance with terms and conditions of federal grant awards	We will obtain a schedule of expenditures of federal awards and test for completeness and accuracy. Based on our risk assessment, we will test Palomar Health's compliance with the grant award provisions. We will also assess whether grant revenue was recognized in the proper period.

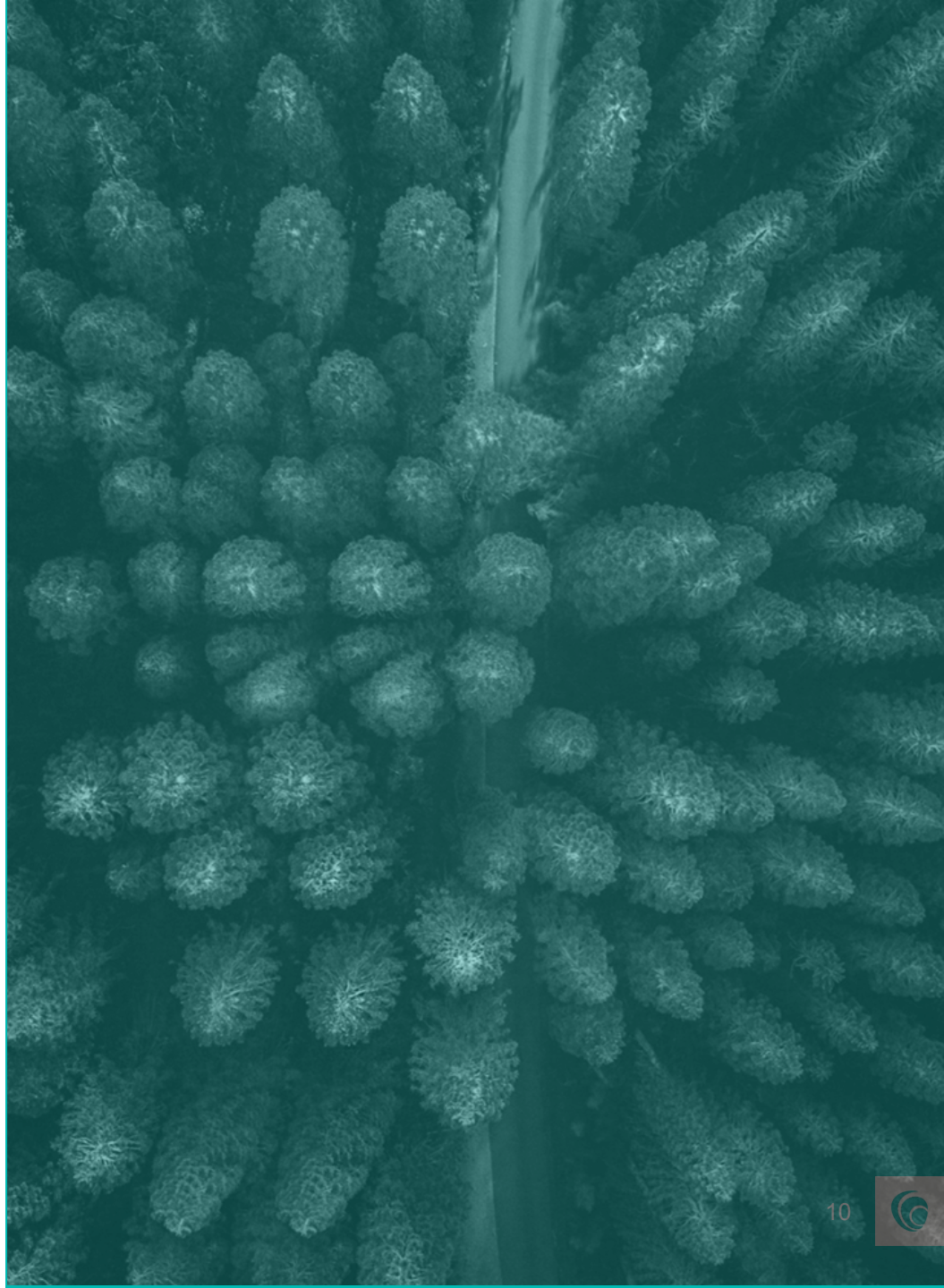
Significant Risks Identified *(continued)*

During the planning of the audit, we have identified the following significant risks:

Significant Risks	Procedures
Transactions with affiliated entities	Palomar Health provides financial assistance to Palomar Health Medical Group and Palomar Health Foundation by means of contributions and economic support. We will perform substantive procedures with respect to the consolidation to assess whether material eliminations and adjustments are properly reflected in the financial statements. We will further evaluate the appropriateness of the disclosures in the footnotes to the financial statements and review board minutes and other supporting documentation to gain an understanding of the approval process for significant transactions.

