



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday, July 19, 2006

*Conference Room, Hospice of the
Owens Valley*

H. Subordination, Non-Disturbance, and Attornment Agreement, Golden State Cycle lease

(action item)

I. NIH Performance Improvement Plan

J. Other

9. Reports from Board Members on Items of Interest

10. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.

11. Adjournment to closed session 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. Confer with legal counsel regarding claim filed by Noam E. Scott against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

C. Confer with legal counsel regarding claim filed by Jeffrey L. Montgomery against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

12. Return to open session, and report of any action taken in closed session

13. Opportunity for Members of the Public to Address the Board of Directors on Items of Interest.

14. Adjournment

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CALL TO ORDER The meeting was called to order at 5:34 p.m. by Peter Watercott, President.

PRESENT Peter Watercott, President
D. Scott Clark, M.D., Vice President
Pat Calloway, Secretary
John Ungersma, M.D., Treasurer
Michael Phillips, M.D.

ALSO PRESENT John Halfen, Administrator
Catherine Leja, M.D., Chief of Staff
Douglas Buchanan, Esq., Hospital District Legal Counsel
Shirley Knecht, Performance Improvement
Sandy Blumberg, Administrative Secretary

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 May 17, 2006 regular meeting were approved.

FINANCIAL AND
STATISTIAL REPORTS John Halfen, Chief Financial Officer, reviewed with the Board the financial and statistical reports for the month of April, 2006. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$189,214 Mr. Halfen called attention to the following:
Inpatient days were 14% over budget
A net patient revenue overage was partially offset by contractual adjustments
Total Expenses were under budget
Supplies expense was over budget due to the purchase of orthopedic supplies
Wages and Salaries and Employee benefits were under budget
Total Assets continue to grow steadily
Total Liabilities decreased slightly
Year-to-date net revenue is \$4,344,147

ADMINISTRATOR'S
REPORT A motion was made by Pat Calloway, seconded by John Ungersma, M.D., and passed to approve the financial reports for the month of April 2006.

BUILDING UPDATE Mr. Halfen reported plans for the new Radiology unit have yet to be finalized, due to the fact that the entry corridor to the unit is being redesigned to improve patient flow in the area. After the design change has been made the plans should be ready for final approval, and it is expected the approval process will be on schedule with original projections.

Mr. Halfen also reported the contract for construction of the exterior shell of the Support building has been assigned, and he will ask the Board to ratify approval of that contract.

Drainage issues in the vicinity of the new support building are currently being reviewed, and the goal will likely be to ensure that drainage in the area is not any worse than it has been in the past. It is possible the City of Bishop will require additional sewer line be installed in the area, which could cause a delay to the timeline for construction of the new support building.

Caltrans continues to have concerns regarding combining the entrance of the new Hospital facility with the main entry corridor to the elementary schools on Home Street. Mr. Halfen expects to comply with whatever decision Caltrans makes in the matter, and if necessary the Hospital entrance and the entry to the schools might remain separate.

REGIONAL SERVICE
PLANNING MEETING

Mr. Halfen reported the last meeting of the Regional Service Planning Commission was cancelled and will be rescheduled after Northern Inyo Hospital (NIH) and Mammoth Hospital can meet with representatives from Cerro Coso College to discuss reinstating an LVN program and an LVN to RN program in this area. Mr. Halfen will continue to update the Board on progress that is made by the Commission.

MANDATED ETHICS
TRAINING

Mr. Halfen referred to a notice received from Inyo County regarding mandated ethics training for members of the District Board. Per AB 1234, Board members are required to complete two hours of ethics training every two years. The County is offering the training free of charge on Thursday, June 29, in the Home Economics Building at the Tri-County Fairgrounds.

A HOSPITAL'S RIGHT
TO MAKE RATIONAL
ADMINISTRATIVE
DECISIONS

Mr. Halfen referred to an article by Hooper, Lundy, & Bookman, Inc. stating the California Supreme Court has upheld a decision affirming a hospital's right to make rational administrative decisions concerning its operations regardless of the incidental impact it may have on a physician's practice. The ruling essentially allows Hospitals to make rational administrative decisions in their own best interest.

OTHER

Mr. Halfen informed the Board that the Robin Stater Home and Garden Tour raised \$5,000 for the Hospital's emergent equipment fund. Decisions regarding exactly how that money will be spent will be made in the near future and reported back to the District Board.

Mr. Halfen noted the Hospital Employee Satisfaction survey is currently underway, and to date more than 200 employees have participated. Results of the study will be compiled and reported back to the District Board.

Mr. Halfen also informed the Board a mandatory *Conflict Resolution and Dealing With Difficult Employees* training is going on this week, and employee feedback on the class has been very positive so far.

CHIEF OF STAFF
REPORT

Chief of Staff Catherine Leja, M.D., reported that the following Policies and Procedures have been approved by the Medical Executive Committee and are being presented for the approval of the District Board:

1. Video Recording During Deliver
2. Continuous Plexus / Peripheral Nerve Block Analgesia Catheter Care and Maintenance
3. Use of Radiology Department Ultrasound Equipment
4. Observation of the Lung or Liver Biopsy (Outpatient), and
5. Carticel Biopsy Procurement and Cell Implantation

Dr. Clark stated he feels a change should be made to the policy titled "Use of Radiology Department Ultrasound Equipment", and he asked that that particular policy not be approved at this time.

It was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve Policies 1, 2, 4 and 5 as presented, with approval of Policy #3 being deferred to a future date.

OLD BUSINESS

- None -

NEW BUSINESS

INCREASE TO HOURLY
STANDBY RATE

Mr. Halfen called attention to a recommendation by the Hospital Personnel Policies Advisory Committee (PPAC) to increase the hourly standby rate from \$5.00 per hour to \$6.25 per hour for all employees. A premium standby rate was created in the past in response to staffing difficulties in specific departments, but current staffing conditions have improved to a point that it is appropriate to rescind the premium standby rate and increase the regular standby rate for all departments of the Hospital. Mr. Halfen additionally stated it might become necessary to establish an alternate standby rate for the Pharmacy Department, due to the fact that Pharmacy call issues can often be handled over the phone, with the on-call employee not having to come to the Hospital in person to take care of the issue. It was moved by Doctor Clark, seconded by Pat Calloway, and passed to approve the increase to the hourly standby rate as presented, with Doctor Phillips and Mr. Watercott abstaining from the vote.

ANNUAL
APPROPRIATIONS
LIMIT

Mr. Halfen called attention to the annual Appropriations Limit calculation for the 2006-2007 fiscal year. The limit is established each year to adjust the maximum amount the County can charge taxpayers on behalf of the Hospital, and the adjustment is made according to population increases or decreases within the District. Per the most recent census figures the

appropriations limit for 2006-2007 will be increased by 1.0360 percent. It was moved by Doctor Clark, seconded by Ms. Calloway, and passed to approve the appropriations limit calculation as presented.

ARMSTRONG
EMERGENCY CARTS,
AND BIPHASIC
DEFIBRILLATORS

Emergency Room (ER) unit manager Andrew Stevens, R.N. reviewed a request to purchase seven Armstrong Emergency carts with attached portable suction to be used throughout the Hospital. The carts would replace the seven crash carts currently in use, which are considered to be unwieldy, thereby making rapid response difficult. Additionally, the carts currently in use do not include portable suction, which could be problematic during a code outside of a patient room. The cost of the new carts would total \$13,857.

Mr. Stevens also reviewed a request to purchase eight Philips Biphasic Defibrillators to replace the ones currently in use. The current defibrillators range in age from 6 to 14 years, with the expected lifespan of the equipment being approximately 7 years. It has become increasingly expensive and difficult to repair the old equipment, and the use of biphasic rather than monophasic defibrillators is becoming standard for the industry. NIH's ER nurses and physicians, shift supervisors, and unit managers have evaluated three brands of defibrillators and have found the Philips equipment to be superior. The cost of purchasing the eight new biphasic defibrillators would be \$94,095.46.

It was moved by Doctor Ungersma, and no second was made to approve the purchase of the equipment as presented. Doctor Clark felt a committee should be formed to assess the existing equipment further before new equipment is purchased. Doctor Clark additionally stated he feels the crash carts currently in use are functional and could be used for a while longer. The subject of purchasing both types of equipment is expected to be revisited in the future.

RATIFICATION OF
SUPPORT BUILDING
CONTRACT

Mr. Halfen asked the Board to ratify the contract for the shell of the new support building, which came in at \$150,000 over the cost originally projected by Turner Construction. It was moved by Doctor Clark, seconded by Ms. Calloway, and passed to ratify the contract for the support building shell as presented.

2007-2007 ANNUAL
BUDGET

Mr. Halfen reviewed with the Board the budget assumptions for the 2006-2007 fiscal year, which are as follows:

1. Daily total patient census will average 10.0 patients per day, categorized as follows:
 - A. Med-Surg/Peds 2367 Annual 6.46 Daily Average (2566)
 - B. ICU 327 Annual 0.9 Daily Average (312)
 - C. OB 483 Annual 1.32 Daily Average (427)
 - D. Nursery 483 Annual 1.32 Daily Average (427)

(no change from last year)

- E. RHC 1000 visits per month
2. There will be no change in the payer mix or services from current operations.
 3. The cost of supplies, purchased services and miscellaneous expenses will increase at a 10% inflation rate and an additional 3% for Orthopedic Surgical Supplies.
 4. The number of FTE's will stabilize at current levels.
 5. Wages and salaries will increase by 3.5% for cost of living adjustments (2% effective 7/09/06 and 2% effective 1/14/07). Total wages will increase an additional 2% for anniversary (step) increase and wage adjustments. Approximately 30% of employees are eligible each year for step increases.
 6. Employee benefits are expected to run about 64% of Wages & Salaries
 7. Support from the district will be budgeted at \$1,232,560 in taxes including the amounts for Debt Service Payments for Bond Issues and \$100,000 from Tobacco settlement funds.
 8. The hospital's operating reserves will increase to about \$15,000,000, producing a budgeted income of \$750,000 (5%) yield.
 9. Capital expenditures will be budgeted at \$2,000,000 excluding the building project related capital purchases.
 10. An 8% across the board rate increase (effective 7/01/2006) will result in approximately 5.7 million necessary to cover the projected building project overruns.

The budget format will remain relatively the same with no notable changes to the operations portion of the budget. Adjustments to contractals and revenue have been made to bring them more in line with actual figures. The only significant change to the projected volume of patients seen is at the Rural Health Clinic (RHC), where patient numbers have been adjusted to a lower figure.

Mr. Halfen briefly reviewed a Statement of Operations comparison for the prior year and current year, as compared to projections for the upcoming fiscal year. It was moved by Ms. Calloway, seconded by Doctor Clark, and passed to approve the budget assumptions for the 2006-2007 fiscal year, with Mr. Watcrott and Doctor Phillips abstaining from the vote.

BISHOP HIGH SIERRA ULTRAMARATHON

Bishop High Sierra Ultramarathon organizer Marie Boyd, R.N. reported more than 200 runners from all over the country competed in the annual event on May 20, and it was an enormous success. Ms. Boyd thanked Hospital Administration, staff, the Maintenance Department, and the District Board for their support of the event. She also thanked Stacey Brown, M.D. and Jan Brown for filling-in as race directors and aid station coordinators, to allow her to participate in the race for the first time. Ms. Boyd truly appreciates the efforts of everyone who helped and she feels the event was an extremely positive experience for those involved.

Additionally, the race was a huge financial success, earning \$8,000 for the Hospital Foundation, the largest amount raised by the event to date.

NIH FOUNDATION -
SPONSORED SEMINAR

NIH Foundation President Kay O'Brien informed the group that a seminar will be offered free of charge on July 12th at the Bishop Senior Center. Topics of discussion include Medical Care and Wishes, Living Trusts and Wills, and Financial Guidance and Safeguards. Interested members of the public, Hospital staff, and members of the District Board are invited to attend.

BYLAWS CHANGE,
MILEAGE
REIMBURSEMENT

Mr. Halfen called attention to the section of the District Bylaws which addresses reimbursement to Board members for mileage at a rate of 37 cents per mile. Mr. Halfen recommended this section of the Bylaws be changed to allow for a reimbursement rate equal to that provided to NIH employees, which varies according to fluctuations in the price of gas. It was moved by Ms. Calloway, seconded by Doctor Clark, and passed to approve changing the District Bylaws to allow mileage reimbursement for Board Members to be the same as the reimbursement allowed NIH employees.

BOARD MEMBER
REPORTS

Mr. Watercott asked if any members of the Board of Directors wished to report on items of interest. No comments were heard.

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.

Jan Brown expressed appreciation to Marie Boyd for the success of this year's Bishop High Sierra Ultramarathon. Ms. Brown felt that this year's event was exceptionally successful, largely due to the efforts of Ms. Boyd and members of the Hospital staff who helped organize the event.

CLOSED SESSION

At 7:02 p.m., Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

1. 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).
2. Confer with legal counsel regarding litigation filed by George Kibler, M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
3. Confer with legal counsel regarding claim filed by Noam Scott against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
4. Confer with legal counsel regarding claim filed by Baynor Lopez against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

5. Confer with legal counsel regarding claim filed by Jeffrey L. Montgomery against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

OPEN SESSION

At 7:40 p.m., the meeting was returned to open session. Mr. Watercott announced that the Board voted to reject the claim filed by Jeffrey L. Montgomery, against Northern Inyo County Local Hospital District and other Defendants.

DISTRICT BOARD
ELECTIONS

Mr. Halfen stated that Board positions for District Zone III (Peter Watercott) and District Zone V (Pat Calloway) will be up for election this November. Paperwork for current Board members to file for reelection or for new candidates to run for election will be available from Inyo County in the next couple of weeks. It will be necessary for the District Board to establish a Resolution requesting the Hospital election be combined with the General election on November 7, 2006. District Legal Counsel Doug Buchanan presented a draft resolution to combine the two elections, and it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the resolution to combine the elections in November as presented.

PUBLIC COMMENT

Mr. Watercott again asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting

Doctor Phillips commented he felt Administrator John Halfen's response to a negative *Letter To The Editor* recently published in the Inyo Register was outstanding, and that the response effectively addressed the misinformation previously presented on the subject of PSA test authorizations.

It was suggested that the Hospital might issue a press release regarding the eight percent increase to patient rates, so the general public will understand the increase is necessary to help offset the effects of lower Medical and Medicare payments being made to the Hospital.

ADJOURNMENT

The meeting was adjourned at 7:50 p.m.

Peter Watercott, President

Attest:

Patricia Ann Calloway, Secretary

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BUDGET VARIANCE ANALYSIS

May-06 PERIOD ENDING

In the month, NIH was

27% over budget in IP days and over in OP Revenue resulting in
\$ 823,982 (16.1%) over in gross patient revenue from budget and
\$ (9,778) (-0.3%) under in net patient revenue from budget

Total Expenses were:

\$ (189,114) (-6.1%) under budget. Wages and Salaries were
\$ 1,058 (0.1%) over budget and Employee Benefits were
\$ (117,586) (-15.4%) under budget
\$ 115,003 of other income resulted in a net gain of
\$ 341,430 \$ 221,656 over budget.

The expense overage was primarily

\$ 38,657 Supplies in Surgery, Lab and Pharmacy

Other Information:

48.81% Contractual Percentages for month

43.16% Contractual Percentages for Year

\$ 4,685,576 Year-to-date Net Revenue

We have stopped receiving Transitional Outpatient Pass-thru Payments (TOPS) from Medicare as of March 2006. This was a result of the Balanced Budget Amendment. Contractual Percentages are increasing as a direct result of this payment reduction from Medicare.

