

- CALL TO ORDER                    The meeting was called to order at 5:37 pm by Peter Watercott, President.
- PRESENT                            Peter Watercott, President  
John Ungersma, M.D., Vice President  
M.C. Hubbard, Secretary  
Michael Phillips, M.D., Treasurer  
D. Scott Clark, M.D., Director
- ALSO PRESENT                    John Halfen, Hospital Administrator  
Charlotte Helvie, M.D., Chief of Staff  
Douglas Buchanan, Esq., Hospital District Legal Counsel  
Sandy Blumberg, Administration Secretary
- ALSO PRESENT FOR  
RELEVANT PORTION(S)            Dianne Shirley, R.N., Performance Improvement Coordinator
- OPPORTUNITY FOR  
PUBLIC COMMENT                 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 July 15 2009 regular meeting, and the August 27 2009 special meeting were approved
- FISCAL YEAR 2008/2009  
AUDITED FINANCIAL  
STATEMENT                        John Halfen, Chief Financial Officer called attention to the audited financial statements for fiscal year 2008/2009. He noted audit adjustments netted a bottom line positive increase of approximately \$400,000, bringing total year-to-date net revenue to \$5,089,125. Following review of the audited statements it was moved by M.C. Hubbard, seconded by John Ungersma, M.D. and passed to approve the financial statements and audit adjustments for fiscal year 2008/2009 as presented.
- FINANCIAL AND  
STATISTICAL REPORTS            Mr. Halfen also reviewed with the Board the financial and statistical reports for the month of July 2009. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$958,281. Mr. Halfen called attention to the following:
- *Inpatient revenue was slightly under budget, but outpatient revenue was significantly over budget*
  - *Total expenses were over budget*
  - *Salaries & wages were under budget*
  - *Professional Fees expense continues to be over budget*
  - *The Balance Sheet shows no significant change*
  - *Total Assets continue to grow*
  - *Year-To-Date Net Revenue totals \$958,281*
- Mr. Halfen noted accounts receivable are currently under 60 days. He also noted expenses were over budget primarily due to professional fees

expense, and the month of July has started this fiscal year in a significantly profitable way. It was moved by Michael Phillips, M.D., seconded by Doctor Ungersma, and passed to approve the financial and statistical reports for the month of July 2009 as presented.

OPENING REMARKS,  
EMPLOYEE  
GRIEVANCE

Mr. Watercott asked if anyone present had comments regarding the employee grievance scheduled for discussion during the closed session portion of this meeting. No comments were heard.

CLOSED SESSION

At 5:45 p.m. Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

- A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Discuss an employee grievance (Government Code Section 54957).
- C. Instruct negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of a real property (Government Code Section 54956.8).
- D. Instruct negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of a second real property (Government Code Section 54956.8).
- E. Confer with legal counsel regarding an amended claim filed by John Nesson M.D. against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

RETURN TO OPEN  
SESSION AND REPORT  
OF ACTION TAKEN

At 7:30 p.m. the meeting was returned to open session. Mr. Watercott reported the Board took action to deny an employee grievance. Mr. Watercott also reported the Board took action to approve a purchase offer on the property at 2957 Birch Street, Bishop, California, subject to receiving the appraisal value of the property and subject to Board approval of the final documents for the sale.

ADMINISTRATOR'S  
REPORT

BUILDING UPDATE

Turner Construction Project Manager Kathy Sherry reported drilling of the piers for the foundation of the new hospital building is progressing slower than expected. She noted soil conditions are not as expected following review of original geotechnical reports, and the resulting slowdown has caused the project to be one month behind schedule. Ms. Sherry also noted Turner representatives recently had a very positive meeting with the Office of Statewide Healthcare Planning and Development (OSHPD), and they are doing everything possible to speed up production on Phase II. Re-bidding of some of the subcontracts for the project is expected to provide significant cost savings, and will be completed as of September 30. Ms. Sherry also reported the changeover

to new architects is progressing smoothly, and the peer review portion of the process has already been completed.

