

# Memo

**To:** Board Members  
**From:** Tom Scaglione  
**Date:** April 22, 2025  
**Subject:** Finance Committee Minutes – **April 22, 2025**

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The Finance Committee met for a special meeting on Tuesday, April 22, 2025, at 11:00 a.m. Members of the public were able to participate by telephone, Zoom, or in-person at the Grossmont Healthcare District Conference Center, located at 9001 Wakarusa Street, La Mesa, CA.

**Attendees:** Director Randy Lenac, Chair  
Director Robert “Bob” Ayres, Member  
Aaron Byzak, Interim Chief Executive Officer  
Tom Scaglione, Chief Administrative Officer  
Amy Abrams, Chief Community Health Officer  
Justine McQuade, Accountant  
Harman Sarky, Compliance Coordinator

**A. Call to Order:** The meeting was called to order by Director Lenac at 11:00 a.m.

**B. Approval of Agenda:** The agenda was approved as posted.

**C. Public Comment:** There was no public comment.

**D. Reports/Discussion/Possible Action Items**

1. FY25-26 Proposed Budget

CAO Scaglione presented the proposed FY25-26 budget to the Committee. The Committee reviewed the budget process, revenue projections, the general fund, debt service, and reserves budget. They focused on several key areas including the following:

- a) The additional discretionary payments of \$314,000 to target pension liability funding at 90% and \$262,000 to target OPEB liability funding at 90%, which is viewed favorably by rating agencies. The Committee considers implementing a

policy to maintain this funding level annually and will take this proposal to the Policies and Procedures Committee.

- b) The Committee debates the merits of conservative budgeting versus adjusting throughout the year as new expenses arise. CAO Scaglione expressed that budgeting conservatively and anticipating all possible expenditures within an adopted budget is transparent and a best practice. Budget overages and amendments need to be disclosed in the District's audit and are not viewed favorably by the public or the investment community.
- c) The financial reserves are examined, with special attention to the impact of recent expenditures and the importance of maintaining adequate reserves and a favorable bond rating.
- d) The Committee directed CAO Scaglione to remove references to a potential pending bond measure and to successive \$8 million IGT payments from the budget memo.
- e) The Committee discussed adjusting reserve designations to reflect Board decisions, including a commitment to the Family Residency Program. CAO Scaglione noted that the commitment to the Program is already in the special projects reserve and that he would show it as a separate line item on the reserve schedule. The Committee discussed an MOU with Sharp Grossmont Hospital to solidify the District's commitment to the Program for future Boards. CAO Scaglione noted he has already started that process with Dr. Apel.
- f) The Committee also discussed the need for flexibility in reserve policies and the importance of maintaining adequate liquidity.
- g) The Committee discussed rate reduction and its impact on taxpayers. A suggestion was made that they should normalize the budget to account for property value increases and tax increases.
- h) The Committee also discussed the proposed increase in the grants and sponsorships budget from \$1.5 million to \$4 million, based on an analysis of grantee expenses since 2011. Director Lenac expressed his opinion that the inflationary impacts on grantee's expenses should have no relation to how much GHD grants annually and should not be a basis to increase the grant award budget. Committee raised the question of why the \$70,000 in support of the hospital's annual fundraisers is a separate line item.

- i) The Committee discussed the initiatives included in the \$2.9 million strategic grant budget line item:
  - a. The Committee discussed the expansion of the Health Pathways Program, which would involve hiring 4.4 full-time employees to coordinate the program across 35 schools in the District.
  - b. The Committee discussed the cost of a health needs assessment for the East County area, which would provide more detailed data on the region’s health needs, and guide future investments. The Committee emphasized that the program’s implementation would depend on Board approval of a detailed proposal.
  - c. The Committee discussed a proposal for a rural health telemedicine program within the district boundaries. The program would provide equipment and a private space for telemedicine appointments. Director Lenac emphasized the need for data collection and feedback from users and suggested that the GHD Health & Wellness Library could serve as an initial “test site” for the equipment. If approved by the Board, CCHO Abrams will research and prepare a proposal for the Rural Telemedicine Program.
  - d. The Committee discussed the Nurse Navigation program, and the need to involve the private insurance companies that are also benefitting from the program.
  - e. The Board to create an ad hoc Workforce Pipeline Committee to drive workforce development initiatives.
- j) The Committee discussed the strategic planning process and the need for clearer direction from the Board. They agreed that strategic planning should be an ongoing process, but that the current plan needs revision to better reflect the Board’s current priorities.
- k) The Committee discussed the importance of following proper procedures for decision-making, emphasizing that individual Board members do not have the power to make unilateral decisions. It is imperative that staff remind Directors to agendaize action items and take them to the Board for approval.

With the discussed changes being made, the Committee **recommends** that the Proposed Budget be presented to the full Board on May 6, 2025 “for information only” and on May 22, 2025 for a workshop and potential adoption.

- E. Next Meeting:** The next regularly scheduled meeting is on the calendar for Tuesday, May 13, 2025, at 10:30 a.m.
  
- F. Adjournment:** There being no further business, the meeting adjourned at 1:09 p.m.