

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
Michael Phillips, M.D., Secretary
John Ungersma, M.D., Treasurer
M.C. Hubbard, Director

ALSO PRESENT John Halfen, Administrator
Richard Nicholson, M.D., Chief of Staff
Douglas Buchanan, Esq., Hospital District Legal Counsel
Sandy Blumberg, Administration 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 January 16, 2008 regular meeting were approved.

FINANCIAL AND
STATISTICAL REPORTS John Halfen, Chief Financial Officer reviewed with the Board the financial and statistical reports for the month of December 2007. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$443,446. Mr. Halfen called attention the following:

- *Inpatient and outpatient service revenue were under budget*
- *Total expenses were under budget*
- *Salaries and wages were over budget due to holiday pay*
- *The Balance Sheet did not experience significant change*
- *Total Assets continue to grow steadily*
- *Year-to-date net income is \$2,475,843*

Mr. Halfen noted the hospital realized a profit for the month largely due to contractals and the change to Critical Access Hospital status. He also noted that bad debt expense and professional fees expense continue to run over budget. Mr. Halfen stated that at the end of this fiscal year the budget will be reviewed carefully in order to bring next year's revenue and expense estimates closer to actual. Mr. Halfen also reported that escalation of the cost of employee benefits appears to have stabilized for the time being. It was moved by M.C. Hubbard, seconded by John Ungersma, M.D. and passed to approve the financial and statistical reports for the month of December 2007 as presented.

ADMINISTRATOR'S
REPORT

BUILDING UPDATE

Mr. Halfen reported the City of Bishop has issued a Certificate of Occupancy for the new Support Building, and moves into that building will begin immediately. The Purchasing Department will move first, followed by Maintenance and Laundry. Mr. Halfen noted that once the Laundry Department is operational, he will send a proposal to Mammoth Hospital offering to provide Laundry services for their facility. Mr. Halfen also noted approval of the Hospital's microbiology lab hood may run into delays, and he also commented that the phlebotomy department will not be able to move to its new location until the Radiology Department moves out of the space that it currently occupies. The current estimate is that the Radiology building will be ready for occupancy the 2nd week in April, and an open house for both of the new buildings will be held around that time.

Mr. Halfen reported the Northern Inyo Hospital Foundation will purchase five pieces of artwork for the new Imaging Center, and Administration will attempt to find donors to reimburse the Foundation for the cost.

**STANDARD AND
POORS CREDIT
RATING**

Mr. Halfen called attention to a Standard and Poor's bond credit rating which assigns a BBB+ rating to Northern Inyo Hospital's (NIH's) bond issues. The bonds should be given an A rating, but are kept to a BBB+ due to the fact that 47% of the Hospital District's assessment comes from one source, the Los Angeles Department of Water and Power. Because of the high percentage coming from one payor, the bonds are listed at a slightly lower rate.

**2007 PHYSICIAN
INPATIENT /
OUTPATIENT CREDIT
RATING**

Mr. Halfen referred to a 2007 Physician Inpatient/Outpatient Revenue survey which was provided for the interest of the Board. The report shows approximations of the amount of revenue a physician brings into a hospital according to their area of specialty. Mr. Halfen noted the survey is a good illustration of one reason the hospital makes every attempt to keep physicians in place at NIH, and why the hospital attempts to recruit a variety of physicians to this area.

**PROPOSED MEDICARE
AND MEDICAID CUTS**

Mr. Halfen called attention to information regarding proposed government cuts to Medicare and Medicaid programs. Mr. Halfen stated that if approved, the cuts would be a significant blow to the healthcare industry and patients in general, but NIH would avoid around 80% of the negative effects of the cuts due to the fact that it is now a Critical Access hospital.

**CHIEF OF STAFF
REPORT**

Chief of Staff Richard Nicholson, M.D. reported that Curtis Schweizer, M.D. recently resigned as Chief of Surgery, and that Mark Robinson M.D. has agreed to serve the rest of Doctor Schweizer's term. Doctor Nicholson also reported that Medical Records deficiencies are down to 4% thanks largely to the efforts of Medical Records department head Solomon Eboigbodin and to the cooperation of the NIH Medical Staff.

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.

Mr. Halfen also asked for reaffirmation of himself as negotiator regarding the 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 Michael Phillips M.D., seconded by Ms. Hubbard, and passed to reaffirmation Mr. Halfen as negotiator for both potential acquisitions, with D. Scott Clark M.D. abstaining from the vote.