Risks Discussion

1. What are your views regarding:
   - Palomar Health's objectives, strategies, and business risks that may result in material misstatements
   - Significant communications between the entity and regulators
   - Attitudes, awareness, and actions concerning
     - Palomar Health's internal control and importance
     - How those charged with governance oversee the effectiveness of internal control
     - Detection or the possibility of fraud
     - Other matters relevant to the audit
2. Do you have any areas of concern?



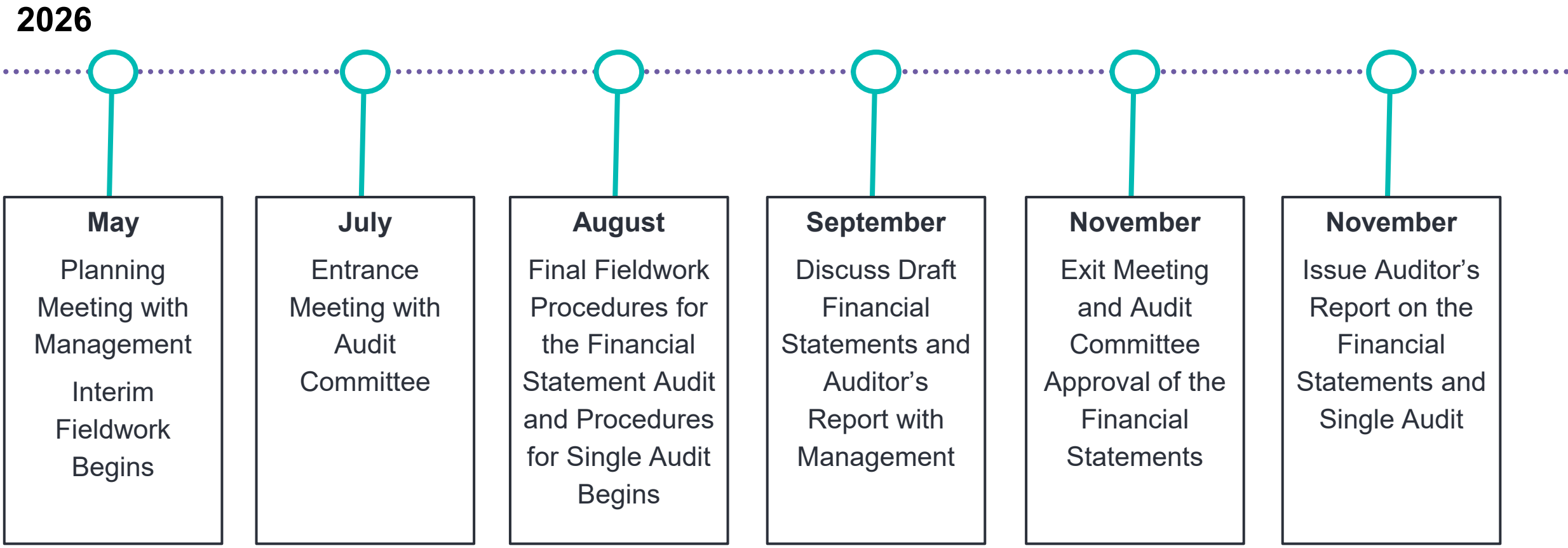
Consideration of Fraud in a Financial Statement Audit

Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error

To identify fraud-related risks of material misstatement, we:
• Brainstorm with team • Conduct personnel interviews • Document understanding of internal control • Consider unusual or unexpected relationships identified in planning and performing the audit

Procedures we perform:
• Examine general journal entries for nonstandard transactions • Evaluate policies and accounting for revenue recognition • Test and analyze significant accounting estimates for biases • Evaluate rationale for significant unusual transactions