Mr. Halfen called attention to the F.Y.I. section of the Administrator's report, which included information on reduction of the hospital's parcel tax receipts; a successful kitchen inspection; and security reports for two months which revealed no significant security issues.

CHIEF OF STAFF  
REPORT

Chief of Staff Charlotte Helvie, M.D. called attention to the following policies and procedures recommended for approval by the District Board:

- A. Hospital wide policy and procedure *Photo Documentation Policy*
- B. Rural Health Clinic standardized procedures:
  - 1. *Minor Surgical Procedures*
  - 2. *Laboratory and Diagnostic Testing*

OLD BUSINESS

It was moved by D. Scott Clark, M.D., seconded by Ms. Hubbard, and passed to approve all three policies and procedures as recommended.

REAFFIRMATION OF  
NEGOTIATOR

Mr. Halfen asked for reaffirmation of himself as negotiator regarding the potential acquisition of two real properties; one located at Barlow Lane and Highway 395 in Bishop, California; and the other located at 2957 Birch Street in Bishop, California. It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve both reaffirmations of John Halfen as negotiator as requested.

POSSIBLE  
TERMINATION OF A  
PROFESSIONAL  
SERVICES CONTRACT

Mr. Watercott reported discussion of the possible termination of a professional services contract will be tabled to the next regular meeting of the District Board.

NEW BUSINESS

PENSION PLAN  
AMENDMENTS

Mr. Halfen referred to proposed changes to the Northern Inyo Hospital (NIH) pension plan as recommended by Milliman Corporation. The changes would not affect existing employees but would affect the interest rate for benefit calculations for incoming staff. The hospital's pension fund is extremely healthy at this time, however adjustments are needed to compensate for lower interest rates which have been a reality for the past couple of years. Mr. Halfen noted changes such as lower market rates and higher retirement ages have caused pension adjustments to become necessary, and the suggested changes include a decrease to the maximum payout amount for incoming employees. Mr. Halfen additionally noted the recommended adjustments are in accordance with federal guidelines and should make NIH eligible for government pension fund insurance programs expected to be available in the future. Mr. Halfen additionally stated the proposed changes will also affect employees who choose a lump sum distribution of their plan, and if market conditions improve in the future it is always an option to return to previously established

distribution rates. Following discussion it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve the changes to the NIH pension plan as recommended by Milliman Corporation.

COBRA RATE  
INCREASES

Mr. Halfen also referred to proposed Cobra rate increases to employee medical, dental, and vision programs, which have been recommended by Pinnacle Claims Management. The suggested changes are considered to be prudent in light of current market conditions, and can be recalculated again in future years if appropriate. It was moved by Doctor Clark, seconded by Ms. Hubbard, and passed to approve the Cobra rate increases recommended by Pinnacle Claims Management as requested.

SUGGESTED  
AMENDMENTS TO  
PPAC GUIDELINES

Mr. Halfen also referred to proposed changes to guidelines for the NIH Personnel Payroll Advisory Committee (PPAC). The proposed amendments are the result of a long-overdue review of existing PPAC guidelines, and they provide guidance for the group that provides employee input to management. Following review of the suggested amendments, it was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the PPAC guideline amendments as recommended.

ANNUAL APPROVAL  
OF POLICY AND  
PROCEDURE  
MANUALS

Mr. Watercott referred to the following Policy and Procedure manuals which were submitted for the annual review and approval of the District Board:

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|------------------------|----------------------------|
| 1. Central Supply      | 13. Med-Surg Unit          |
| 2. Emergency Room      | 14. MRI Safety             |
| 3. ICU Unit            | 15. Nuclear Medicine       |
| 4. Infection Control   | 16. Nursing Administration |
| 5. Laboratory Manual   | 17. OB Unit                |
| 6. Language Services   | 18. Radiation Safety       |
| 7. Outpatient Unit     | 19. Respiratory Therapy    |
| 8. PACU Unit           | 20. Rural Health Clinic    |
| 9. Pediatric Unit      | 21. Safety                 |
| 10. Pharmacy           | 22. Staff Development      |
| 11. Radiology          | 23. Surgical Services Unit |
| 12. Mammography & MSQA |                            |

It was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve all of the policy and procedure manuals as requested.