NORTHERN INYO HOSPITAL

Balance Sheet

May 31, 2006

Assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2005</u>
Current assets:			
Cash and cash equivalents	3,262,267	3,646,213	1,209,407
Short-term investments	6,847,941	6,196,941	5,938,984
Assets limited as to use	364,367	330,515	206,901
Plant Expansion and Replacement Cash	15,459,733	15,398,579	-
Other Investments (Partnership)	357,460	357,460	357,460
Patient receivable, less allowance for doubtful accounts 539,909	5,886,492	5,757,050	5,175,247
Other receivables	176,837	166,320	205,118
Inventories	1,351,624	1,369,468	1,323,562
Prepaid expenses	472,720	492,217	511,295
Total current assets	<u>34,179,440</u>	<u>33,714,763</u>	<u>14,927,975</u>
Assets limited as to use:			
Internally designated for capital acquisitions	646,182	645,519	635,130
Specific purpose assets	474,627	209,795	34,307
	<u>1,120,808</u>	<u>855,314</u>	<u>669,437</u>
Revenue bond construction funds held by trustee	1,779,338	1,939,392	2,620,400
Less amounts required to meet current obligations	364,367	330,515	206,901
Net Assets limited as to use:	<u>2,535,779</u>	<u>2,464,190</u>	<u>3,082,936</u>
Long-term investments	<u>8,105,818</u>	<u>8,105,818</u>	<u>6,861,196</u>
Property and equipment, net of accumulated depreciation and amortization	<u>10,764,333</u>	<u>10,558,088</u>	<u>9,511,509</u>
Unamortized bond costs	<u>344,755</u>	<u>345,240</u>	<u>169,784</u>
Total assets	<u>55,930,126</u>	<u>55,188,100</u>	<u>34,553,401</u>

NORTHERN INYO HOSPITAL

Balance Sheet

May 31, 2006

Liabilities and net assets

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>FYE 2005</i></u>
Current liabilities:			
Current maturities of long-term debt	12,500	12,500	278,464
Accounts payable	556,164	492,121	417,303
Accrued salaries, wages and benefits	3,170,091	3,168,838	2,544,519
Accrued interest and sales tax	265,325	164,447	43,393
Deferred income	136,470	173,455	99,485
Due to third-party payors	2,702,466	2,666,552	2,795,532
Due to specific purpose funds	-	-	-
Total current liabilities	<u>6,843,015</u>	<u>6,677,913</u>	<u>6,178,697</u>
Long-term debt, less current maturities	<u>22,869,255</u>	<u>22,869,255</u>	<u>7,787,987</u>
Net assets:			
Unrestricted	25,743,229	25,431,136	20,552,410
Temporarily restricted	474,627	209,795	34,307
Total net assets	<u>26,217,855</u>	<u>25,640,931</u>	<u>20,586,717</u>
 Total liabilities and net assets	 <u>55,930,126</u>	 <u>55,188,100</u>	 <u>34,553,401</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of May 31, 2006

	MTD Actual	MTD Budget	MTD Variance \$	MTD Variance %	YTD Actual	YTD Budget	YTD Variance \$	YTD Variance %
Unrestricted revenues, gains and other support:								
In-patient service revenue:								
Routine	574,182	450,156	124,026	27.6	5,748,851	4,951,716	797,135	16.1
Ancillary	2,352,897	1,671,466	681,431	40.8	21,752,709	18,386,126	3,366,583	18.3
Total in-patient service revenue	2,927,079	2,121,622	805,457	38.0%	27,501,560	23,337,842	4,163,718	17.8%
Out-patient service revenue	3,021,928	3,003,403	18,525	0.6	34,246,845	33,037,433	1,209,412	3.7
Gross patient service revenue	5,949,007	5,125,025	823,982	16.10	61,748,405	56,375,275	5,373,130	9.5
Less deductions from patient service revenue:								
Patient service revenue adjustments	124,710	123,556	(1,154)	(0.9)	1,326,185	1,359,116	32,931	2.4
Contractual adjustments	2,704,730	1,872,125	(832,605)	(44.5)	24,016,509	20,593,375	(3,423,134)	(16.6)
Total deductions from patient service revenue	2,829,441	1,995,681	(833,760)	(41.8)	25,342,695	21,952,491	(3,390,204)	(15.4)
Net patient service revenue	3,119,566	3,129,344	(9,778)	0%	36,405,710	34,422,784	1,982,926	6%
Other revenue	28,480	17,513	10,967	62.6	231,986	192,643	39,343	20.4
Total revenue, gains and other support	3,148,046	3,146,857	1,189	62.6	36,637,696	34,615,427	2,022,269	20.5
Expenses:								
Salaries and wages	1,159,599	1,158,541	(1,058)	(0.1)	12,197,605	12,743,956	546,351	4.3
Employee benefits	647,853	765,439	117,586	15.4	7,542,223	8,419,835	877,612	10.4
Professional fees	244,570	236,645	(7,925)	(3.4)	2,600,766	2,603,095	2,329	0.1
Supplies	385,650	346,993	(38,657)	(11.1)	4,528,369	3,816,927	(711,442)	(18.6)
Purchased services	109,030	159,680	50,650	31.7	1,351,408	1,756,480	405,072	23.1
Depreciation	136,940	146,781	9,841	6.7	1,439,033	1,614,591	175,558	10.9
Interest	33,779	34,337	558	1.6	377,575	377,707	132	-
Bad debts	74,334	95,608	21,274	22.3	1,310,723	1,051,688	(259,035)	(24.6)
Other	115,305	152,149	36,844	24.2	1,519,536	1,673,640	154,104	9.2
Total expenses	2,907,059	3,096,173	189,114	6.1	32,867,239	34,057,919	1,190,680	3.5
Operating income (loss)	240,987	50,684	190,303	56.5	3,770,457	557,508	3,212,949	17.0
Other income:								
District tax receipts	36,985	36,985	-	-	406,835	406,835	-	-
Interest	68,812	34,422	34,390	99.9	696,194	378,642	317,552	83.9
Other	9,206	25,636	(16,430)	(64.1)	159,548	281,996	(122,448)	(43.4)
Grants and Other Non-Restricted Contributions	-	4,911	(4,911)	(100.0)	6,299	54,021	(47,722)	(88.3)
Partnership Investment Income	-	-	-	N/A	-	-	-	N/A
Total other income, net	115,003	101,954	13,049	13	1,268,876	1,121,494	147,382	13.1
Non-Operating Expense								
Medical Office Expense	8,853	32,864	24,011	73.1	271,487	361,504	90,017	24.9
Urology Office	5,708	-	(5,708)	N/A	82,270	-	(82,270)	N/A
Total Non-Operating Expense	14,561	32,864	18,303	55.7	353,757	361,504	7,747	2.1
Excess (deficiency) of revenues over expenses	341,430	119,774	221,656	185.1	4,685,576	1,317,498	3,368,078	255.6

NORTHERN INYO HOSPITAL
Statement of Operations--Statistics
As of May 31, 2006

	Month Actual	Month Budget	Month		YTD Actual	YTD Budget	Year	
			Variance	Percentage			Variance	Percentage
Operating statistics:								
Beds	32.00	32.00	N/A	N/A	32.00	32.00	N/A	N/A
Patient days	345.00	271.00	74.00	1.27	3,403.00	2,981.00	422.00	1.14
Maximum days per bed capacity	992.00	992.00	N/A	N/A	10,720.00	10,720.00	N/A	N/A
Percentage of occupancy	34.78	27.32	7.46	1.27	31.74	27.81	3.93	1.14
Average daily census	11.13	8.74	2.39	1.27	10.16	8.90	1.26	1.14
Average length of stay	3.92	3.08	0.84	1.27	3.09	3.08	0.01	1.00
Discharges	88.00	88.00	-	1.00	1,100.00	968.00	132.00	1.14
Admissions	91.00	89.00	2.00	1.02	1,108.00	979.00	129.00	1.13
Gross profit-revenue depts.	4,039,108.58	3,151,059.00	888,049.58	1.28	40,615,051.13	34,661,649.00	5,953,402.13	1.17
Percent to gross patient service revenue:								
Deductions from patient service revenue and bad debts								
Salaries and employee benefits	48.89	40.81	8.08	1.20	43.26	40.81	2.45	1.06
Occupancy expenses	30.35	37.54	(7.19)	0.81	31.93	37.54	(5.61)	0.85
General service departments	3.16	4.27	(1.11)	0.74	3.23	4.27	(1.04)	0.76
Fiscal services departments	4.65	5.05	(0.40)	0.92	5.26	5.05	0.21	1.04
Administrative departments	3.67	4.41	(0.74)	0.83	3.87	4.41	(0.54)	0.88
Operating income (loss)	3.97	6.27	(2.30)	0.63	4.47	6.27	(1.80)	0.71
Excess (deficiency) of revenues over expenses	3.81	0.44	3.37	8.66	5.54	0.44	5.10	12.59
5.74	2.34	3.40	2.45	7.59	2.34	5.25	3.24	
Payroll statistics:								
Average hourly rate (salaries and benefits)								
Worked hours	35.82	39.21	(3.39)	0.91	36.19	39.21	(3.02)	0.92
Paid hours	45,348.19	43,137.00	2,211.19	1.05	480,846.32	474,397.00	6,449.32	1.01
Full time equivalents (worked)	50,408.90	49,066.00	1,342.90	1.03	544,676.03	539,725.00	4,951.03	1.01
Full time equivalents (paid)	257.66	245.10	12.56	1.05	252.02	248.64	3.38	1.01
	286.41	278.78	7.63	1.03	285.47	282.87	2.59	1.01

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of May 31, 2006

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	341,429.71	4,685,576.29
Net Assets due/to transferred from unrestricted	-	(6,298.84)
Net assets released from restrictions used for operations	(30,000.00)	500,489.92
Net assets released from restrictions used for payment of long-term debt	-	-
Contributions and interest income	662.93	11,051.45
Increase in unrestricted net assets	<u>312,092.64</u>	<u>5,190,818.82</u>
Temporarily restricted net assets:		
District tax allocation	234,831.20	935,480.33
Net assets released from restrictions	30,000.00	(500,489.92)
Restricted contributions	-	5,000.00
Interest income	-	328.94
Increase (decrease) in temporarily restricted net assets	<u>264,831.20</u>	<u>440,319.35</u>
Increase (decrease) in net assets	576,923.84	5,631,138.17
Net assets, beginning of period	25,640,931.29	20,586,716.96
Net assets, end of period	<u><u>26,217,855.13</u></u>	<u><u>26,217,855.13</u></u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of May 31, 2006

	Month-to-date	Year-to-date
Cash flows from operating activities:		
Increase (decrease) in net assets	576,923.84	5,631,138.17
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	-	-
Depreciation	136,940.29	1,439,033.27
Provision for bad debts	74,333.87	1,310,722.79
Loss (gain) on disposal of equipment	2,000.00	292,591.69
(Increase) decrease in:		
Patient and other receivables	(214,293.65)	(1,993,687.10)
Other current assets	37,342.09	10,513.62
Plant Expansion and Replacement Cash	(61,154.33)	(15,459,733.00)
Increase (decrease) in:		
Accounts payable and accrued expenses	129,187.82	1,023,348.49
Third-party payors	35,914.26	(93,065.87)
Net cash provided (used) by operating activities	717,194.19	(7,839,137.94)
 Cash flows from investing activities:		
Purchase of property and equipment	(343,185.01)	(2,820,514.47)
Purchase of investments	(651,000.00)	(2,153,578.46)
Proceeds from disposal of equipment	(2,000.00)	(163,934.69)
Net cash provided (used) in investing activities	(996,185.01)	(5,138,027.62)
 Cash flows from financing activities:		
Long-term debt	-	14,815,304.28
Issuance of revenue bonds	160,054.01	841,061.93
Unamortized bond costs	485.24	(174,970.20)
Increase (decrease) in donor-restricted funds, net	(265,494.13)	(451,370.80)
Net cash provided by (used in) financing activities	(104,954.88)	15,030,025.21
 Increase (decrease) in cash and cash equivalents	 (383,945.70)	 2,052,859.65
 Cash and cash equivalents, beginning of period	 3,646,212.75	 1,209,407.40
 Cash and cash equivalents, end of period	 3,262,267.05	 3,262,267.05

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2006

Month	Operations Checking Account				Time Deposit Month-End Balances									
	Balance at Beginning of Month	Deposits	Disbursements	Balance at End of Month	Premium Interest Checking	Investment Operations Fund	Bond and Interest Fund (2)	Equipment Donations Fund	Childrens Fund	Scholarship Fund	Tobacco Settlement Fund	Total Revenue Bond Fund (1)	Project Revenue Bond Fund (1)	General Obligation Bond Fund
January	503,459	2,956,639	2,747,467	712,630	1,515,896	14,369,650	405,366	19,073	2,789	5,462	619,624	2,064,655	1,354,819	15,228,009
February	712,630	2,872,585	2,729,386	855,830	1,522,540	14,060,252	405,366	19,073	2,789	5,462	620,110	2,110,126	1,354,822	15,274,852
March	855,830	3,154,458	3,317,840	692,448	1,528,083	14,462,252	405,677	19,086	2,791	5,465	620,684	1,893,590	1,092,699	15,330,565
April	692,448	4,468,398	3,568,419	1,592,427	1,533,222	14,281,849	201,464	19,086	2,791	5,465	626,433	1,939,392	1,092,702	15,382,132
May	1,592,427	2,852,264	3,493,876	950,815	1,539,308	14,932,849	466,295	19,086	2,791	5,465	627,096	1,779,338	867,196	15,443,286
Prior Year														
June	472,161	3,469,264	3,014,417	927,007		12,779,271	30,985	18,983	2,786	460	616,147	2,620,400	1,872,754	
July	927,007	2,401,283	2,646,850	681,440		13,221,578	2,741	18,983	2,786	460	616,387	2,664,738	1,872,755	
August	681,440	3,860,687	3,012,095	1,530,032		13,471,560	2,741	18,983	2,786	460	616,660	2,563,588	1,727,131	
September	1,530,032	2,628,615	3,288,264	870,383	1,002,293	13,757,623	2,745	19,063	2,788	461	616,906	2,608,176	1,727,133	15,039,286
October	870,383	2,533,574	2,895,822	508,135	1,005,208	14,557,305	3,524	19,063	2,788	461	618,256	2,652,889	1,727,134	15,083,773
November	508,135	3,524,877	3,799,669	233,343	1,008,257	14,450,700	3,524	19,063	2,788	461	618,629	2,548,065	1,558,118	15,128,734
December	233,343	3,726,751	3,456,635	503,459	1,011,394	14,499,600	405,366	19,073	2,789	5,462	619,106	2,222,618	1,558,120	15,175,801

Notes:

(1) The difference between the Total and Project Revenue Bond Funds represents amounts held by the trustee to make payments on the District's behalf and about \$75,000 to cover the Bond Reserve Account Requirement with respect to the Series 1998 Bonds. The Project amount represents the balance available to spend on the building project; however, the district accumulates invoices and only requests reimbursement quarterly.

(2) The Bond and Interest Fund now contains the Debt Service amount from the County for both the original Bond and the 2005 Bond.

Financial Indicators

Target	May-06	Apr-06	Mar-06	Feb-06	Jan-06	Dec-05	Nov-05	Oct-05	Sep-05	Aug-05	Jul-05	Jun-05
Current Ratio	>1.5-2.0	4.99	5.05	4.76	4.93	5.02	4.76	4.43	4.45	2.28	2.25	2.42
Quick Ratio	>1.33-1.5	4.70	4.75	4.44	4.62	4.69	4.47	4.16	4.16	1.99	1.94	2.12
Days Cash on Hand	>75	336.95	330.17	284.11	326.36	294.69	290.98	296.59	301.22	134.80	132.99	146.42
Debt Service Coverage	>1.5-2.0											
Current Ratio Equals (from Balance Sheet)	Current Assets divided by Current Liabilities											
Quick Ratio Equals (from Balance Sheet)	Current Assets; Cash and Equivalents through Patient Accounts Receivables Only divided by Current Liabilities											
In September 2005, we received the \$15,000,000 of Project Money from the 2005 General Obligation Bond causing our Current Assets to climb increasing our ratios of Assets to Liabilities.												