NEW BUSINESS

PEER REVIEW OF MECHANICAL / ELECTRICAL ENGINEERING AND PLUMBING FOR PHASE II OF THE BUILDING PROJECT

Mr. Halfen referred to the subject of peer review for the Mechanical/Electrical Engineering/Plumbing (MEP) for Phase II of the building project. As discussed at a previous meeting, hospital Administration and construction managers found the quality of NTD Stichler Architecture's Mechanical Engineering for Phase I of the project to be unacceptable, and has hired Ainsworth Engineering to oversee the MEP for Phase II of the project. Mr. Halfen suggested several possible solutions to the problem of avoiding design errors for Phase II including: 1. Continuing to use Stichler's Mechanical Engineers for Phase II per the original contract. This may mean the plans will not be approved by the Office of Statewide Healthcare Planning and Development (OSHPD). 2. Insist that Stichler use a different Stichler MEP group for Phase II, possibly the group currently working on a Ridgecrest healthcare project, who seem to have a good reputation so far. 3. Require Stichler to use an outside MEP firm for Phase II, which may be refused, or 4. Hire entirely new MEP's for Phase II, which would be extremely costly and probably time prohibitive. Discussion followed on this subject with the pros and cons of each option being carefully considered. Following discussion it was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve solution #2, which is to require Stichler to use a different Stichler MEP group for Phase II of the project. Mr. Halfen will contact NTD Stichler Architects tomorrow in regard to this matter. Mr. Halfen also noted he will ask that Stichler cover a good portion of the cost of hiring Ainsworth Engineering to oversee Phase II, and he will report back to the Board in regard to their response.

PARKING PLAN FOR PHASE II

Mr. Halfen reviewed a parking plan for Phase II of the building project, which illustrates how an equal number of parking spaces will be available during that phase of construction, but the spaces may be relocated according to the construction schedule. Employee parking may be located in the least convenient areas, in order to allow the best parking possible

for hospital patients. Mr. Halfen continues to be in contact with the Bishop Paiute Tribe regarding a lease to establish 47 additional parking spaces on land adjacent to Hospital property.

PURCHASE OF
PULMONARY
FUNCTION EQUIPMENT

Respiratory Therapy Department Head Kevin Christensen referred to a proposal to purchase new pulmonary equipment for the Hospital at a cost of approximately \$29,000. The equipment would improve services for cardiac patients in particular, and will pay for itself in revenue over time. It was moved by Doctor Ungersma, seconded by Doctor Phillips and passed to approve the purchase of the pulmonary equipment as presented.

PURCHASE OF
SENTINEL NODE
EQUIPMENT

Mr. Halfen referred to a proposal to purchase a Sentinel Node Seeker Probe for the surgery department. The probe is a surgical detector used in a variety of applications including tumor and lymph node detection. The purchase price of the equipment is \$26,000, and that cost is expected to be recouped in approximately 18 months. It was moved by Doctor Phillips, seconded by Ms. Hubbard and passed to approve the purchase of the sentinel node equipment for the surgery department as presented.

NIH FOUNDATION
REPORT

Mr. Watercott called attention to a proposed slate of NIH Foundation Board members for the 2008 calendar year. Following review of the list, it was moved by Doctor Clark, seconded by Ms. Hubbard and passed to approve the roster of Foundation Board members as presented. NIH Foundation Secretary Maggie Egan reported that the Foundation's first annual "Groundhog A-Go-Go" fundraising event was a great success, and the Foundation already has plans to hold the event again in 2009. Ms. Egan also reported the Foundation will hold a community pool party and ice cream social on July 26 at the Bishop City Park pool, as a public outreach to the local community.

BOARD MEMBER
REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on any items of interest. Doctor Ungersma reported he plans to attend the upcoming Legislature Day in Sacramento, and Mr. Watercott noted that he may attend as well.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again 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 6:30 p.m. 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. Instruct negotiator regarding price and terms of payment for the possible purchase, sale, exchange, or lease of real property

(Government Code Section 54956.8).

- C. Instruct negotiator regarding price and terms of payment for the possible 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. Confer with legal counsel regarding pending litigation against the District by an employee (Government Code Section 54956.9(a)).

RETURN TO OPEN
SESSION

At 6:40 the meeting was returned to open session. Mr. Watercott reported that the Board took no reportable action.

OPPORTUNITY FOR
PUBLIC COMMENT

Mr. Watercott again asked if any members of the public would like 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 6:41 pm

Peter Watercott, President

Attest:

Michael Phillips, M.D., Secretary