**Board Meeting Minutes**
**September 10, 2026**
**10am to 12 Noon Eastern**

**Participants**
**Board Members:**
Michael Beedie, Arthur Cullen, Keith Dean, Bruce Foster, Liz Holifield, Reggie Johns, Rendy Lovelady, Denise Myers, Teresa Roberts, Michelle Salzman, Bambi Smith, Mark Stavros, Charlie Strickland, Gerald Waters

**Other Attendees:**
Lisa Carden, Maureen Castano, Amy Cliburn, Kelly Faircloth, Rae Kerr, Michael Lee, Kristi Lock, Brandon Logan, Lyn Masslieno, Kate Palazesi, Christa Pate, Bibi Ramos, Charles Scherer, Felicsa Sims, Courtney Stanford, Sharron Washington, Mike Watkins, Mackenzie Whitmire

I. **Welcome and Chair's Remarks** **Teresa Roberts**

Vice President Roberts presided over the meeting and called the meeting to order at 9:06 AM Eastern. It was noted that a quorum was present.

Vice President Roberts opened the meeting with a prayer and guests were introduced.

CEO Watkins expressed appreciation to all attending the Summit and thanked everyone who attended the team dinner the previous evening.

II. **Consent Agenda** **Teresa Roberts**

A. Review and Approval of Minutes
    1. Board of Directors
    2. Executive Committee
    3. Finance Committee
B. Review Performance Child Protection/Behavioral Health
C. Media Coverage
D. Policy Review

Director Dean made a motion to approve the Consent Agenda. Director Johns seconded the motion. All approved, motion passed.

III. **Review and Approval of Finance Committee Report** **Rae Kerr**

A. 25-26 FY

CFO Kerr advised the Board that closing the financial gap this year required a collective effort across the organization.

**AJ500** began the year with $94 million in funding and ended with $92.4 million in expenditures. Residential Group Care (RGC) continues to trend over budget, with approximately $18 million spent in RGC alone. Due to available carryforward funds, the organization is expected to end the year with $2.1 million in carryforward; however, the Department of Children and Families (DCF) is expected to sweep those funds. As a result, it is anticipated that the organization will need to apply for risk pool and back-of-the-bill funding next year as well.

**BJ102** began the year with $60 million in funding. By the end of the fiscal year, the contract was in a deficit, requiring the organization to apply for and receive risk pool and back-of-the-bill funding. As a result, the contract year ended with a $1.3 million surplus; however, DCF will sweep this surplus as well. Again, RGC trending high and over budget contributed to this deficit.

CFO Kerr advised the Board that these issues stem from the current funding model, which is expenditure-driven rather than cost-based.

CEO Watkins led a discussion regarding the financial challenges associated with the high level of care needed and the complexity of services required for many of the children. The discussion also addressed placement challenges and the need for policy solutions to address the issue.

Secretary/Treasurer Cullen recognized the team for their commitment to ensuring children receive the services and support they need, and thanked Board Director Representative Salzman for championing legislation to address these challenges.

COO Stanford advised the Board that foster homes are closing across Northwest Florida due to increased adoptions and the ongoing stress of the system, while group homes continue to open. There was further discussion about the significant increase in cost of care.

Vice President Roberts asked if this issue should be added as a risk and CEO Watkins requested this be added as a standing risk item.

CEO Watkins and Circuit 14 Administrator Kelly Faircloth provided an update on a new mentoring strategy with the Jack Brewer Foundation focused on supporting and stabilizing higher-needs youth through consistent mentoring and follow-up.

**AHME2** began the year with $149.8 million in funding and ended with $138.5 million in expenditures. Some funding remains in carryforward, primarily core funding not subject to the 8% rule. CFO Kerr noted that carryforward funds have decreased as they have been used to sustain the program and the organization is nearing full utilization of those funds. The funding level remains a concern as it has not increased in several years despite increasing workload and compliance requirements.

**Fatherhood** program received $1.5 million and has expended approximately $1.1 million, leaving carryforward funds to support the final three months of the program, which is currently under active procurement. CFO Kerr noted that the 2026-2027 budget will not reflect the Fatherhood program until the outcome of the current procurement process is known.

**SAMHSA** five-year grant awarded approximately one year ago at $400,000 per year; however, the award was subsequently reduced, creating a funding deficit. NWFHN has notified the funder of its intent to relinquish the grant, with plans to transition individuals currently receiving services through this grant into the provider network.

**Facilities/Indirect/Operational Costs** all remain below budget, primarily due to not filling vacancies. Unrestricted expenses, which includes facilities, ended with $190,000 surplus.

The Board was advised that the Quincy facility presents an ongoing risk due to housing long term tenant with a flat rate that is not sufficient to costs.

The Balance Sheet and Statement of Revenue and Expenditures, generated directly from the accounting system, were provided to the Board. CFO Kerr thanked the Department and Contract Manager Lisa Carden, for ensuring invoices are processed timely, which is critical to maintaining cash flow, particularly during periods of deficit when back-of-the-bill funding is required.

Independence Village, the 23-unit apartment complex in Panama City that was destroyed during Hurricane Michael , is presented separately due to the property's outstanding liability and lack of assets. Unrestricted funds continue to be used to

cover the mortgage and interest. CFO Kerr noted the need for a long-term solution for the property.

B. 26-27 FY including Budget

CFO Kerr discussed the requirement by the Department to submit a balanced budget with reserves by July 31, prior to receiving a schedule of funds. A budget was submitted using a best-case scenario, with RGC goals listed, due to the inability to bridge the funding gap of actuals.