NORTHERN INYO HOSPITAL
STATISTICS

MONTHS 2006	IP		SURGERIES		TOTAL		BIRTHS		ADMITTS		ER		VISITS		OP REFERRALS		ADMITTS (W/NB)		PT DAYS (W/NB)		DISCH (W/NB)	
	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06
	24 / 35 / 40	76 / 65 / 72	100 / 100 / 112	15 / 17 / 19	43 / 49 / 60	484 / 540 / 563	2701 / 3048 / 3135	101 / 109 / 126	287 / 275 / 370	335 / 320 / 410	102 / 115 / 124											
JANUARY	36 / 29 / 29	79 / 81 / 62	115 / 110 / 91	21 / 15 / 20	45 / 54 / 44	467 / 422 / 467	2567 / 2777 / 3100	117 / 121 / 106	334 / 319 / 265	383 / 358 / 303	102 / 115 / 124											
FEBRUARY	30 / 34 / 50	113 / 78 / 101	143 / 112 / 151	9 / 20 / 26	49 / 59 / 63	555 / 606 / 543	3086 / 3163 / 3387	101 / 123 / 152	291 / 356 / 333	320 / 395 / 399	94 / 127 / 149											
MARCH	23 / 27 / 31	98 / 68 / 81	121 / 95 / 112	19 / 9 / 18	51 / 43 / 54	530 / 486 / 474	2932 / 3119 / 3145	106 / 97 / 114	300 / 244 / 310	350 / 262 / 346	107 / 104 / 116											
APRIL	25 / 41 / 31	87 / 74 / 73	112 / 115 / 104	21 / 16 / 20	42 / 49 / 53	515 / 594 / 564	2548 / 2968 / 3313	104 / 113 / 111	249 / 349 / 345	299 / 385 / 381	112 / 103 / 106											
MAY	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /											
JUNE	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /											
JULY	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /											
AUGUST	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /											
SEPTEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /											
OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /											
NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /											
DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /											
CALENDAR	138 / 166 / 181	453 / 366 / 389	591 / 532 / 570	85 / 77 / 103	230 / 254 / 274	2561 / 2628 / 2611	13834 / 15075 / 16080	529 / 563 / 609	1461 / 1543 / 1613	1687 / 1720 / 1839	537 / 560 / 608											
MONTHLY AVERAGE	28 / 33 / 36	91 / 73 / 78	116 / 106 / 114	17 / 15 / 21	46 / 51 / 55	512 / 526 / 522	2767 / 3015 / 3216	106 / 113 / 122	292 / 309 / 323	337 / 344 / 368	107 / 112 / 122											

NORTHERN INYO HOSPITAL
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

MONTHS 2006	DIAGNOSTIC RADIOLOGY	MAMMOGRAPHY	NUCLEAR MEDICINE	ULTRASOUND	CT SCANNING	MRI	LABORATORY	EKG / EEG	PHYSICAL THERAPY	RESPIRATORY THERAPY	RURAL HEALTH CLINIC	TOTALS
	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06	04 / 05 / 06
JANUARY	309 / 340 / 312	240 / 202 / 229	32 / 47 / 29	97 / 102 / 107	98 / 151 / 123	92 / 86 / 85	1755 / 1988 / 1686	97 / 127 / 103	515 / 313 / 302	16 / 16 / 12	953 / 1014 / 1029	4204 / 4366 / 4017
FEBRUARY	225 / 323 / 250	221 / 203 / 211	40 / 52 / 60	104 / 119 / 135	115 / 142 / 111	64 / 77 / 92	1719 / 1753 / 1633	95 / 83 / 82	502 / 306 / 361	21 / 12 / 19	841 / 921 / 970	3947 / 3991 / 3824
MARCH	306 / 413 / 328	257 / 201 / 83	47 / 52 / 52	121 / 113 / 133	110 / 161 / 126	93 / 92 / 105	2067 / 2105 / 1853	98 / 81 / 132	648 / 315 / 425	15 / 12 / 14	1099 / 1240 / 1099	4862 / 4785 / 4351
APRIL	256 / 349 / 254	217 / 232 / 237	41 / 40 / 35	126 / 137 / 109	100 / 180 / 107	86 / 84 / 84	2022 / 1815 / 1984	82 / 97 / 84	567 / 378 / 397	11 / 18 / 21	910 / 1103 / 915	4420 / 4433 / 4227
MAY	275 / 304 / 263	204 / 221 / 241	45 / 54 / 41	121 / 98 / 122	97 / 161 / 110	85 / 96 / 88	1833 / 1782 / 1741	84 / 85 / 95	372 / 333 / 374	12 / 17 / 18	828 / 971 / 958	3956 / 4122 / 4051
JUNE	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
JULY	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
AUGUST	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
SEPTEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /
CALENDAR YEAR	1371 / 1729 / 1408	1139 / 1059 / 1001	205 / 245 / 217	569 / 569 / 606	520 / 795 / 577	422 / 435 / 454	9396 / 9423 / 8897	457 / 473 / 486	2604 / 1645 / 1859	75 / 75 / 84	4631 / 5249 / 4971	21389 / 21697 / 20570
MONTHLY AVERAGES	274 / 346 / 282	228 / 212 / 200	41 / 49 / 43	114 / 114 / 121	104 / 159 / 115	84 / 87 / 91	1879 / 1885 / 1779	91 / 95 / 99	521 / 329 / 372	15 / 15 / 17	926 / 1050 / 994	4276 / 4339 / 4114

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of May 31, 2006

MONTH		
APPROVED		
BY BOARD	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 1995-96	Hospital Information System	\$1,300,000
FY 2004-05	Photodynamic Therapy Laser	50,000
	AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,350,000</u>
FY 2005-06	MRI Upgrades-GE	542,848 *
	MRI Extremity and Wrist Array Coils-Invivo	45,147 *
	MRI Shoulder Coils-MEDRAD	16,183 *
	Ultrasound Upgrades-GE	111,521 *
	Nuclear Medicine Upgrades-Siemens	17,031 *
	ACMI Urology Surgical Equipment	40,137 *
	Hitachi EUB-2000 Ultrasound	39,141 *
	AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>812,009</u>
	Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,350,000
	Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>812,009</u>
	Year-to-Date Board-Approved Amount to be Expended	1,350,000
	Year-to-Date Administrator-Approved Amount Actually Expended in Current Fiscal Year	603,660 *
		<u>812,009 *</u>
	TOTAL FUNDS APPROVED TO BE EXPENDED	<u><u>2,765,669</u></u>
	Total-to-Date Spent on Incomplete Board Approved Expenditures (Hospital Information System and Building Project)	1,257,056

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of May 31, 2006**

MONTH APPROVED BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Reconciling Totals:	
Actually Capitalized in the Current Fiscal Year Total-to-Date	1,415,669
Plus: Lease Payments from a Previous Period	0
Less: Lease Payments Due in the Future	0
Less: Funds Expended in a Previous Period	0
Plus: Other Approved Expenditures	<u>1,350,000</u>
ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	<u><u>2,765,669</u></u>
Donations by Auxiliary	0
Donations by Hospice of the Owens Valley	0
Donations by Others	<u>0</u>
	<u><u>0</u></u>

*Completed Purchase
 (Note: The budgeted amount for capital expenditures for the fiscal year ending June 30, 2006, is \$3,600,000 coming from existing hospital funds.)

**Completed in prior fiscal year

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of May 31, 2006**

MONTH APPROVED	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
Board Approved Construction and Remodel amounts to be Reimburse from Revenue Bonds:		
FY 1996-97	Central Plant and Emergency Power Generator	3,000,884 **
FY 1997-98	Administration/Office Building (Includes Furniture and Landscaping)	1,617,772 **
FY 2000-01	New Water Line Construction	89,962 **
FY 2001-02	Siemens ICU Patient Monitoring Equipment	170,245 **
	Central Plant and Emergency Power Generator OSHPD Fee	18464.5 **
FY 2003-04	Emergency Room Remodel (Included in New Building & Remodel)	0
FY 2004-05	Emergency Room Remodel (add to \$500,000) (In New Building & Remodel)	0
FY 2005-06	Hospital Building and Remodel	39,500,000
FY 2005-06	Construction Cost Overrun Approval	15,250,000
	Total-To-Date Board Approved Construction Amounts to be reimbursed from Revenue Bonds & General Obligation Bond	<u><u>59,647,328</u></u>
	Total-To-Date Spent on Construction In Progress from Rev Bonds for Incomplete Projects (Includes Architect Fees for Future Phases)	

*Completed Purchase

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of May 31, 2006**

Administrator-Approved Item(s) Month Ending April 30, 2006	Department	Amount	Month Total	Grand Total
			31,475	537,843
840 VENTILATOR USA Purchasing Priority Committee approved during 2005-06 Budget Process	RESPIRATORY THERAF	31,285		
840 VENTILATOR USA Purchasing Priority Committee approved during 2005-06 Budget Process	RESPIRATORY THERAF	31,285		
CHEMSTRIP CRITERION II ANALYZER	CHEMISTRY	3,248		
Month Ending May 31, 2006			65,817	603,660

Northern Inyo Hospital
Investments as of 5/31/2006

	Purchase Dt	Maturity Dt	Institution	Rate	Principal
1	5/2/2006	6/1/2006	Local Agency Investment Fund	4.56%	275,858.24
2	5/2/2006	6/1/2006	Local Agency Investment Fund	4.56%	2,762,837.96
3	8/30/2004	8/30/2006	County Bank	3.25%	99,000.00
4	8/22/2005	11/22/2006	Federal Home Loan Bank-FNC	4.18%	250,000.00
5	12/19/2003	3/19/2007	Camden National Bank ME	3.00%	97,000.00
6	3/11/2004	3/19/2007	Commercial Savings Bank	2.75%	98,000.00
7	3/19/2004	3/19/2007	Summit State Bank	3.00%	99,000.00
8	3/28/2005	3/23/2007	Discover Bank	4.00%	100,000.00
9	7/27/2005	4/27/2007	Federal Home Loan Bank-MBS	4.00%	250,000.00
10	5/7/2004	5/7/2007	Five Star Bank Natomas	3.31%	99,000.00
11	5/11/2004	5/11/2007	Bear Stearns Security	3.25%	1,000,000.00
12	6/22/2005	6/22/2007	Federal Home Loan Bank-FNC	4.00%	1,000,000.00
13	7/8/2005	6/29/2007	FANNIE MAE FNMA-MBS	4.00%	500,000.00
14	7/5/2005	7/5/2007	Federal Home Loan Bank-MBS	4.00%	500,000.00
15	3/14/2006	9/14/2007	Federal Home Loan Bank-FNC	5.13%	600,000.00
16	11/28/2005	11/28/2007	Federal Home Loan Bank-MBS	5.00%	500,000.00
17	4/5/2006	12/7/2007	Cantella & Co., Inc	4.50%	109,007.36
18	12/27/2005	12/27/2007	Federal Home Loan Bank-FNC	5.00%	500,000.00
19	1/24/2003	1/24/2008	Capital One Bank	4.31%	100,000.00
20	1/24/2003	1/24/2008	Capital One, F.S.B.	4.30%	100,000.00
21	1/24/2003	1/24/2008	Key Bank USA	3.50%	100,000.00
22	3/18/2005	3/18/2008	First Federal Bank	4.00%	100,000.00
23	12/14/2004	5/27/2008	Cantella & Co., Inc	3.50%	225,000.00
24	3/11/2005	6/11/2008	Community Bank	4.00%	98,000.00
25	3/11/2005	6/11/2008	Equity Bank	4.00%	100,000.00
26	1/30/2006	7/28/2008	Federal Home Loan Bank-FNC	5.00%	500,000.00
27	4/21/2005	10/7/2008	Federal Home Loan Bank-MBS	4.00%	1,335,000.00
28	10/15/2003	10/15/2008	R-G Crown Bank	4.00%	97,000.00
29	10/31/2005	10/27/2008	Federal Home Loan Bank-MBS	5.00%	500,000.00
30	5/26/2005	11/26/2008	Federal Home Loan Bank-FNC	4.50%	1,000,000.00
31	12/15/2003	12/15/2008	Bear, Stearns Securities	3.00%	300,000.00
32	1/4/2005	1/5/2009	Mututal Bank	4.36%	99,000.00
33	1/7/2004	1/7/2009	Bear Stearns Security	4.08%	100,000.00
34	4/5/2006	11/1/2009	Cantella & Co., Inc	4.50%	141,145.77
35	12/30/2004	12/30/2009	Capital City Bank and Trust	4.75%	99,000.00
36	4/22/2005	4/22/2010	Bank of Waukegan	4.75%	99,000.00
37	2/24/2006	2/24/2011	Federal Home Loan Bank-MBS	6.00%	1,000,000.00
			Total		\$14,932,849.33

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July 12, 2006

To: Board of Directors
From: Susan Batchelder
Andrew Stevens

It is very important to discuss again the purchase request for the defibrillators. This issue involves critical patient care during emergency situations, and significant liability exposure. There are aspects of the request that were not fully discussed at the previous meeting.

The current defibrillators are old and need to be replaced. Michael Eppley, NIH Biomed tech, said the FDA policies imply that the average life expectancy for this equipment is 7 years, but Michael feels the standard can safely be 10 years. The current ages of the NIH defibrillators are:

ER	6 years (purchased as refurbished, not new)
Med-surg	6 years (purchased as refurbished, not new)
Surgery	8 years
ICU	9 years
ER	11 years
PACU	12 years
EKG	14 years
Radiology	14 years
RHC	14 years

Due to the age of our current defibrillators, problems can be anticipated. The Physio control representative told Michael Eppley earlier this year that we could expect to see memory board failure "imminently" for some of the machines. Michael said it would not be realistic to put significant repair expense into an old piece of equipment. A failure of emergency equipment would be a terrible situation, and one we have always strived to avoid.

Standardization of equipment has been defined in healthcare as a safety factor. It is emphasized that most medical errors are systems related and not attributed to individual negligence or misconduct. We are encouraged to focus on improving the systems of care delivery.

An example of this process is the dramatic reduction in the error rate when the anesthesiology specialty asked medical equipment manufacturers to design ventilators with standardized controls and valves to prevent the oxygen content from falling below that of room air. That request was the result of studies determining that many medical errors resulted from doctors having to use unfamiliar ventilators.

At NIH, nurses respond to patient arrest codes in various units as needed. Code response is a low volume, high risk procedure. Using the same equipment in all areas reduces the chance of error. Standardization also reduces staff training time and increases technical proficiency.

The possibility of purchasing some of the defibrillators now and some later was discussed. If that was done, however, the old and the new defibrillators would deliver different energy levels. The nurse would need to set different energy levels to defibrillate a patient depending on which machine was being used, as well as work with an entirely different control panel.

Currently we have 9 defibrillators in the hospital, but we have only requested 8 new ones. After discussion with the Rural Health Clinic, it was decided that they could use one of the

current defibrillators. There is minimal floating of nurses between the hospital and the Rural Health Clinic, and standardization is not an issue.

A committee was formed over a year ago to work on standardizing and maintaining the crash carts. The committee decided that the current defibrillators needed to be replaced, and a subcommittee was formed to determine which defibrillators to purchase. After reviewing information about the defibrillators, the decision was made to bring defibrillators from three different companies to NIH so staff could have the opportunity to see how the machines worked and have hands-on experience. The decision was made to purchase the Phillips defibrillators.