Audit Timeline

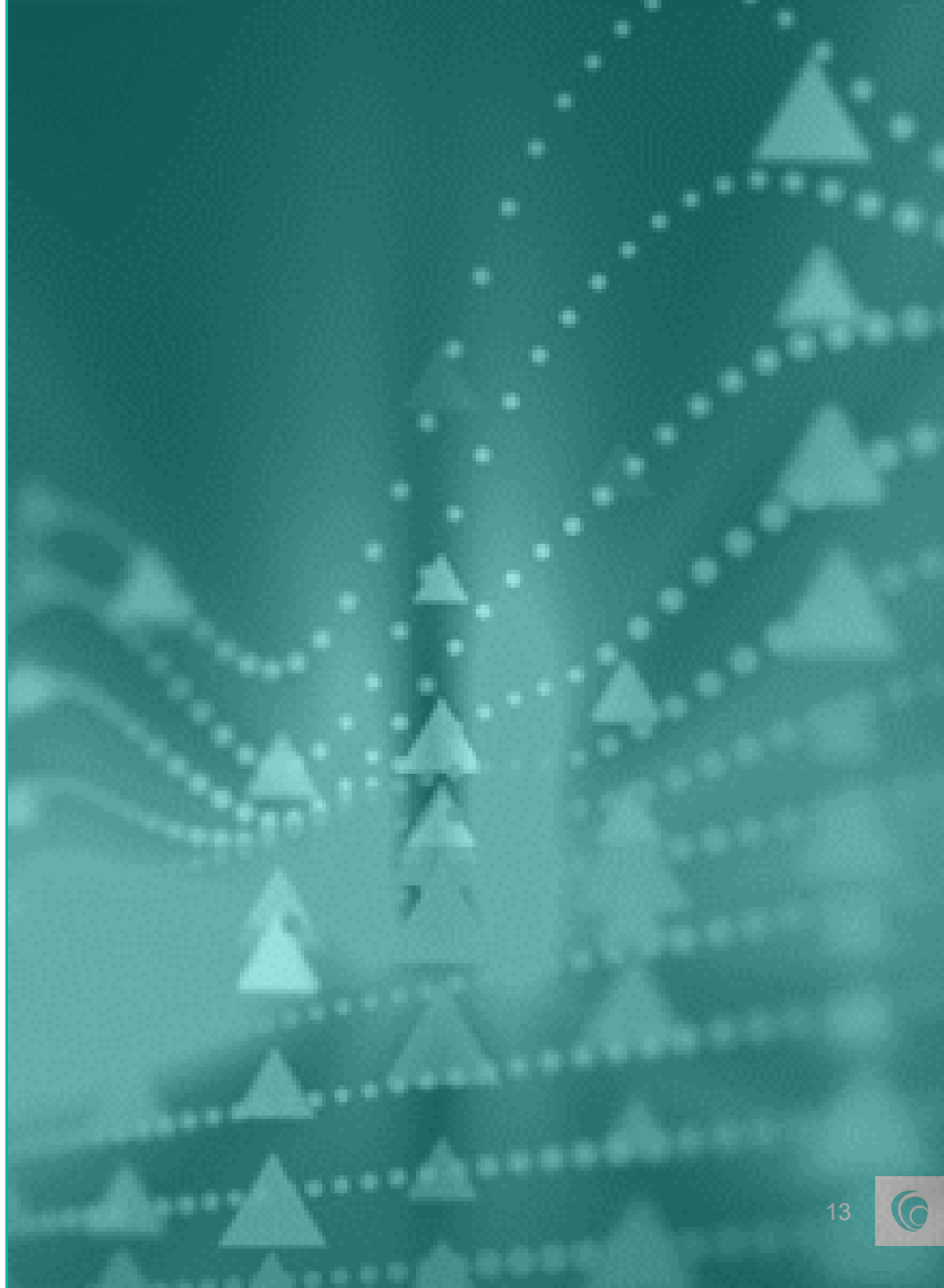


Audit Deliverables

Report of Independent Auditors
(on consolidated financial statements for the year ended June 30, 2026)

Report to Management
(communicating internal control related matters identified in an audit)

Report to Those Charged With Governance
(communicating required matters and other matters of interest)



Audit Deliverables

Single Audit Report

(for the year ending June 30, 2026, to be issued no later than March 31, 2027)

- Auditors' Reports on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
- Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Expectations

Palomar Health will:

- Have no adjusting journal entries after beginning of field work.
- Close books and records before beginning of field work.
- Provide auditor requested information in Client Audit Preparation schedule one week prior to the beginning of fieldwork.

Baker Tilly will:

- Communicate proposed adjustments with management when identified.
- Communicate control deficiencies with management when identified.
- Discuss any additional fees over estimate in engagement letter with management.

2026 Executive Health Care Conference

- November 11-13, 2026

Point-Counterpoint Political Keynotes for 2026:

Donna Brazile

- Senior Advisor at Purple Strategies and Chair of the J. William Fulbright Foreign Scholarship Board
- Renowned political strategist, commentator, and New York Times bestselling author

Patrick McHenry

- Former U.S. Representative for North Carolina's 10th District
- Key policymaker on financial and emerging technology issues, advancing legislation related to cryptocurrency, artificial intelligence, fintech, capital formation, data privacy, and corporate governance
- Served as the first Speaker Pro Tempore of the U.S. House in 2023

Cat Bohannon, Ph.D.