ANNUAL APPROVAL  
OF NIH AUXILIARY  
BYLAWS

Mr. Watercott called attention to the NIH Auxiliary Bylaws, which were also presented for the annual approval of the District Board. It was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to approve the NIH Auxiliary Bylaws as requested.

RHC PHYSICIAN  
AGREEMENTS

Mr. Watercott referred to proposed agreements with Rural Health Clinic (RHC) physicians Thomas Boo, M.D., and Jennifer Scott, M.D.. Doctor Boo is returning to this area and establishing a practice at the RHC, and

Doctor Scott's agreement provides a three-month extension of her existing contract. It was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to approve the agreements with Doctors Scott as Boo as requested, with housekeeping changes being made to the documents.

EQUIPMENT  
FINANCING  
PROPOSALS

Mr. Halfen referred to equipment financing proposals received from Healthcare Capital Services (HCS); and to District Resolution No. 09-05 and Ordinance 09-01 from Quint & Thimmig LLP for the purchase of Build America Bonds. Mr. Halfen noted the hospitals' previous equipment financing offer was recently withdrawn, and it is his feeling that Build America Bonds are currently the best equipment financing choice for the Hospital. The bonds allow for an approximate 35% rebate of bond interest and are part of the government's economic recovery plan. Following review of both financing proposals it was moved by Ms. Hubbard, seconded by Doctor Clark, and passed to approve District Resolution 09-05 and District Ordinance 09-01 for the purchase of Build America Bonds as presented.

2008/2009 BETA  
HEALTHCARE GROUP  
AUDIT

Mr. Watcrott referred to an audit of the hospital's comprehensive liability insurance for the period of July 1 2008 to June 30 2009, provided by Beta Healthcare Group. Mr. Halfen noted the audit results in no significant changes being made to the Hospital's policy, and in no increase being made to the annual premium. It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the Beta Healthcare liability insurance audit as presented.

BLOOD GAS  
ANALYZER PURCHASE

Leo Freis, Compliance and Administration Support Services referred to a proposal to purchase a new blood gas analyzer for the Hospital Laboratory, at a cost of \$14,738. The hospital's current analyzer is not the best technology available, and replacing it would allow significant time savings and more efficient testing. It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the purchase of a new blood gas analyzer as requested.

APPROVAL OF 457-B  
PLAN CHANGES

Mr. Halfen called attention to proposed changes to the Hospital's 457(B) plan for voluntary supplemental pension plan insurance. The proposed updates to the plan have no real impact on the value of the plan, and are mostly housekeeping in nature and recommended by law. It was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve the changes to the District's 457(B) plan as recommended by Lincoln Financial Group.

BUILDING PROJECT  
CHANGE ORDER,  
ADDENDUM #5

Turner Construction project manager Kathy Sherry called attention to Change Order Request COR-012, addendum #5 to Phase II of the hospital rebuild project. The change order, which totals \$559,483.17, is for electrical upgrades, and for changes to plans for structural concrete and structural steel. It is essentially the result of OSHPSD recommendations

regarding the design plan for the new building. Following review of the changes needed it was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve Turner Change Order Request Number COR-012 as requested

**BOARD MEMBER  
REPORTS**

Doctor Ungersma reported on the current status of Senate Bill (SB) 726, which would allow California Healthcare Districts to employ physicians. The Bill has recently received a tremendous amount of positive press, and it appears that its successful passage is becoming more of a possibility.

**OPPORTUNITY FOR  
PUBLIC COMMENT**

In keeping with the Brown Act, Mr. Watercott again asked if any members of the public wished to comment on any items listed on the agenda or on any items of interest. No comments were heard.

**ADJOURNMENT**

The meeting was adjourned at 8:29 p.m..

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Peter Watercott, President

Attest:

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M.C. Hubbard, Secretary