We had 12 codes at NIH in 2004, 16 in 2005, and 9 so far in 2006. While we do not have a large number of codes, it is essential that we have reliable, effective emergency equipment.

The only defibrillators currently being manufactured are biphasic, so it is not possible to purchase a new monophasic defibrillator. Several NIH physicians have expressed their preference for biphasic defibrillators.

It is also important to purchase new crash carts. Our current carts are at least 25 years old, and they are not all identical. The current carts are made by Craftsman, and beginning several years ago they issued disclaimers and alerts about drawers sticking in an emergency. They specifically said that Craftsman carts should not be used as crash carts. If we continue to utilize the Craftsman carts as crash carts, there is the possibility of additional liability if there is a problem.

The request for new crash carts originated from staff complaints about the difficulty of moving them quickly through the hospital and parking lots, and from the need for standardization. The current crash carts are not all identical, and there is not a place for suction equipment. Any time we have a code in a non-patient care area, it is essential to have suction available. The crash carts that are requested move easily, have sufficient drawer space, and have room for portable suction.

These defibrillators and crash carts will be used in the new hospital, and space has been planned for the location of each cart.

The purchase of defibrillators was on the previous year's capital budget. It is also on this year's capital budget list and was approved by the Purchasing and Priorities Committee as a priority one.

The Northern Inyo Hospital Foundation has approximately \$70,000 for the purchase of emergency equipment.

We respectfully request your reconsideration of this purchase. The community of Bishop looks to Northern Inyo Hospital to provide a high standard of emergency care. Our responsibility is to determine how that can best be done within our financial means. This is indeed an expensive purchase, but emergency situations are stressful, with a lot at stake involving patient care. The liability of potential equipment failure or errors could quickly offset the expense.

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AGREEMENT FOR SALE OF INVENTORY AND TERMINATION OF TENANCY

THIS AGREEMENT is made and entered into this 20th day of July, 2006, by and between NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT (hereinafter “District”), and DANIEL EVENTOV, M.D, (hereinafter “Physician”) and DANIEL A. EVENTOV, M.D, Inc., a Professional Corporation (hereinafter “Corporation”).

I

RECITALS

1.01. District: District is a California health care district, organized and existing pursuant to the Local Health Care District Law, *Health & Safety Code §32000, et seq.*, with its principal offices and place of business located in the City of Bishop, County of Inyo, State of California. District owns and operates Northern Inyo Hospital (“Hospital”) at 150 Pioneer Lane, Bishop, California.

1.02. Physician: Physician is a physician and surgeon, licensed to practice medicine in the State of California and a member of the American College of Urologists, who does, and at all relevant times has, practiced medicine with a specialty in urology in the City of Bishop, County of Inyo, State of California. Physician is, and at all relevant times has been, a member of the Active Medical Staff of Hospital. Physician does, and at all relevant times has, owned all of the outstanding shares of common stock of Corporation and is, and at all relevant times has been, its president.

1.03. Corporation: Corporation is a professional corporation organized and existing

under the laws of California. Corporation does, and at all relevant times has (a) employed Physician in the practice of his medical specialty, (b) owned the inventory and equipment which is, *inter alia*, described on Exhibit "A" of this Agreement, and (c) held a month-to-month tenancy of that certain GE Modular Office Building (hereinafter "the Premises") which is owned by the District, located at 157 Pioneer Lane, Bishop, California, and used as Physician's medical office.

1.04. The Tenancy: Corporation holds its tenancy of the Premises under a written lease agreement, dated ~~September 15, 2004~~ with District which agreement provides, *inter alia*, that the tenancy may be terminated only upon 90 days written notice by one party to the other. No such written notice has been given.

1.05. Termination of Practice: Physician and Corporation, and each of them, wish to discontinue Physician's medical practice as described above, terminate the month-to-month tenancy, and make the Premises available for lease by District to another physician.

NOW, THEREFORE, in consideration of the promises set forth below, the Parties agree as follows:

II

COVENANTS OF THE PARTIES

2.01. Purchase Price: District promises to pay to Corporation, within five (5) days of the date of this Agreement, the sum of THIRTY-FIVE THOUSAND DOLLARS (\$35,000.00).

2.02. Sale of Assets: Corporation agrees to sell to District, and District agrees to buy:

(a) The patient charts, inventory, and equipment described on Exhibit "A," attached hereto and, by this reference, incorporation herein as though set forth fully and at length, and

(b) All equipment, office supplies, medical supplies, drugs and medicines, furniture and fixtures, communications equipment and office machines not listed on Exhibit "A," but located on the Premises on the date of this Agreement.

2.03. Custody of Patient Records: Physician and Corporation agree to deliver to District, and District agrees to accept, all patient records from Physician's practice at the Premises.

2.04. Termination of Tenancy: Notwithstanding the requirement of 90 days' written notice as a condition precedent of the termination of Corporation's tenancy of the Premises, the Corporation and the Physician agree to surrender their tenancy of the Premises effective on the date of this Agreement, and Physician agrees that he will not hereafter enter the Premises in any manner, whether in person or by an agent.

III

GENERAL PROVISIONS

3.01. Integration and Modification: This is the entire agreement of the parties. It may not be modified except by an instrument in writing signed by all of the parties or their agents, successors, or assigns.

3.02. Binding on Successors: This agreement is and shall be binding on the heirs, successors, agents, assigns, trustees, conservators, executors, administrators, and personal representatives of the parties.

3.03. Notice: Notices given by one party to another in regard to this agreement shall be deemed given three (3) days after being placed in the United States mail, first-class postage prepaid, addressed to:

District: Administrator, Northern Inyo Hospital
150 Pioneer Lane
Bishop, California 93514

Physician:

Corporation:

or to such other address as any party may designate in compliance with the Notice provisions of this section.

3.04. Attorney's Fees: Should any party file an action at law or in equity to enforce the terms of this Agreement, the Court shall have the power to award a reasonable attorney's fee to the prevailing party.

3.05. Number & Gender: In the construction of this Agreement, the singular shall include the plural, and the plural the singular; the masculine the feminine and neuter, the feminine the masculine and neuter, and the neuter the masculine and feminine, as the context shall indicate.

3.06. Construction: This Agreement shall be construed according to the laws of California.

3.07. Documents & Acts: Each party shall do all acts and execute all documents which may be required to give effect to this Agreement, or any part of it.

IN WITNESS WHEREOF, the parties subscribe their signatures at Bishop, California,
on the day, month and year first above written.

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

by _____
PETER WATERCOTT, President

DANIEL A. EVENTOV, M.D.

DANIEL A. EVENTOV, M.D., a Professional Corporation

by _____
DANIEL A. EVENTOV, M.D., President

EQUIPMENT, INVENTORY, FURNITURE & FURNISHINGS OF PRACTICE

1. Seven (7) filing cabinets
2. Approximately 3,000 patient charts
3. One fireproof cabinet/file
4. One Cannon copy machine
5. Two (2) metal badges for copy machine
6. One (1) Merlin telephone system, including four (4) telephones and base.
7. One metal desk
8. One computer
9. One laser printer
10. One billing software
11. One facsimile machine (multi-color Hewlett-Packard)
12. Miscellaneous charts/dividers (75 + 300 sets)
13. Three (3) office chairs
14. One document shredder
15. One physician's desk
16. Six (6) leather chairs
17. One executive leather chair
18. One X-ray viewing box (8 panel)
19. One X-ray viewing box (mobile 8 panel)
20. Two (2) wheelchairs

21. Five (5) vinyl waiting room chairs
22. One water cooler
23. One steam sterilizer
24. Two (2) small refrigerators
25. One microwave oven
26. One coverable storage cart
27. One large plastic (vinyl) equipment cart
28. One steel tray table for instruments (small)
29. One centrifuge
30. Miscellaneous storage bins, plastic and supplies
31. Five (5) transfer forceps sets
32. Sixteen (16) storage jars (for dressings)
33. Two (2) IV poles
34. Six (6) patient chairs
35. Three (3) rolling exam chairs
36. Miscellaneous drapes, gowns, gloves and supplies
37. Eight (8) covered trash cans
38. Thirty (30) male/female dilators (metal)
39. Three (3) Filron followers sets
40. One Heyman difficult catheter set
41. Twenty-seven (27) Anestacon (sterile)
42. One microscope

43. Four (4) motorized examination tables (for minor surgeries)
44. One surgical light
45. Miscellaneous sutures and suture equipment
46. Miscellaneous medicines, analgesics, and antibiotics
47. Miscellaneous paintings, lithographs and wall hangings.

Exhibit "A"

DRAFT

BILL OF SALE

THIS IS TO ACKNOWLEDGE that we, and each of us, have this day sold, conveyed, and transferred to Northern Inyo County Local Hospital District for the sum of THIRTY-FIVE THOUSAND DOLLARS (\$35,000.00) all right, title and interest which we, or either of us, may possess in the personal property described on Exhibit "A" attached hereto and incorporated herein by reference.

We, and each of us, hereby warrant we, or either of us, are the lawful owner of the above-described personal property, free from the rightful claims of others, and that we, and each of us, will defend the title of Northern Inyo County Local Hospital District to said personal property against all others.

Dated: July 20, 2006

DANIEL A. EVENTOV, M.D.

DANIEL A. EVENTOV, M.D.
A Professional, Corporation

by

DANIEL A. EVENTOV, M.D.
President

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AUTOLOGOUS BLOOD DRAWS AT NORTHERN INYO HOSPITAL

YEAR	TOTAL			Transfused at other Hospital
	UNITS DRAWN	GIVEN	DISCARDED	
2003	?	0	2	
2004	23	1	6	16
2005	28	5	4	19
(First 6 mos.)2006	20	1	2	17

Autologous cost per unit=\$259.00

United Blood Services of Reno runs the Autologous program. They hire the RN's to run the program here at Northern Inyo Hospital.

All units are drawn here, and returned to UBS, Reno for testing. All autologous units are fully tested, the same as regular blood bank units.

The majority of the units drawn at Northern Inyo Hospital are not returned to NIH, but are sent to other facilities, where the patient is having the surgery.

Most autologous units are ordered for orthopedic surgeries. Because of the advance of medical technology, the physicians here at NIH are utilizing the cell saver when possible. Therefore, the requests for autologous units have greatly decreased.

Because of the decrease of requests for auto units, the personnel have difficulty staying proficient in the procedure. Currently a new RN has been training for 6 months. Due to lack of draws, she is not considered fully trained.

We purchase regular units of blood from UBS, Reno. If they are not transfused, they are returned, and we are issued a credit. AUTOLOGOUS units of blood cannot be returned to UBS. They cannot be used on any other patient. We cannot charge the patient for the units, until they are transfused. Therefore, the units that are not transfused are charged to the hospital.

Summary: There is no longer available, qualified personnel to administrate this program. NIH loses money with every unit not transfused and most units are not used at NIH.

Recommendation: Discontinue the autologous program at NIH.

Cathy Creekmur
Clinical Laboratory Director



UNITED BLOOD SERVICES - RENO FULL SERVICE HOSPITAL PRICE LIST

BLOOD COMPONENT SERVICE FEES EFFECTIVE JULY 1, 2006

	Preferred Price **		
Red Blood Cells - Autologous	\$259.50	\$324.00	\$454.00
Red Blood Cells - Directed	\$259.50	\$324.00	\$454.00
Red Blood Cells - Leukocytes Reduced	\$230.50	\$288.00	\$403.00
* Red Blood Cells - Leukocytes Reduced - Autologous	\$285.50	\$357.00	\$500.00
* Red Blood Cells - Leukocytes Reduced - Directed	\$285.50	\$357.00	\$500.00
Whole Blood - Autologous	\$259.50	\$324.00	\$454.00
Whole Blood - Directed	\$259.50	\$324.00	\$454.00
Cryoprecipitated AHF	\$71.00	\$89.00	\$124.00
Fresh Frozen Plasma	\$63.00	\$104.00	\$145.00
Fresh Frozen Plasma - Jumbo	\$166.00	\$208.00	\$291.00

FULL SERVICE HOSPITALS MAY RETURN RED BLOOD CELLS FOR FULL CREDIT PROVIDED THE HOSPITAL HAS ON FILE AT UBS A CURRENT SIGNED HOSPITAL SERVICES AGREEMENT

PHERESIS SERVICES SERVICE FEES

	Preferred Price **		
Platelet Pheresis Leukocytes Reduced by Procedure	\$642.00	\$803.00	\$1,124.00
Reduced Volume Platelet Pheresis	\$642.00	\$803.00	\$1,124.00
HLA - Matched Platelet Pheresis (Drawn at UBS)	\$897.00	\$1,121.00	\$1,570.00

* Only available by special request from the surgeon or hospital

** Cells and Components purchased at ratio of 2 cells to 1 component

++ REFLECTS CURRENT PRICING LEVEL FOR YOUR FACILITY

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SHIFT DIFFERENTIAL

* Current section of the Payroll Policies and Guidelines reads:

“Standard day shift workers are not paid shift differential for any hours worked. A standard day shift is a shift which starts at, or anytime after, 6:00 A.M. and ends not later than 6:30 P.M. When an employee does not start and end work at times within this window, the employee will be paid shift differential according to the following rule: eight percent of the employee's hourly base rate of pay for each hour worked between 3:00 P.M. and 11:00 P.M., and twenty-five percent of the employee's hourly base rate of pay for each hour worked between 11:00 P.M. and 7:00 A.M. This rule will apply to call time falling within this window, as well.

For example, an hourly employee who starts work at the scheduled time of 1:00 P.M. and who works until 9:30 P.M. is paid shift differential of 8% for hours worked between 3:00 P.M. and 9:30 P.M., but an hourly employee who starts work at the scheduled time of 10:00 A.M. and who works until 6:30 P.M. is not paid shift differential for any worked hours. Another example would be an employee who starts work at the scheduled time of 7:00 P.M. and who works until 3:30 A.M. is paid shift differential of 8% for hours worked between 7:00 P.M. and 11:00 P.M., and is paid shift differential of 25% for hours worked between 11:00 P.M. and 3:30 A.M.

The shift differential is excluded from pay for vacations, holidays, sick leave, and paid absence.”

*Suggested addition to the bottom of this section of the policy:

The shift differential is excluded from pay for vacations, holidays, sick leave, and paid absence. In designated non-patient care departments of the hospital, employees may sign a "No-Shift Differential Agreement" when an employee requests a flexible schedule option. This agreement excludes hours worked at any time of the day from shift differential.

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TO: Board of Directors

DATE: July 19, 2006

REGARDING: Platelets

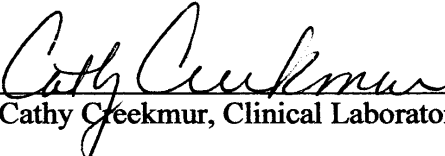
Following is information concerning platelets:

- ❖ Platelets are supplied to us from United Blood Services, Reno
- ❖ The cost of each pheresed unit is \$642.00
- ❖ Platelets expire 5 days after they are drawn, and are a non-returnable item.
- ❖ We can charge the platelets to a patient, only after the patient actually receives them.
- ❖ For routine delivery, we need to order platelets by 8:30 A.M. The platelets will arrive at 3:30 P.M. the same day.

If platelets are needed in an emergency, there are a couple ways of transporting the platelets to Bishop.

- ❖ For non-critical shipment we will send someone from Bishop to drive to Bridgeport, who will meet the courier from Reno.
- ❖ For life and death, extreme critical situations, we will ask the highway patrols in Nevada and California to bring the ordered products. Nevada Highway Patrol drives to the California border, where the Mono County California Highway Patrol will take the products and drive them to the Inyo County line. At the Inyo County line, the Inyo County California Highway Patrol will take the product and deliver it to the NIH Laboratory.

Per California Highway Patrol, they will only do this transport in a true life and death situation, and with sirens all the way.


