

CALL TO ORDER                    The meeting was called to order at 5:35 p.m. by Peter Watercott, President.

PRESENT                             Peter Watercott, President  
D. Scott Clark, M.D., Vice President  
John Ungersma, M.D., Treasurer  
Michael Phillips, M.D. Secretary  
M.C. Hubbard, Director

ALSO PRESENT                    John Halfen, Administrator  
Richard Nicholson, M.D., Chief of Staff  
Douglas Buchanan, Esq., District Legal Counsel  
Sandy Blumberg, Administrative Secretary

ALSO PRESENT FOR  
RELEVANT PORTION(S)         Dianne Shirley, R.N., Performance Improvement Coordinator

PUBLIC COMMENTS  
ON AGENDA                        Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.

MINUTES                            The minutes of the September 19, 2007 regular meeting were approved, following corrections being made to the names of two reporting persons.

FINANCIAL AND  
STATISTICAL REPORTS         John Halfen, Chief Financial Officer reviewed with the Board the financial and statistical reports for the month of August 2007. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$307,563. Mr. Halfen called attention to the following:

- *Inpatient and outpatient revenue were significantly over budget*
- *Total expenses were slightly over budget*
- *Wages, salaries, and benefits were over budget*
- *The Balance Sheet did not experience significant change*
- *Total assets continue to grow steadily*
- *Year-to-date net income is \$1,028,512*

Mr. Halfen noted that professional fees are high due to new physicians coming on board who were not included in original budget projections. He also noted that employee salaries and benefits are on track for the year. It was moved by D. Scott Clark, M.D., seconded by Michael Phillips, M.D. and passed to approve the financial and statistical reports for August of 2007 as presented.

ADMINISTRATOR'S  
REPORT

BUILDING UPDATE                Mr. Halfen reported progress continues on construction of the new Support and Radiology buildings. Bids for asbestos removal for Phase II of the building project came in significantly lower than expected. The

new estimate for the overall cost for Phase II is \$38,000,000 or \$705 per square foot, however this estimate may prove to be higher than the actual cost. The construction industry is currently experiencing a slow-down particularly in the area of residential construction, which may eventually affect prices in the commercial construction industry as well. Mr. Halfen will provide a more in-depth up-to-date construction report at the next regular meeting of the District Board. Mr. Halfen also reported that the Office of Statewide Healthcare Planning and Development<sup>6</sup> (OSHPD) has yet to approve plans for the connector between the new Radiology building and the main hospital building, so the Hospital may seek a temporary occupancy permit in the interim while the approval process is finalized.

PROPOSED STATE TAX  
ON HOSPITALS

Mr. Halfen reported that the California Hospital Association recently showed support for a proposal to tax hospitals in order to help fund healthcare reform. The proposal initially includes an exemption for small hospitals (under 50 beds) and Critical Access Hospitals, but the concept is widely considered by the healthcare industry to be misguided and somewhat alarming in nature. Mr. Halfen will update the Board on any future progress of a tax proposal of this type.

FOLLOW-UP ON M.  
KELLEY CONCERNS

Mr. Halfen reported that Tracy Aspel, RN, Rural Health Clinic (RHC) Nurse Manager recently followed up on the concerns of area resident Mike Kelley that were expressed at the last regular meeting of the District Board. Ms. Aspel explained the functions of the Clinic to Mr. Kelley, who no longer has questions or concerns in regard to this matter

MECHANICAL  
ENGINEERING

Mr. Halfen informed the Board it is possible the Hospital may decide not to use NTD Stichler's mechanical engineers for Phase II of the building project, due to a lack of confidence in the quality of their work. Construction managers are looking into the possibility of hiring an outside mechanical engineering company either to complete or oversee the project, with Ainsworth Engineering currently being the frontrunner under consideration. Mr. Halfen stated that any new proposal for mechanical engineering services will be presented to the Board for approval

CHIEF OF STAFF  
REPORT

Chief of Staff Richard Nicholson, M.D. reported the Medical Staff recently received a resignation letter from Alec E. Dennes, Jr., M.D. who has moved out of the area and no longer needs to be an active member of the Northern Inyo Hospital (NIH) Medical Staff. It was moved by Doctor Clark, seconded by Doctor Phillips, and passed to accept the resignation of Doctor Dennes as presented.