CEO Watkins advised that positions have been frozen to help mitigate the gap. CFO Kerr advised the Board that eliminating all positions would not even be sufficient to close the gap.

CFO Kerr advised that, moving forward, budgets will reflect targeted revenue reductions while continuing to show actual expenditures. The organization is projected to end the year with $224 million in core funding expenditures across the main grants, with an additional $2.4 million projected in expenditures across other programs.

COO Stanford discussed conversations with leaders across the state regarding reductions in services due to funding and the impact on families, noting that NWFHN has maintained all services to families due to having both child protection and behavioral health contracts, as well as by cutting FTE's and not services.

CEO Watkins shared that there is approximately $90 million in surplus funds held by other CBC's statewide, including one CBC that has $24 million in surplus, noting that there is money in the system, but it is not distributed correctly.

C. Facility Updates

The Board was provided an update on office space, with all circuits having excellent working space. The transition of case management in Circuit 1 has led to the assumption of three leases in Santa Rosa, Shalimar, and Crestview to house the new CMO's. IT is preparing equipment for the October 1st transition.

COO Stanford expressed enthusiasm for the NWFHN team and faith-based case management organizations to begin working together.

CFO Kerr recognized Mackenzie Whitmire for preparing the financial report, and Maureen Castano, Kate Palazesi, Amy Cliburn, and their teams, for their efforts.

Director Waters asked about the status of the building in Okaloosa County. CFO Kerr advised that the building remains on a one-year lease.

Director Dean moved to accept the financials as presented. Secretary/Treasurer Cullen seconded. All approved, motion passed.

Secretary/Treasurer Cullen recognized CFO Kerr and the Finance team and expressed appreciation on behalf of the Board.

IV. **Strategic Discussions** **Mike Watkins**

A. Strategic Priorities

1. DCF CBC Contract Negotiations (Emerging)
   CEO Watkins advised that the Department intends to renew the contract for an additional two years without an ITN, contingent upon agreement on the contract terms.

2. DCF/CBC Funding Model (Emerging)
   The Board was advised that approximately $90 million in surplus funds are held by other CBC's statewide and a discussion was held about the changes needed to the current funding model.

3. Circuit 1 Case Management Transition
   The Board was advised that since NWFHN's transition as the lead agency in Circuit 1, components of the former lead agency have gradually transitioned to NWFHN. The current transition of case management was mutually agreed upon and Lutheran Services of Florida and FC Outreach will be taking over as the new case management organizations effective October 1.

   Circuit 1 Administrator Christa Pate spoke on the transition of case management, as well as of the Independent Living team, and expressed enthusiasm and appreciation for the teams.

   Director Waters asked whether outreach had been made to foster parents regarding the transition. Circuit 1 Administrator Pate confirmed that outreach had occurred.

   COO Stanford recognized HR Director Felicsa Sims and her team for their efforts in onboarding during this time of growth.

CEO Watkins welcomed Neal McGarry with the Florida Certification Board to the meeting. Mr. McGarry spoke about the partnership with NWFHN and the importance of professional certification in supporting workforce retention.

Vice President Roberts expressed appreciation to Mr. McGarry for his work and partnership with NWFHN.

4. FAME Changes (Emerging)
   COO Stanford advised that FAME CEO, Natalie Kelly, departed the organization and there is a current focus on exploring leadership options.

5. Capital City Youth Services (CCYS)
   CEO Watkins discussed NWFHN's efforts to support the organization and thanked Director Dean for also serving on the CCYS Board. The Board was advised that though CCYS has faced significant financial challenges, several positive developments are on the horizon.

   COO Stanford recognized CFO Kerr and team for their significant efforts supporting the work at CCYS.

   Vice President Roberts asked for regular updates on the status of CCYS, with the long-term goal of its transition back to a standalone organization.

6. West Texas Community Network (WTXCN)
   COO Stanford provided a history of WTXCN advising that in May the State of Texas awarded WTXCN a contract to develop a new CBC pilot. An office has been established in the region with a network provider co-located in the office. The Board was advised that the State of Texas has remained engaged and open to ideas as the pilot moves forward.

   Mr. Brandon Logan was recognized for his work over the past several years with helping the state become familiar with new approaches. CEO Watkins recognized Mr. Logan's work in Texas and advised the Board that he has now transitioned to the NWFHN team.

7. West Virginia (Emerging)
   There has been limited activity in West Virginia due to the current election cycle. Will continue efforts to promote the CBC model in the coming year.

V. **Review Risk Management** **Michael Lee**

A. Legal

1. 2026 Sunshine Health/NWF Board Compliance Training
   General Counsel Lee reminded the Board that some members have not yet signed the training acknowledgment and were asked to complete and return as soon as possible.

B. Other
   The Board was advised that there are two active lawsuits stemming from Circuit 1.

VI. **Review Governance** **Arthur Cullen**

A. Status of Directors

1. Reappointment of Member(s)
   a. Teresa Roberts (09-01-2026)

      Secretary/Treasurer Cullen presented Vice President Roberts for reappointment, effective September 1, 2026.

      Director Waters moved to approve the reappointment. Director Myers seconded the motion. All approved, motion passed.

2. Proposed Member(s)
   No new members were presented for the Board.

VII. **Next Meeting:** October 22, 2026
NWFHN Tallahassee MLK Office
525 N. MLK Jr. Blvd.
Tallahassee, FL 32301

CEO Watkins advised that the next Board Meeting will include a presentation of the annual report. Vice President Roberts requested that Board members attend in person if possible.

VIII. **Adjourn** **Teresa Roberts**

Vice President Roberts adjourned the meeting at 12:08 PM Eastern.