Cathy Creekmur, Clinical Laboratory Director

NORTHERN INYO HOSPITAL
SURGICAL / TISSUE / TRANSFUSION COMMITTEE

BLOOD PRODUCTS REVIEW

COMPONENT

CRITERIA

RBC Transfusion

Acute Anemia

Blood Loss > 500cc rapid and continuing or Hgb < 10 (Hct <30)
(or clinical circumstances, documented by the ordering physician 5/28/97)

Chronic Anemia

Hgb < 8 (Hct <24) or MD statement of symptoms due to chronic anemia **(or clinical circumstances, documented by the ordering physician 5/28/97)**

FDA Contraindications: Volume expansion, in place of a hematinic, to enhance wound healing or improve general well being,

Fresh Frozen Plasma

May be used to increase the level of clotting factors in patient who have a demonstrated deficiency PT > 15 -or- PTT > 38 seconds

a. Patients on Warfarin who need immediate reversal (eg. for surgery or for active bleeding.

b. Active bleeding not related to Vitamin K deficiency

FDA Contraindications: Volume expansion, Nutritional supplement Prophylactically with massive blood transfusions

Cryoprecipitate

Fibrinogen < 150 or Factor VIII deficiency known or suspected

Platelets

Active bleeding with platelet counts < 120,000 - or-

Needing procedure and platelet count < 60,000 -or-

Diagnosis of leukemia, lymphoma, or non bleeding patient with platelet count < 30, 000

FDA Contraindications: Prophylactically with massive blood transfusions

Reviewed and revised by Surgery /Transfusion Committee 10/27/92, 12/94 and 5/28/97

\$2605



PLATELET STORAGE SYSTEMS

- i.Series™
- Horizon Series™



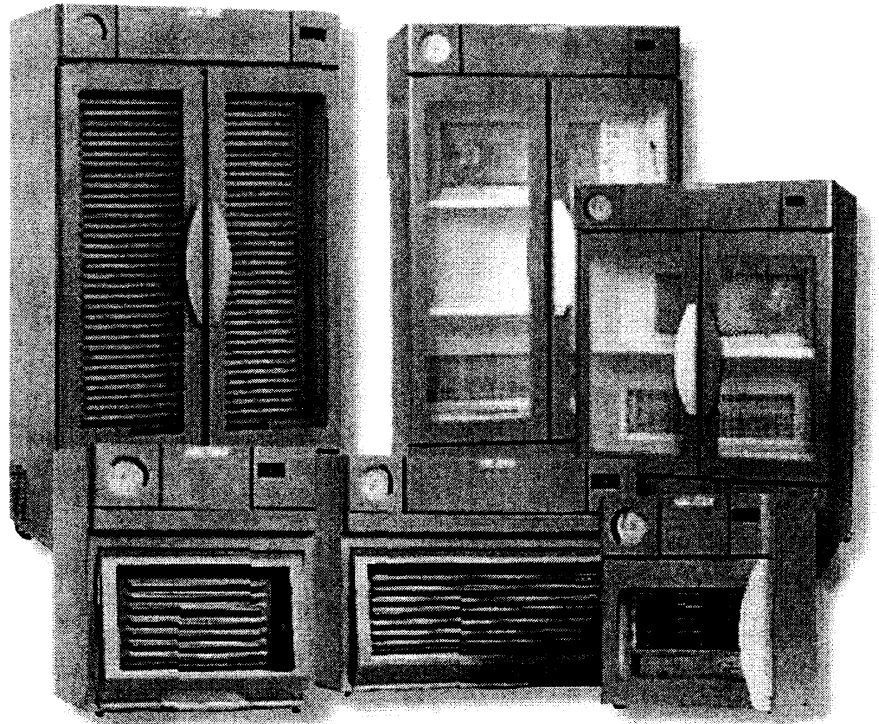
HORIZON SERIES™

Helmer's dependable storage can also be obtained with the Horizon Series™ line of Platelet Storage Systems. Our time-proven models have been updated and now come with added features to provide a secure environment for your platelets.

Now available:

Celaris

Wireless Alarm / Monitoring System
See back cover



Incubators and Agitators sold separately (except PC4200h)

HORIZON SERIES™ PLATELET STORAGE SYSTEMS PROVIDE THE FOLLOWING BENEFITS:

Precise Temperature Control

Our platelet incubators feature a digital microprocessor controller, providing precise temperature control for secure storage.

Constant Agitation

Helmer's exclusive Auto-Stop door switch pauses the agitator(s) when the incubator door is opened. Agitator motion automatically resumes when the door is closed, ensuring continuous agitation of the platelets.

The Safety of Bacteria-Resistant Powder Coating

Our exclusive bacteria-resistant powder coating is used on each incubator's exterior, interior, and door handle(s).

A Size and Configuration to Meet Your Needs

Select from a full line of six incubators including space saving countertop models and maximum storage floor models. Incubators can accommodate from 15 to 396 random platelet bags (5 to 132 apheresis bags).

*For i.Series / Horizon Series Comparison see page 4.
For complete Horizon Series information see pages 11-13.*

COMPARISON

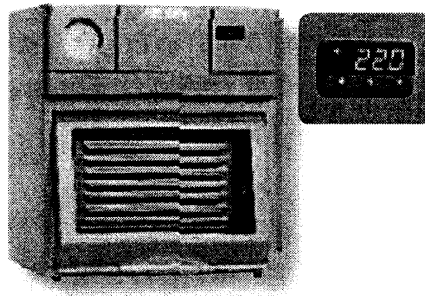
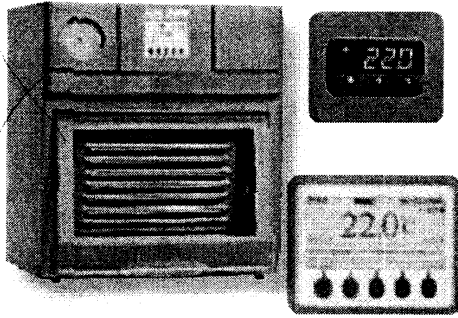
i.SERIES | HORIZON SERIES

HELMER PLATELET INCUBATOR COMPARISON

Platelet Incubators all provide temperature control and alarm monitoring. Please use the chart below to compare the features of the i.Series to the Horizon Series.

i.SERIES™

HORIZON SERIES™



TEMPERATURE CONTROLLER

- Independent from alarm/monitor

TEMPERATURE CONTROLLER

- Combined controller and alarm/monitor

ALARM/MONITOR SYSTEM

- Exclusive **i.center™** Integrated Monitoring System includes:
- Password protected configuration
 - Automatic high/low temperature alarm testing (Peltier based)
 - AgiTrak system (includes RPM display screen, agitator count and alarm logs, and agitator cycle counter)
 - Audible and visual alarms
 - Dual stainless steel temperature alarm/monitor probes (PC3200i and PC4200i)
 - Single, stainless steel temperature alarm/monitor probe (other models)
 - Alarm event log
 - RS232 and flash memory electronic ports
 - Dry contact connection to central alarm systems
 - i.Help™ onboard help information
 - Adjustable alarm volume and type
 - i.Center LCD viewscreen
 - 24-hour temperature graph screen saver

ALARM/MONITOR SYSTEM

Standard alarm/monitor system includes:

- Controller lockout
- Manual alarm test
- Audible and visual alarms
- Single, stainless steel temperature alarm/monitor probe (all models)
- Dry contact connection to central alarm systems
- Fixed alarm volume and type
- LED digital display

CABINET

- Bacteria-resistant, powder coated interior
- 7 day, inkless chart recorder with battery backup
- Auto-Stop door switch
- Swivel, locking casters on floor models

CABINET

- Bacteria-resistant, powder coated interior
- 7 day, inkless chart recorder with battery backup
- Auto-Stop door switch
- Swivel, locking casters on floor models

WARRANTY

5 Years Compressor, 2 Years Parts, 1 Year Labor

WARRANTY

3 Years Compressor, 2 Years Parts, 1 Year Labor

*PC 100 Inc
\$4600*

*PF 15-
Ag/Temp
1200*

210 units

*Alarm
\$5800*

COUNTERTOP INCUBATORS

Our i.Series countertop platelet incubators provide the security of a continuously controlled temperature environment with an efficient use of counter space. Top mounted controls, i.Center Integrated Monitoring System, and chart recorder are positioned for easy access. Three countertop models are available.

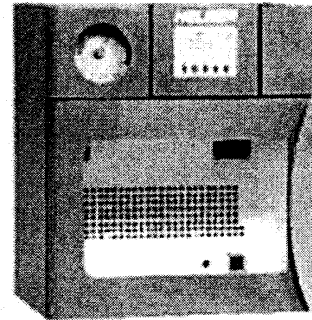
Features of the countertop units include:

PC100i

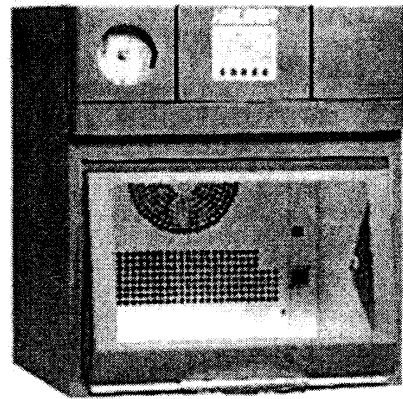
- Electric condensate evaporator.
- Forced-air circulation.
- Dual-pane, tempered glass door (left-hinged).
- Key lock.

PC900i and PC1200i

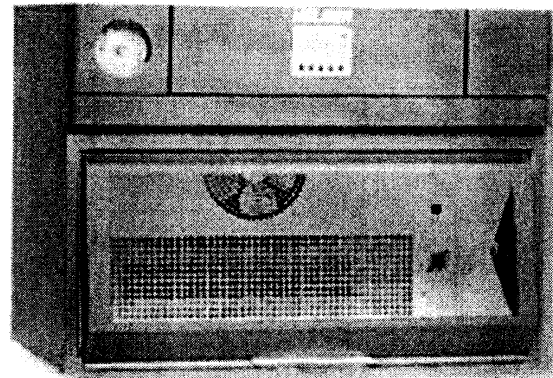
- Electric condensate evaporator.
- Forced-air circulation.
- Retractable, single-pane, tempered glass door.
- Key lock.



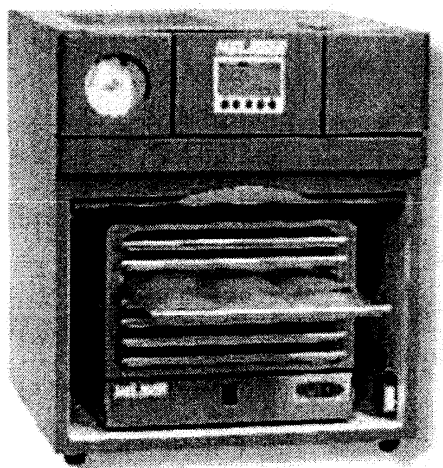
Model PC100i



Model PC900i



Model PC1200i



Model PC900i with PF48i

i.Series Models Available:

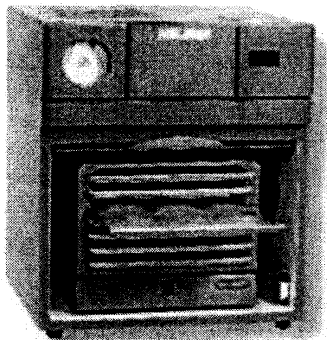
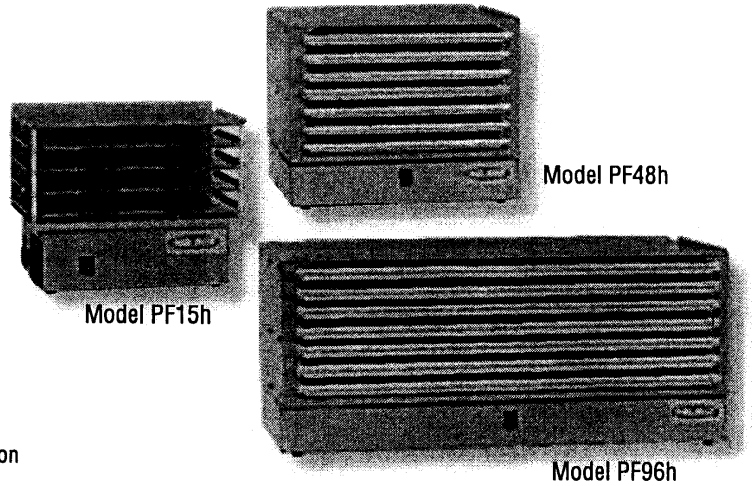
Incubator	Agitator Compatibility
PC100i	1-PF15i
PC900i	1-PF48i
PC1200i	1-PF96i

PLATELET AGITATORS

Agitator features include:

- One-piece perforated drawers with non-slip textured coating for uniform air circulation.
- Delrin® rollers and glides that allow the drawer storage platform to agitate smoothly.
- Pull-out, removable drawers (except PF15h).
- Single fan for forced air cooling of motor compartment.
- Label holders provided for each agitator drawer (except PF15h). Holders accommodate magnetic and adhesive labels.

Please note: Horizon Series agitators are not equipped with a motion alarm and cannot be monitored by the i.Series AgiTrak system. Horizon agitators are not recommended for use in an i.Series incubator.



Model PC900h with PF48h

Agitator	Capacity
PF15h	15 Random Bags / 5-10 Apheresis Bags
PF48h	48 Random Bags / 16 Apheresis Bags
PF96h	96 Random Bags / 32 Apheresis Bags

PLATELET ROTATORS

Platelet Rotators are also available (Models PAS20 and PAS40).

An effective motion device for platelet storage, these units utilize the end-over-end (tumbling) method pioneered by Helmer. The storage baskets can be customized to accommodate apheresis bags, random donor bags or a combination of both at the same time.

Please contact Helmer for more information on these products.

ADDITIONAL INFORMATION

PRODUCT WARRANTY

PLATELET INCUBATORS i.SERIES | REL.i™ WARRANTY

5 Years Compressor
2 Years Parts
1 Year Labor

HORIZON SERIES WARRANTY

3 Years Compressor
2 Years Parts
1 Year Labor

PLATELET AGITATORS i.SERIES AND HORIZON SERIES WARRANTY

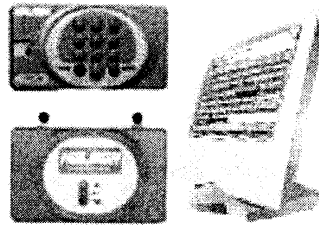
2 Years Parts
1 Year Labor at Helmer

With Helmer's unique Rapid Resolution™ and i.Care support, our professional service staff moves fast to assure you the best care you can receive. These warranties are available in the U.S. and Canada. For information on international warranties, please contact your local distributor.

*With Rapid Resolution, Helmer Service Technicians will determine the fastest method to resolve your service issue.

Celaris™

Wireless Alarm / Monitoring System



The Celaris™ system incorporates state-of-the-art communication technology, providing your facility with unparalleled central monitoring capabilities. Celaris frees you by achieving new levels of control, monitoring and reporting for your department, multiple departments, or even multiple locations... with remote access from anywhere via the internet.