- Researcher and author with a Ph.D. from Columbia University specializing in the evolution of narrative, cognition, and human behavior
- Published writer and thought leader, with work featured in *Scientific American*, *Science Magazine*, *Mind*, and *The Best American Nonrequired Reading*
- Acclaimed essayist and poet whose work explores science, storytelling, and culture, and who frequently contributes to leading academic and literary publications.

Ford Koles

- Founder of Oboe Healthcare Insights and nationally recognized expert in healthcare economics, strategy, and industry transformation.
- Trusted advisor and sought-after speaker, known for providing clear, actionable insights on healthcare reform, value-based care, physician alignment, and health system strategy.

Nov. 11-13, 2026 | Las Vegas, NV
Red Rock Casino, Resort & Spa

REGISTER NOW

Register early for the best rates!

Join C-suite professionals from across the health care ecosystem to discuss the state of the industry and prepare leaders for 2027.

EXECUTIVE SESSION

THANK YOU

FY2027 Annual Operating Budget

Board Budget Presentation

June 22, 2026

PALOMAR HEALTH
Reimagining Healthcare

Executive Summary

This budget reflects the establishment of the Joint Powers Authority (JPA) with the University of California, San Diego (UCSD) and also reflects an approval of said relationship with a close date of June 30th, 2026

- The District budget is broken in to four areas with only one area that makes up the true operating expenses for the District
  - Leased Labor: ~$501M revenue and ~$501M expense (pass-through) net of a remaining ~$400K
  - Depreciation: $27.8M, non-cash; for remaining assets in use by the JPA
  - District Operations: $1.0M; the two cost centers being approved
  - District Taxes: $25.9M in unrestricted; and $51.7M restricted for GO bond debt service collected and passed through to bondholders
- Full accounting view shows a $(27.8M) loss; however, on a cash basis the District budget is breakeven

FY27 Budget

	Hospital District Budget	JPA Component and District Budget
NET PATIENT REVENUE	-	-
Other Operating Revenue	1,000,000	502,265,393
TOTAL REVENUE	1,000,000	502,265,393
Expenses:		
Salaries	313,779	389,681,222
SalariesContract	-	13,593,931
Benefits	79,220	98,383,240
Sub Total Labor	392,999	501,658,392
ProFees	75,000	75,000
MedSupplies	-	-
Drugs	-	-
OthSupplies	11,252	11,252
PurchSvcs	594	594
MaintRepairs	-	-
Utilities	-	-
RentLease	-	-
Insurance	-	-
Depreciation	-	27,848,780
OtherExp (excludes Alloc)	520,154	520,154
Sub Total Non Labor	607,000	28,455,780
TOTAL EXPENSES	1,000,000	530,114,173
NET INCOME FROM OPERATIONS	0	(27,848,780)

DISTRICT BUDGET OVERVIEW

- This is the District budget, the public agency that governs and holds the assets, not patient-care operations
- Net Patient Revenue is zero because patient billing sits in the operating entity (the JPA)
- Right column is the full accounting view; left column is the District as a standalone “cost center”

UNDERSTANDING REVENUE AND EXPENSE

- ~$501M of revenue and ~$501M of labor related cost are the same transaction: the District employs the workforce and is reimbursed for leasing it out to the JPA
- These cancel out — money passing through the District, not money it earns
- Another ~$27.8M is depreciation — a non-cash charge

THE DISTRICT’S TRUE OPERATING COST: ~$1M

- Remove the labor pass-through and non-cash depreciation, and the real expense footprint is ~$1M
- Expense areas include professional fees, residual payroll for assistance, and modest district expenses
- This is the budget actually being approved and overseen

KEY TAKEAWAY

- Running the District costs about $1M a year
- Capital is managed and maintained by the JPA

Governing Agreements

- Employee lease: Employee Leasing Agreement / executed 6/30/2026; governs the District's employment and lease of the workforce to the operating entity
- Use of assets: Use Agreement / executed 6/30/2026; governs the operating entity's use of District-owned facilities and equipment
- Taxes and debt service: Tax Revenue Contribution Agreement / executed 6/30/2026; governs the property tax levy for the unrestricted component
- These agreements above allow for funds to flow between entities to ensure a number of items are on a pass-through arrangement

District Taxes

- The District levies property taxes for voter-approved services
- $51.7M is collected from District property owners and passed through to bondholders for debt service
- $25.9M is collected and will be passed through to the JPA for services and may change slightly from year-to-year depending on debt service needs and property values

Approval

- Approve a budget of $1.0M in expenditures related to directly operating the Healthcare district
- Approve budgeted depreciation of $27.8M related expenses for assets used by the JPA but owned by the Healthcare District (Asset Use Agreement)
- Approve the unrestricted tax revenues in budgeted amount of $25.9M to be transferred to the JPA