OLD BUSINESS

REAFFIRMATION OF  
NEGOTIATOR

Mr. Halfen asked for reaffirmation of himself as negotiator regarding the potential acquisition of real property at 2957 Birch Street, Bishop,

California. Negotiation will be with the designee(s) of Southern Mono

County Healthcare District. It was moved by Doctor Clark, seconded by M.C. Hubbard and passed to reaffirm Mr. Halfen as negotiator as requested.

#### NEW BUSINESS

#### AFFIRMATION OF NEGOTIATOR

Mr. Halfen asked for affirmation of himself as negotiator regarding a potential acquisition of real property at 152-H Pioneer Lane, Bishop, California. Negotiation will be with the designee(s) of Pioneer Medical Associates and / or Alice Casey, M.D. and Clifford Beck, M.D.. It was moved by M.C. Hubbard, seconded by Doctor Phillips, and passed to affirm John Halfen as negotiator as requested, with Doctor Clark abstaining from the vote.

#### AUDITED FINANCIAL STATEMENTS

Mr. Halfen referred to the Hospital's financial statements for the fiscal year ending June 30 2007, which were recently audited by K.C. Miller and Associates. It was moved by John Ungersma, M.D., seconded by Doctor Phillips, and passed to approve the audited financial statements for the fiscal year ending June 30 2007 as presented.

#### NETWORK SWITCH UPGRADE

Adam Taylor, Information Technology Director presented a proposal to purchase new network switches for NIH at a cost of \$148,812. The purchase would upgrade the Hospital's current network infrastructure and provide equipment needed for installation in the new buildings currently under construction. The switches currently in use at NIH are five years old and do not support technologies that will soon be necessary for routine hospital operations. Additionally, the new switches would be much faster and would move larger amounts of data more efficiently. The equipment was included in this years' proposed budget, for an amount \$36,000 higher than this proposal. Following discussion it was moved by Ms Hubbard, seconded by Doctor Ungersma, and passed to approve the purchase of new network switches as proposed, with Doctor Clark abstaining from the vote.

#### INFUSION PUMPS

Pharmacy Director Jillene Freis presented a proposal to purchase new infusion pumps for patient controlled analgesia, to replace the aging pumps currently in use at the Hospital. Because parts for the Hospital's current infusion pumps will be obsolete in 2008, new pumps were included in the budget for this year, at a price \$20,000 higher than this proposal. Ms. Freis was able to obtain a lower price than expected for the equipment, and considering that four of the Hospital's 15 pumps are already inoperable the purchase is necessary to maintain quality patient care. Following discussion, it was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the purchase of new infusion pumps as presented.

BOARD MEMBER  
REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. Mr. Watercott then mentioned he recently traveled across the country, and while on his trip he appreciated rest areas and other stopping points which provided opportunities for wireless internet access for travelers. He expressed his wish that NIH provide wireless internet access for patients and visitors to the Hospital, and Information Technology (IT) Director Adam Taylor responded that the technology is in place to make wireless access possible. The IT Department is currently understaffed, but with two new employees coming on board in November and December, it may be possible to get wireless access up and running in the relatively near future.

Mr. Watercott also noted an acquaintance of his recently was a patient at Renown Hospital in Reno, and following their stay they received a “get well” card signed by nursing staff at Renown wishing the patient a speedy recovery. Mr. Watercott feels our patients might appreciate a gesture of this type, and feels this practice should be considered for implementation at NIH.

OPPORTUNITY FOR  
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott asked if any members of the public wished to address the Board of Directors on any items of interest. No comments were heard.

CLOSED SESSION

At 6:37pm Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

- A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of real property (Government Code Section 54956.8).
- C. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of a second real property (Government Code Section 54956.8).
- D. Discussion with counsel of pending litigation and whether or not the District shall initiate litigation. This discussion will be held under the authority of Government Code Section 54956.9(c).
- E. Discussion with counsel of pending litigation and whether or not the District shall initiate a second litigation. This discussion will be held under the authority of Government Code Section 54956.9(c).

RETURN TO OPEN  
SESSION

At 8:15 pm the meeting was returned to open session. Mr. Watercott announced the Board took no reportable action.

OPPORTUNITY FOR  
PUBLIC COMMENT

Mr. Watercott again asked if any members of the public wished to comment on any items listed on the agenda for this meeting or on any items of interest. No comments were heard.

ADJOURNMENT

The meeting was adjourned at 8:16 p.m.

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Peter Watercott, President

Attest:

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Michael Phillips, M.D., Secretary