Secure your products while setting yourself free:

- Hospital and FCC-approved wireless technology
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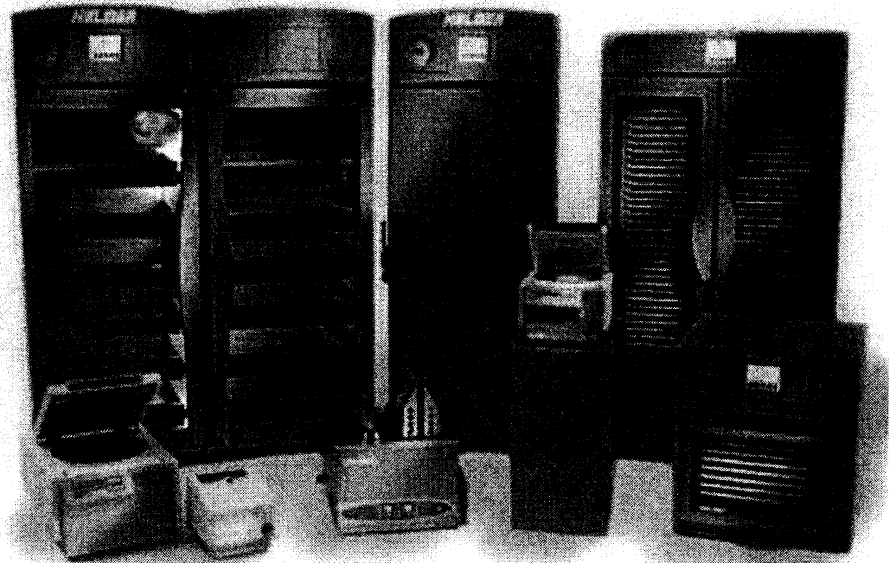


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15425 Herriman Boulevard • Noblesville, IN 46060 USA
Toll Free (U.S. and Canada): 800.743.5637
Phone: 317.773.9073 • Fax: 317.773.9082
Email: sales@helmerinc.com • www.helmerinc.com

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INTENTIONALLY

8. New Business

E. Computer Licensing Agreement

- i. Purchasing an Enterprise Licensing Agreement allows us to save money while coming into compliance with Microsoft licensing.
- ii. Currently, most of our servers are up-to-date with their licensing.
 - a. We would like to upgrade the operating systems on the servers when the new Microsoft operating system is available. Upgrading with software assurance is much cheaper than purchasing a brand new license.
- iii. Currently, all of our workstations are up-to-date with their operating system licenses.
 - a. We would like to also upgrade these operating systems when the new operating system becomes available. Again, it is much cheaper to upgrade with software assurance than without.
- iv. Currently, very few of our workstations are licensed to run Microsoft Office.
 - a. Purchasing licenses and software assurance through an Enterprise agreement will allow us to legally operate Microsoft Office on all computers in the hospital with the ability to cheaply upgrade when the next version of Office is available.
- v. Currently, very few of our workstations are fully licensed for connecting to the servers (with a Client Access License or CAL).
 - a. Purchasing a Core CAL for each workstation through an Enterprise agreement covers all CALs for each workstation at a very good price and software assurance allows us to cheaply upgrade our software in the future.



CompuCom Systems Inc.
 7171 Forest Lane
 Dallas TX 75230
 916-515-0113
www.compucom.com

Tuesday, June 27, 2006

Adam Taylor
 Northern Inyo Hospital
 150 Pioneer Lane
 Bishop, CA 93514

Adam,

Please find final pricing for a 3 year Full desktop EA below.

3 year (Full desktop) quote

Year 1

200	269-05924	Office Pro Lic/SA	\$119.59	\$23,918.00
200	W06-00020	Core CAL Lic/SA	\$47.61	\$9,522.00
185	359-01765	SQL Device CAL Lic/SA	\$46.60	\$8,621.00
15	359-01760	SQL Device CAL SA	\$21.59	\$323.85
200	E85-01013	Windows XP Pro Upg Lic/SA	\$38.48	\$7,696.00
11	P73-00225	Windows Server Std SA	\$106.00	\$1,166.00
8	P73-00202	Windows Server Std Lic/SA	\$247.29	\$1,978.32
5	P72-00164	Windows Server Ent Lic/SA	\$803.35	\$4,016.75
2	810-04766	SQL Server Ent Lic/SA	\$2,921.06	\$5,842.12
1	H04-00321	SharePoint Portal Server Lic/SA	\$1,376.56	\$1,376.56
3	392-02066	FrontPage SA	\$19.51	\$58.53
2	076-02037	Project Standard SA	\$82.43	\$164.86
1	395-02612	Exchange Server Ent SA	\$589.93	\$589.93
				\$65,273.92

Year 2

200	269-05924	Office Pro Lic/SA	\$119.59	\$23,918.00
200	W06-00020	Core CAL Lic/SA	\$47.61	\$9,522.00
185	359-01765	SQL Device CAL Lic/SA	\$46.60	\$8,621.00
15	359-01760	SQL Device CAL SA	\$21.59	\$323.85
200	E85-01013	Windows XP Pro Upg Lic/SA	\$38.48	\$7,696.00
11	P73-00225	Windows Server Std SA	\$106.00	\$1,166.00
8	P73-00202	Windows Server Std Lic/SA	\$247.29	\$1,978.32
5	P72-00164	Windows Server Ent Lic/SA	\$803.35	\$4,016.75
2	810-04766	SQL Server Ent Lic/SA	\$2,921.06	\$5,842.12
1	H04-00321	SharePoint Portal Server Lic/SA	\$1,376.56	\$1,376.56
3	392-02066	FrontPage SA	\$19.51	\$58.53
2	076-02037	Project Standard SA	\$82.43	\$164.86
1	395-02612	Exchange Server Ent SA	\$589.93	\$589.93
				\$65,273.92

Year 3

200	269-05924	Office Pro Lic/SA	\$119.59	\$23,918.00
200	W06-00020	Core CAL Lic/SA	\$47.61	\$9,522.00
185	359-01765	SQL Device CAL Lic/SA	\$46.60	\$8,621.00
15	359-01760	SQL Device CAL SA	\$21.59	\$323.85
200	E85-01013	Windows XP Pro Upg Lic/SA	\$38.48	\$7,696.00
11	P73-00225	Windows Server Std SA	\$106.00	\$1,166.00
8	P73-00202	Windows Server Std Lic/SA	\$247.29	\$1,978.32
5	P72-00164	Windows Server Ent Lic/SA	\$803.35	\$4,016.75
2	810-04766	SQL Server Ent Lic/SA	\$2,921.06	\$5,842.12
1	H04-00321	SharePoint Portal Server Lic/SA	\$1,376.56	\$1,376.56
3	392-02066	FrontPage SA	\$19.51	\$58.53
2	076-02037	Project Standard SA	\$82.43	\$164.86
1	395-02612	Exchange Server Ent SA	\$589.93	\$589.93
				\$65,273.92

True-Up pricing

		Unit True Up Price Year 1	Unit True Price Year 2	Unit True Up Price Year 3
269-05924	Office Pro Lic/SA	\$334.02	\$277.83	\$221.74
W06-00020	Core CAL Lic/SA	\$133.89	\$113.30	\$92.71
359-01765	SQL Device CAL Lic/SA	\$153.89	\$130.22	\$107.31
E85-01013	Windows XP Pro Upgrade Lic/SA	\$104.08	\$81.99	\$58.97
P73-00202	Windows Svr Std Lic/SA	\$688.86	\$582.87	\$476.87
P72-00164	Windows Svr Ent Lic/SA	\$2,237.91	\$1,893.62	\$1,549.32
810-04766	SQL Svr Enterprise Lic/SA	\$8,138.07	\$6,885.86	\$5,633.65
H04-00321	SharePoint Portal Lic/SA	\$3,834.68	\$3,244.75	\$2,654.81
392-02065	FrontPage Lic/SA	\$115.97	\$96.46	\$76.95
076-02036	Project Std Lic/SA	\$490.19	\$407.76	\$325.33
395-02611	Exchange Svr Ent Lic/SA	\$3,834.35	\$3,244.42	\$2,654.49

This pricing is valid until July 20th, 2006. Please let me know if you would like to proceed by that date and I will forward you the appropriate enrollment paperwork.

Sincerely,

John Robinson
 Licensing Specialist
 CompuCom – California State & Local Government
 916-515-0113
john.robinson@compucom.com

If at any time during the contract period Microsoft or any other publisher revises their incentive programs for products, CompuCom shall have the right to revise our pricing.

CAPITAL EXPENDITURE BUDGET REQUEST

Department: 8480 - IT
Requested by: Adam Taylor

Budget year: 2006/2007
Estimated cost: \$64,270.00
Requested
Priority: 1

GENERAL INFORMATION:

Item description:

Updated licenses for all servers and workstations at NIH

Purpose:

We are currently under-licensed for many of our servers and a substantial number of workstations. By purchasing this agreement, we would come into compliance with our licenses.

Is this item required or recommended by third-party or regulatory agencies?

Yes No N/A

If yes, please explain:

Is this item a replacement item?

Yes No N/A

If yes, please explain:

Describe any associated installation costs, site preparation, construction costs, additional equipment or supply costs or additional staffing requirements:

Additional comments:

Department Head Signature: _____

Date: 07/11/2006

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INTENTIONALLY

8. New Business

F. Backup/Disaster Recovery Upgrade

- i. We use a tape-based system to back up critical information on the hospital network.
- ii. The amount of data needing to be stored on the backup appliance has increased over the past several years and is reaching the capacity of the current appliance.
- iii. Running the backup appliance at this capacity generates numerous errors and requires considerable management and support.
- iv. We would like to increase the capacity of the tape backup as well as adding a faster disk-based backup system required for high-performance applications like PACS. This will give us an optimal combination of speed and data security.

Re-Store



Quotation

6822 Xana Way
Carlsbad, CA 92009
Phone 760.744.5825
Fax 760.744.8242

DATE 05/11/2006
Quotation # NIH001-013
Customer ID NIH001

Bill To:
Adam Taylor
Northern Inyo Hospital

Quotation valid until: 06/25/2006

Storserver Upgrade

Prepared By:
Michael Sedlmayer, sedl@re-store.net

#	Part #	DESCRIPTION	EACH	AMOUNT
1	SSI-W1000P	Storserver W1000P Backup Appliance	10,900	10,900
2	SSI-ST-DISKP-300GB	Storserver 300GB Cache Pool Upgrade	999	1,998
2	SSI-STD-DSHELF-40	Storserver 4.0TB Sequential Disk Pool	12,552	25,104
1	SSI-ST-DCFIBRE2G-C	Storserver Dual Channel 2Gbps	2,570	2,570
0	TSM-BASERVER-S	TSM Processor License for Servers	445	
0	TSM-MSSQLNT	TSM for Databases Processor License	850	
0	TSM-MSEXCHNT	TSM for Mail, Processor License	850	
1	SSI-IN-W1000	Installation - W1000P	5,400	5,400
0	SSI-IN-AGENT	Installation - Mail & Database Agents	850	
1	SSI-ST-SILVER-YR1	Annual Support & Maintenance - W1000 Package	8,824	8,824
1	SSI-ST-SILVER-YR1	Annual Support & Maintenance - Installed Software	1,884	1,884
1	SSI-ST-SILVER-YR1	Annual Support & Maintenance - Qualstar Library	2,442	2,442

SubTotal 59,122

Freight, insurance, or applicable California state sales tax not included
Travel expenses not included for Installation and will be billed separately

Sales Tax
Total 59,122

CAPITAL EXPENDITURE BUDGET REQUEST

Department: 8480 - IT
Requested by: Adam Taylor

Budget year: 2006/2007
Estimated cost: \$59,122.00
Requested
Priority: 1

GENERAL INFORMATION:

Item description:
Backup server upgrade

Purpose:
Upgrade current backup system from tape only to disk plus tape. This allows much faster acquisition of archived and backed-up files. Requirement for DMS and PACS.

Is this item required or recommended by third-party or regulatory agencies?
Yes No N/A

If yes, please explain:

Is this item a replacement item?
Yes No N/A

If yes, please explain:

Describe any associated installation costs, site preparation, construction costs, additional equipment or supply costs or additional staffing requirements:

Additional comments:

Department Head Signature: _____ Date: 07/11/2006

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8. New Business

G. Virtual Servers

- i. Right now we are operating 32 servers
- ii. Implementing virtual servers would allow us to operate the same number of applications on much fewer servers (10 to 12).
- iii. This will produce future cost savings because we will be able to purchase much less hardware. We will be able to run new applications on the same physical server but on different virtual servers.
- iv. This will also allow us much quicker disaster recovery times. Since the servers are virtual, they can be restored from backup tapes rather than purchased from a vendor. Also, we can restore servers to existing equipment while we wait for new hardware to arrive.

Re-Store

6822 Xana Way
Carlsbad, CA 92009
Phone 760.744.5825
Fax 760.744.8242



Quotation

DATE 5/4/2006
Quotation # NIH001-009
Customer ID NIH001

Bill To:
Adam Taylor
Northern Inyo Hospital

Quotation valid until: 6/18/2006

Prepared By:
Bernard Shen, bernard.shen@re-store.net

#	Part #	DESCRIPTION	EACH	AMOUNT
2	VCB-VIN2U-CE	Vmware ESX Virtual Infrastructure Node FOR VC FOR 2-CPU (ESXSMP VCVLIC MGMT VM)	4,832	9,664
2	VIN2U-P-SSS-C	VIN 24X7 SUPPORT/SUB SLIC	1,904	3,807
1	VCMS-CE	VIRTUALCENTER VC MGMT SERVER VCVLIC APPLICATION INSTANCE-SINGLE	4,832	4,832
1	VCMS-P-SSS-C	VIRTUALCENTER VC MGMT SERVER SLIC 24X7 SUPPORT/SUB	1,359	1,359
4	IBM -19K1274	IBM Short Wave SFP Modules	110	440
2	PWLA8492MT	1000/100/10 LP-PCIX GIGABIT ENET SERVER DUAL COPPER PRO/1000MT	192	384
6	DRH380G4/2GB	2GB RAM kit for HP DL380 G4	367	2,201
1	INSTALL	Install & configure - Vmware ESX server on 2 HP DL380, VC server, SAN-based VMFS file system	1,600	1,600

SubTotal 24,287

Freight, insurance, or applicable California state sales tax not included
Travel expenses not included for Installation and will be billed separately

Sales Tax
Total 24,287



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 CDW+G SITE MAP

 PRINTABLE VERSION

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Quote Information

 [Send quote to an associate](#)

Quote #: BZH8614

Need Help?

Status: Open



Contact
Dave Solomon
Phone: (847) 968-9760 Ext. 79760
Fax: (847) 968-1760
[E-Mail quote to Dave](#)

Quote Date: 5/11/2006

Contact: ADAM TAYLOR

Description: BZH8614 QUOTE

Billed From Address

CDW Government Inc.
230 N. Milwaukee Ave
Vernon Hills, IL 60061

Billing Address

NORTHERN INYO HOSPITAL

ATTN: ACCTS PAYABLE
150 PIONEER LN
BISHOP, CA 93514-2599

(800) 594-4239

(760) 873-5811

Shipping Address

NORTHERN INYO HOSPITAL
ATTN: ADAM TAYLOR
150 PIONEER LN
BISHOP, CA 93514-2599

Payment Method

MasterCard/Visa Govt

Shipping Method

Airborne Ground

Product	Contract	CDW	Mfg Part #	Qty	Price	Ext. Price
HP ProLiant DL380 G4	Standard Pricing	768966	378736-001	2	\$2,185.45	\$4,370.90
HP Server & Accessories Intel Xeon 3.2 GHz processor	Standard Pricing	694729	374492-B21	2	\$625.22	\$1,250.44
HP 2GB Memory Module	Standard Pricing	675407	343056-B21.	6	\$535.92	\$3,215.52
HP Hot Plug/Redundant Power Supply	Standard Pricing	676404	355892-001	2	\$265.98	\$531.96
HP Universal Hard Drive hard drive - 36.4 GB - Ultra320 SCSI	Standard Pricing	442236	286776-B22	6	\$279.20	\$1,675.20
HP redundant hot plug fan kit	Standard Pricing	433375	293048-B21	2	\$220.23	\$440.46

Sub-Total \$11,484.48
 *US Tax: \$890.04
 Shipping: \$226.52
Grand Total \$12,601.04

*Tax may change if this quote is amended.

CAPITAL EXPENDITURE BUDGET REQUEST

Department: 8480 - IT
Requested by: Adam Taylor

Budget year: 2006/2007
Estimated cost: \$36,888.00
Requested
Priority: 1

GENERAL INFORMATION:

Item description:
Hardware and software for virtual servers

Purpose:
Virtual servers allow us to run 10 to 15 servers on one physical server. Also , the virtual servers can be backed up and easily restored, so this provides a much higher level of fault tolerance

Is this item required or recommended by third-party or regulatory agencies?
Yes No N/A
If yes, please explain:

Is this item a replacement item?
Yes No N/A
If yes, please explain:

Describe any associated installation costs, site preparation, construction costs, additional equipment or supply costs or additional staffing requirements:

Additional comments:

Department Head Signature: _____ Date: 07/11/2006

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RECORDATION REQUESTED BY:

Security Bank of California
3403 Tenth Street, Suite 830
Riverside, CA 92501

WHEN RECORDED MAIL TO:

Security Bank of California
3403 Tenth Street, Suite 830
Riverside, CA 92501

FOR RECORDER'S USE ONLY

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE COLLATERAL BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT AND ESTOPPEL CERTIFICATE

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT dated May 18, 2006 ("Agreement"), is made and executed among RJG Investments, LLC, whose address is 174 S. Main Street, Bishop, CA 93514 ("Landlord"); Northern Inyo County Local Hospital District, whose address is 174 S. Main Street, Bishop, CA 93517 ("Tenant"); and Security Bank of California, 3403 Tenth Street, Suite 830, Riverside, CA 92501 ("Lender").

LEASE. Tenant and Landlord have executed a lease dated August 3, 2005 of the property described herein which was recorded as follows: Unrecorded (the "Lease"). The following information is the summary of the basic terms and conditions of the Subordinated Lease: Five years commencing October 01, 2005 and ending September 30, 2010 with base rent of \$6400.00 per month.

REAL PROPERTY DESCRIPTION. The Lease covers Approximately 6,783 square feet of space of property located at 174 S. Main Street, Bishop, Ca. 93514 of the following described real property (the "Real Property") located in Inyo County, State of California:

See Exhibit A & B - Legal Description, which is attached to this Agreement and made a part of this Agreement as if fully set forth herein.

The Real Property or its address is commonly known as 174 S. Main Street, Bishop, CA 93514. The Assessor's Parcel Number for the Real Property is 01-182-40 and 01-182-28.

LENDER'S FINANCIAL ACCOMMODATIONS TO LANDLORD. On the condition that the Lease and all of Tenant's rights in the Real Property ("Lease Rights") be subordinated as provided below, Lender has agreed to make or has made a loan to Landlord, in the principal amount of \$1,500,000.00 ("Loan") pursuant to the "Note" dated May 18, 2006 ("Note") to provide loan financing to Landlord.

LENDER'S LIEN. In connection with the granting of the financial accommodations to Borrower, Borrower has or will be executing a deed of trust on the Real Property ("Lender's Lien").

IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION, THE SUFFICIENCY AND RECEIPT OF WHICH ARE HEREBY ACKNOWLEDGED, LENDER, LANDLORD, AND TENANT HEREBY AGREE AS FOLLOWS:

ESTOPPEL CERTIFICATE. Tenant hereby certifies to and agrees with Lender that as of the date of this Agreement, Lender is relying on all of the following certifications and agreements of Tenant as consideration for Lender executing this Agreement:

- (A) The Lease is in full force and effect and is the valid and binding obligation of Tenant, enforceable in accordance with its terms.
- (B) All requirements for the commencement and validity of the Lease have been satisfied.
- (C) Neither Tenant nor Landlord is in default under the Lease and no event has occurred and no condition exists, which with the giving of notice, the passage of time, or both, would constitute a default by Tenant or Landlord under the Lease.
- (D) There are no defenses, counterclaims or setoffs against rents or charges due or which may become due under the Lease and no claim by Tenant of any nature exists against Landlord under the Lease. All obligations of Landlord have been fully performed.

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT
(Continued)

Loan No: 400010100

Page 2

(E) None of the rent, which Tenant is required to pay under the Lease, has been prepaid, or will in the future be prepaid, more than one month in advance.

(F) The Lease shall not after the date of this Agreement be modified, terminated, or amended, without the prior written consent of Lender for any termination and each such amendment or modification. Any attempted modification, termination, or amendment without the prior written consent of Lender shall be void.

(G) Tenant has not assigned, mortgaged, sublet, encumbered or otherwise transferred any or all of its interest under the Lease and, during the term of the Loan, agrees to not assign, mortgage, sublet, encumber, or otherwise transfer any or all of its interest under the Lease without the prior written consent of Lender.

SUBORDINATION. Notwithstanding anything in the Lease to the contrary, the parties acknowledge and agree that the Lease and Lease Rights are and shall be subject and subordinate in right, interest and lien, and for all purposes, to Lender's Lien, and to all renewals, modifications, consolidations, replacements, and extensions thereof, and to any subsequent lien of the Lender with which Lender's Lien may be spread or consolidated, to the full extent of the principal sum and all other amounts secured thereby and interest thereon. Tenant will not cause the Lease to be subordinated to any interests other than those held by or made for the benefit of Lender, and its successors and assigns, without the prior written consent of Lender.

NON-DISTURBANCE. So long as the Lease is in full force and effect and Tenant is not in default under the Lease beyond any applicable cure period, Lender shall not name or join Tenant as a defendant in any exercise of Lender's rights and remedies arising upon a default of the Loan under the Note and/or under Lender's Lien unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or pursuing such rights and remedies. In the latter case, Lender may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Tenant's rights under the Lease or this Agreement in such action. If the Lease has not been terminated, then, when Lender succeeds to the interest of Landlord, the Lender shall not terminate or disturb Tenant's possession of Tenant's premises under the Lease, except in accordance with the terms of the Lease and this Agreement.

ATTORNMENT. If Lender shall succeed to the interest of the Landlord under the Lease, and the Lease shall not have expired or been terminated in accordance with the terms of the Lease or this Agreement, Tenant shall, from and after such event, attorn to Lender, all rights and obligations under the Lease to continue as though the interest of Landlord had not terminated. Such attornment shall be effective and self-operative without the execution of any further instrument on the part of the parties hereto. Tenant agrees, however, to execute and deliver at any time and from time to time, upon the request of Lender, any instrument or certificate which, in the sole judgment of Lender, may be necessary or appropriate in any such foreclosure proceeding or otherwise to evidence such attornment.

NO LIABILITY FOR LENDER. Lender in the event of attornment shall have the same remedies in the event of any default by Tenant (beyond any period given Tenant to cure such default) in the payment of annual base rent or additional rent or in the performance of any of the terms, covenants, and conditions of the Lease on Tenant's part to be performed that are available to Landlord under the Lease. Tenant shall have the same remedies against Lender for the breach of an agreement contained in the Lease that Tenant might have had against Landlord if Lender had not succeeded to the interest of Landlord; provided, however, that Lender shall not be:

- (A) Liable for any act or omission of or any claims against any prior landlord, including Landlord; or
- (B) Subject to any offsets or defenses which Tenant might have against any prior landlord, including Landlord; or
- (C) Bound by any rent or additional rent which Tenant might have paid for more than the current month to any prior landlord, including Landlord; or
- (D) Bound by any amendment or modification of the Lease, or waiver of any of its terms, made without its consent; or
- (E) Liable for any sum that any prior landlord, including Landlord, owed to Tenant, including without limitation any security deposit, unless the amount owed was actually delivered to Lender; or
- (F) Bound by any surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant; or
- (G) Liable for any construction obligation of any prior landlord, including Landlord; or
- (H) Liable for any breach of representation or warranty of any prior landlord, including Landlord.

NEW LEASE. If Lender shall succeed to the interest of the Landlord under the Lease, upon the written request of Lender to Tenant, Tenant shall execute and deliver to Lender a lease of the Real Property upon the same terms and conditions as the Lease between Landlord and

**SUBORDINATION, NON-DISTURBANCE AND ATTORNMENMENT AGREEMENT
(Continued)**

Loan No: 400010100

Page 3

Tenant, which lease shall cover any unexpired term of the Lease existing prior to such transfer.

ACKNOWLEDGMENT AND AGREEMENT BY LANDLORD. Landlord, as landlord under the Lease, acknowledges and agrees for itself and its heirs, successors and assigns to each of the following:

(A) This Agreement does not in any way release Landlord from its obligations to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Note, Lender's Lien or any other documents executed in connection with the Loan.

(B) In the event of a default under the Note, or any of the other documents executed in connection with the Loan, Landlord hereby consents to Tenant's attornment to Lender and, upon such event, Tenant shall pay all rent and all other sums due under the Lease to Lender as provided in the Lease.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Agreement, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Landlord also will pay any court costs, in addition to all other sums provided by law.

Authority. Any person who signs this Agreement on behalf of Landlord and Tenant represents and warrants that he or she has authority to execute this Agreement.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Counterparts. This Agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Landlord agrees upon Lender's request to submit to the jurisdiction of the courts of Riverside County, State of California.

Notices. Any notice required to be given under this Agreement shall be given in writing, and, shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing among Lender, Landlord, and Tenant shall constitute a waiver of any of Lender's rights or of any of Landlord's and/or Tenant's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT
(Continued)**

Loan No: 400010100

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Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors. This Agreement shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Agreement.

Waive Jury. To the extent permitted by applicable law, all parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

NOTICE: THIS AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND EACH PARTY AGREES TO ITS TERMS. THIS AGREEMENT IS DATED MAY 18, 2006.

LANDLORD:

RJG INVESTMENTS, LLC

By: _____
David R. McCoy, Manager of RJG Investments, LLC

By:  _____
Randy J. Gillespie, Member of RJG Investments, LLC

MCCOY REVOCABLE FAMILY TRUST DATED AUGUST 8, 1986, AS AMENDED, Member of RJG Investments, LLC

By: _____
David R. McCoy, Trustee of McCoy Revocable Family Trust dated August 8, 1986, as amended

By: _____
Roma B. McCoy, Trustee of McCoy Revocable Family Trust dated August 8, 1986, as amended

LENDER:

SECURITY BANK OF CALIFORNIA

X _____
Jamie Robinson, Vice President

TENANT:

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT

By: _____
Peter Watercott, President of Northern Inyo County Local Hospital District

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INTENTIONALLY

NORTHERN INYO HOSPITAL PERFORMANCE IMPROVEMENT PLAN

PURPOSE

The purpose of the Northern Inyo Hospital Performance Plan is to ensure that the Board of Directors, medical staff and Northern Inyo Hospital staff utilize a consistent, collaborative approach to planning, designing, measuring, assessing and improving performance of hospital processes.

The Performance Improvement Plan supports the mission of Northern Inyo Hospital to provide quality healthcare by maintaining an environment that is positive and caring for the patients, staff and community we serve.

We value: excellence in patient care, provided through our efforts to maintain current education for staff and community members.

A healing, family centered environment, provided by maintaining a caring atmosphere, trust, dignity and service.

Fiscal stability, balanced with our obligations to patients and staff. Conducting the activities of the hospital in an atmosphere of fairness and open communication.

Our unique rural location, providing opportunities for services that otherwise might not exist.

GOAL

The Northern Inyo Hospital, through the Board of Directors, Medical Staff and administration, is dedicated to ensuring that quality care is provided, through an ongoing program of quality assessment and improvement. This program provides effective mechanisms for monitoring patient care and promoting continuous improvement in patient care through ongoing assessment of all systems, key functions and processes while reducing and preventing health care errors. The mechanisms will focus on providing safe, effective, optimal patient care and services in an environment of minimal risk.

Northern Inyo Hospital will provide a hospital wide program, which monitors and evaluates the delivery of patient care for all patients and seeks to improve care and performance through a planned and systematic monitoring program. The scope of this plan will include all Medical Staff committees, patient care and support service departments throughout the hospital.

OBJECTIVES

1. To continuously improve patient care and services by providing a system of quality assessment and performance improvement, based on data, feedback and participation of staff, physicians, patients and all who use this institution's services in order to decrease variation in patient outcomes, increase patient satisfaction and decrease cost per case.
2. To assign responsibility for performance improvement activities to the Board of Directors, the Medical Staff Executive Committee, Administration and all hospital departments.
3. To ensure coordination and integration of all performance improvement activities by establishing the Quality Improvement Committee as a focal point for all performance improvement activities. To objectively monitor the performance improvement activities to ensure consistent development and implementation of the Performance Improvement Program.

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4. To provide uniform implementation of the Performance Improvement Program by defining appropriate scope of care and services and effective critical indicators for all Medical Staff committee and departmental performance improvement units.
5. To accurately collect and organize data, to develop new systems and processes, to monitor such processes and determine areas for improvement. To provide actions to improve patient care and services, so that concerns regarding patient care are identified, and appropriate actions are implemented which will lead to and sustain improvement in a collaborative, cross-departmental, interdisciplinary manner.
6. Data are systematically aggregated, analyzed and compared over time utilizing appropriate statistical techniques. Data are compared against clinically sound and current data sources.
7. To incorporate available information from internal sources and other organizations about the occurrence of medical errors and sentinel events to reduce the risk of similar events in this institution.
8. Undesirable patterns or trends in performance and all sentinel events will be intensively analyzed.
9. To effectively utilize the results of performance improvement activities in the Medical Staff and allied health professional credentialing, reappointment and privileging process.
10. To provide evaluation of the entire Performance Improvement Program to determine the effectiveness in improving patient care and to ensure that improved performance is achieved and sustained.
11. To report information to the Medical Staff Quality Improvement Committee and the Board of Directors to provide them with information to fulfill their responsibility for the quality and safety of patient care.
12. To measure the performance of new and modified processes to determine whether the process is performing to expectation.
13. To provide necessary information and data among all appropriate departments and services when problems or opportunities to improve patient care and safety practices involving more than one department or service.

SCOPE OF ACTIVITIES

Northern Inyo Hospital's performance improvement program includes an overall assessment of the efficacy of performance improvement activities with a focus on continually improving care provided and patient safety practices. The plan provides a systemic mechanism for the hospital's departments, professions and individuals to function collaboratively in their efforts to provide continuing performance improvement. Data are collected to monitor, assess and evaluate the dimensions of performance of patient care and the clinical performance of all individuals with clinical privileges. Performance data for processes that are known to jeopardize the safety of the individuals served or associated with sentinel events will be routinely monitored to assess care and identify opportunities to improve performance or resolve problem areas. Action will be taken to correct identified areas to improve performance. The results of the monitoring, assessment and evaluation process will be communicated to relevant individuals, departments and the Performance Improvement Coordinator.

Performance related to the following processes will be monitored at the suggested frequency of the Quality Improvement Committee:

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1. Management of hazardous conditions
2. Medication use (including medication errors and adverse drug reactions_
3. Operative procedures and other procedures that place patients at risk
4. Use of blood and blood components
5. Restraint use
6. Outcomes related to resuscitation
7. Staffing effectiveness
8. Infection control
9. Customer satisfaction
10. Pain management
11. Recommendations for achievement of patient safety goals
12. Performance measures related to accreditation and other requirements
13. Autopsy results
14. Care or services related to high-risk populations

METHODOLOGY

Northern Inyo Hospital utilizes the P (plan) D (do) C (check) A (act) methodology to plan, design, measure assess and improve functions and processes. Data collection is systematically aggregated and analyzed over time and on an ongoing basis. Data is displayed utilizing a variety of tools including: run charts, control charts, pareto charts, etc. Performance is compared with external sources to aid in determining unacceptable levels of performance. When such areas are identified, they are intensively analyzed to identify system changes to improve performance and patient safety.

ORGANIZATION/AUTHORITY

Board of Directors

The Board of Directors has the overall responsibility for establishing an effective, integrated performance improvement program. Authority and responsibility for the implementation of the Performance Improvement Program shall be delegated to the Hospital Administrator and the Medical Staff Quality improvement/Executive committee. Other staff professionals, through their clinical services, are assigned the responsibility for the delivery and evaluation of patient care and services they provide.

Quality Improvement Committee

The Quality Improvement Committee shall consist of the Executive committee. The Performance Improvement Coordinator and the Director of Nursing shall be Ex-Officio non-voting members. The chair shall be the Vice Chief of Staff.

Duties: The Quality Improvement Committee shall be responsible for overall supervision of patient care services, quality monitoring, assessment and improvement activities and accordingly shall

1. Develop and recommend to the District Board, and as adopted, maintain and oversee the implementation of a performance improvement plan, and revisions as needed, which sets

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forth specific mechanisms for reviewing, evaluating, and maintaining the quality, appropriateness, and efficiency of patient care within the Hospital.

2. Annually review, and report to the District Board of Directors, all patient care services and other services, which affect patient health and safety.
3. Review, evaluate, and coordinate findings and results of Service Chief, committee and other medical Staff patient care review activities; including without limitation, utilization reviews, continuing education, medical records reviews, and other activities designed to monitor patient care practices.
4. Prepare and maintain related records of the committee's review, evaluation, and coordinated findings and results of such patient care review activities.
5. Make recommendations to the committees responsible for continuing health care education for the development of appropriate educational programs.
6. The quality and appropriateness of the diagnosis and treatment furnished by nurse practitioners, clinical nurse specialists, and physician assistants at NIH shall be evaluated by a member of the NIH staff who is a doctor of medicine or osteopathy and such evaluation shall be reported to the Interdisciplinary Practice Committee of the Medical Staff.
7. Take corrective action when indicated by the findings and recommendations generated by the Beta Healthcare Group (Quality Improvement Organization).
8. Take appropriate remedial actions to address deficiencies found through the quality assurance programs and document the outcomes of all remedial actions.

Meetings and Reports

The Committee shall meet at least 10 times each year. A report submitted to or generated by the Quality Improvement committee shall be deemed to have been submitted to the Executive Committee also. There shall be a written or verbal summary report to the District Board of Directors on a periodic basis and at least quarterly.

Performance Improvement Committee

The performance improvement committee function will be a separate part of the Department Managers committee. The committee will consist of all department managers and will meet at least quarterly. The committee will review the performance improvement activities of hospital departments and patient care services and other services, which affect patient health and safety. Patient safety studies undertaken by Pharmacy and Therapeutics committee such as Medication therapy will be reported to the Performance Improvement Committee at least quarterly. Patient safety studies undertaken by the Infections Control committee such as the study of nosocomial infections will be reported to the Performance Improvement committee at least quarterly.

The Performance Improvement committee will annually review, and report to the Quality Improvement Committee all patient care services and other services which affect patient health and safety.

The Performance Improvement Committee will also take appropriate remedial actions to address deficiencies found through the quality assurance programs and document the outcomes of all remedial actions.

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Administration

The Hospital Administrator serves as the Performance Improvement Administrator and delegates responsibility for the management of the Performance Improvement Program to the hospital wide Performance Improvement Coordinator and department heads for implementation and directs the secretary to the Medical Staff in providing complete and accurate coordination of physician credentialing and privileging information for the hospital. The Administrator ensures a means for collecting, interpreting and reporting data regarding patient satisfaction. The Administrator shall provide adequate financial and staff support for the activities of the Performance Improvement Program.

Performance Improvement Coordinator

The Performance Improvement Coordinator provides assistance and direction to the Medical Staff and departmental units in developing quality improvement programs, and assists in identifying known or suspected problems. The Performance Improvement Coordinator ensures the collection of data, identifies and tracks problems, trends or patterns of performance, and promotes consistency and uniformity in all quality improvement activities. Results of patient questionnaires and noted problems are reported to the hospital staff and medical staff committee or committees for review and resolution. The Performance Improvement Coordinator provides guidance in identifying intra and inter-departmental processes and systems where opportunities for improvement in patient care and hospital services may be initiated. Confidential files are maintained and data is provided from committee performance improvement and peer review activities for use in the physician and Allied Health Professional reappointment process, renewal of privileges, and credentialing of the Medical Staff and Allied Health Professionals.

Coordination of Risk Management/ Performance Improvement Activities

Coordination of risk management and performance improvement activities is ensured through concurrent analysis of Quality Review Reports Incident reporting) by the Performance Improvement Coordinator. Implementation of corrective actions is referred to hospital committee structures for action. The Performance Improvement Coordinator represents hospital administration on the Safety Committee and participates in coordination of safety and risk management activities, including initiation of appropriate actions, when problems are found. Risk management concerns that are not resolved at the committee level are (may be) referred to the Medical Staff Quality Improvement/Executive Committee for review and action.

Standing Committees

At Northern Inyo hospital there are sixteen medical staff standing committees directly involved in performance improvement activities. The specific duties of these committees and their composition are delineated in the Medical Staff Bylaws. Unless otherwise specified in the Bylaws, the chair and members of all committees shall be appointed by and may be removed by the Chief of Staff, subject to consultation with and approval by the Executive Committee. Each committee chair or other authorized person chairing a meeting has the right to discuss and to vote on issues presented to the committee.

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The Administrator, or his or her designee, shall appoint any non-Medical Staff committee members who are not designated by title in the provision of resolution creating the committee. The removal of any committee member who is automatically assigned to a committee because he or she is a general officer or other official shall be governed by the provisions pertaining to removal of such officer or official. Unless otherwise specified a committee member shall be appointed for a term of one year, subject to unlimited renewal and shall serve until the end of this period and until his or her successor is appointed, unless he or she shall sooner resign or be removed from the committee.

The standing committees are

1. Bylaws Committee
2. Credentials Committee
3. Emergency Services Committee
4. Executive Committee
5. Infection Control Committee
6. Pharmacy and Therapeutic Committee
7. Intensive Care Committee
8. Interdisciplinary Practice Committee
9. Library and Medical Education Committee
10. Medical Service Committee
11. Medical Staff Assistance Committee
12. Perinatal-Pediatrics committee
13. Purchasing Priorities Committee
14. Surgery, Tissue, Transfusion and Anesthesia Committee
15. Quality Improvement Committee
16. Utilization Review and Medical Records Committee

Performance Improvement functions and responsibilities of the standing committees:

Structure, duties and responsibilities of Medical Staff standing committees will be as stated in the Medical Staff Bylaws/Rules and Regulations.

Performance Improvement Units

Each performance improvement unit whether Medical Staff committee or hospital department committee providing patient care or support services will develop a performance improvement program and implement procedures to ensure appropriate monitoring and resolution of known or suspected problems, which shall include:

1. The scope and important aspects of clinical services provided.
2. The quality of appropriateness of diagnosis and treatment furnished by licensed independent practitioners or allied health professionals
3. A systematic method of problem identification by means of critical indicators and, as appropriate, secondary screens
4. Routine collection of data; data aggregation and analysis over time
5. Periodic review and assessment of that data
6. Identification of problems and determination of corrective actions
7. Evaluation of the results of corrective actions
8. Methods for reporting results of corrective actions
9. Appropriate follow-up to ensure problem resolution and process improvement

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10. Periodic evaluation of performance improvement for effectiveness

Special Quality/Performance Improvement units

The Quality Improvement Committee may periodically appoint special committees to investigate and address matters of performance improvement focusing on known or suspected problems; or when indicated, areas with potential for substantial improvement in patient care or services.

Medical Staff

The Medical Staff shall make the commitment to actively participate in the Performance Improvement Program, and is delegated the authority and accountability for the monitoring and evaluation of medical functions and activities, and for the appropriateness of patient care and clinical performance of all individuals with clinical privileges.

Confidentiality

The information, data and results of reviews generated by all performance improvement/risk management activities within the hospital shall be considered confidential.

The Quality Review Report (QRR) and medication occurrence report prepared by hospital employees and staff physicians is intended to constitute a medical staff committee document. It will remain confidential and will be transmitted to the Quality Improvement Committee through the Performance Improvement Coordinator.

Conflict of Interest

No physician or other individual involved in performance improvement/peer review activities shall be required to review any case in which they are professionally involved.

PEER REVIEW PROCESS

Critical Indicators

A critical indicator is a primary screen used to identify occurrences that may indicate an aspect of care, which might benefit from the peer review process.

Medical Staff service committees select and approve critical indicators and secondary screens.

1. Critical indicators identify adverse patient occurrences, or aspects of patient care that may be less than optimal and which may indicate the need for peer review.
2. Indicators concentrate on high volume and/or high-risk aspects of care.
3. Records not identified by critical indicators are not referred for peer review, but may be presented for educational purposes.
4. Critical indicators shall be reviewed yearly for by each medical staff committee.
5. A committee may add new indicators at any time.

Secondary Screens

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Secondary screens are exceptions to indicators, which may be established by the individual service committees. If a record meets the exception it will not require peer review.

Example of Secondary Screens

Indicator: Readmission to hospital within 30 days

1. Second admission for a unrelated diagnosis
2. Expected or scheduled return admission

Primary Review

Patient records are reviewed against unit specific critical indicators and secondary screens by the unit head nurses. Those that do not meet secondary screens will be designated for peer review.

Peer Review Assignment

The unit manager, in consultation with the committee chairperson, will assign a committee physician to conduct peer review. Every effort will be made to make peer review assignment rotational and as random as possible, such as alphabetical. Peer review may be provided by any physician member of a committee with the exception of any physician who has been involved in the care of the patient. If pre-review identifies a case that may benefit from review by a member of the same specialty, or if a physician assigned to provide peer review does not feel qualified to assess a record or aspect of that record essential to the case, the committee chairman may assign a second reviewer and place the initial physician's name in rotation again.

Peer Review Procedures

Physicians conducting peer review should evaluate the patient record to assess the medical care provided and determine if there are aspects of care that may have contributed to the occurrence of the indicator(s)

1. Peer review should be objective, and presentation educational and brief
2. When a patient record is evaluated, review may only be required to the point where the indicator or occurrence is identified. However it is usually necessary to consider the entire chart in order to provide comprehensive assessment of the care provided.

Findings

Peer review conclusions including completion of the quality of the medical record shall be concisely reported and recorded on the peer review assessment form, which may be included in the physician's or allied health professional's credentials packet. Peer review findings and concerns relevant to the patient's record may be noted on the peer review work sheet which will be destroyed, following presentation at the conclusion of the meeting.

Presentation

Committee presentation of peer review findings, by the peer review physician shall include:

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1. The indicator being reviewed (why the chart fell out)
2. Pertinent findings in the patient's record
3. Conclusions, suggested recommendations and actions, if applicable

Attending, allied health professionals and peer review physicians are notified in advance of the patient's medical record number to be reviewed, and the date of the committee meeting at which that record is scheduled for presentation. Patients' records should be presented, as soon as is feasible and not later than 2 meetings from the time the chart is initially scheduled for review. If review is scheduled for two meetings and the primary physician/ allied health professional and/or reviewing physician is not in attendance; committee review and determination of conclusions may take place at that second meeting in the involved physician(s) or allied health professional's absence, at the discretion of the committee chairperson.

The peer review assessment form may be signed off only after the peer review findings have been reviewed with the involved physicians or allied health professional by the committee chairperson; for presentation at the next regularly scheduled peer review committee meeting. If a case is not resolved within a 6-month period of time, it shall be referred to the Executive Committee for action. The peer review section of each committee meeting should take place, whenever feasible, prior to the business section of all meetings, in order to provide timely and useful review of records requiring presentation.

Conclusions

The Performance Improvement Department will collect and compile data regarding Conclusions and Indicators, Quality and Appropriateness of care provided by individual physician and allied health professional to be considered at time of reappointment. All peer review documents will be accumulated in the individual physician's or allied health professional's credentialing folders, for review at time of reappointment.

Conclusions in the first five categories (found above the line on the Peer Review/Assessment form) do not require attending physician/allied health professional notification or committee vote but may be presented to a committee for educational purposes.

All instances when conclusions in the last five categories (found below the line on the peer Review/Assessment form) are being considered, by the peer review physician, will be discussed with the attending physician or allied health professional, prior to presentation in committee. Conclusions in the last five categories require a vote by the physician members of the committee.

If the committee agrees with conclusions in the last five categories, it is essential that the committee provides recommendations, and if needed, suggested corrective actions, which will be documented in the committee minutes.

Peer Review Concerns

Staff physicians or allied health professionals may bring questions regarding the results of a specific peer review, or the peer review process, to the attention of the Chief of Staff, who will determine any necessary actions that may be required to create uniformity in the peer review process.

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If a member of the Medical Staff or an allied health professional registers concern regarding the fairness or accuracy of the peer review of a particular medical record, that medical record shall be presented to the Chief of Staff for determination of further action.

Actions

1. Determination that peer review be done by another physician.
2. Return of the medical record to the involved committee with specific request for further review and conclusion.
3. Referral of a medical record to another service committee for review by the chairman or assigned peer for determination of conclusions, recommendations and actions.
4. Presentation of the medical record to the Executive Committee for determination of conclusions, recommendations and actions with peer reviewer and attending physicians present.
5. Referral of the record to the Program Beta Peer Review Network for external review.

When questions regarding the care provided can not be resolved, or aspects are identified that suggest review by another committee would be more appropriate, that chart may be referred to another committee for determination of conclusions and recommendations. The referring committee should define the aspect of care requiring further evaluation, and provide direction for additional review stating the specific questions that should be answered.

Medical Records Department

The Medical Records Director or designee shall participate in the following quality improvement activities:

1. Assists all Medical Staff and departmental quality improvement units in obtaining medical records for purposes of screening and peer review.
2. Provides statistics and reports of patient discharges by diagnosis for Medical Staff and hospital department committees for quality improvement purposes.
3. Ensures privacy and confidentiality of all records and documents, for patients, physicians, and hospital staff.
4. Screens medical records for compliance with Medical Staff Bylaws and established criteria for timeliness and completion of medical records.

PROGRAM EVALUATION

The Quality Improvement Committee, the Performance Coordinator, the Hospital Administrator and the Board of Directors will, at least annually, evaluate the objectives, organization and effectiveness of the Performance Improvement Program for evidence of achievement of goals, objectives and the integration and coordination of reviews, actions and appropriate follow up. The evaluation will identify components of the Program that need to be instituted, altered or deleted. Resultant recommendations, when instituted should ensure that the program is comprehensive, effective in improving patient care/clinical performance, and cost effective.

Yearly review of the Performance Improvement Program will include but not be limited to:

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PERFORMANCE IMPROVEMENT PLAN**

1. The quality and appropriateness of the diagnosis and treatment furnished by doctors of medicine or osteopathy at NIH will be evaluated by the Beta Healthcare group (a Quality Improvement Organization) at least annually and will be reported to the Quality Improvement Committee of the Medical Staff.
2. Review of performance improvement objectives in all Medical Staff and committee functions to assess the degree to which objectives are currently being met.
3. Appraisal of compliance with the hospital wide Performance Improvement Program to determine the degree to which steps outlined in the program are being followed in all Medical Staff and departmental committees.
4. Evaluation of the status of all committees peer review activities and studies to determine if problems and areas for potential improvement are identified and recommendations and actions are appropriately initiated and, as possible, completed.
5. Determination of data collection detail and frequency; set priorities for performance improvement activities.

Medical Staff Committee Structure and Responsibilities are delineated in the Northern Inyo Hospital Medical Staff Bylaws.

END