

**SOUTH PENINSULA HOSPITAL, INC.  
REGULAR BOARD MEETING**

**SPH Conference Rooms**

**April 26, 2006**

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**CALL TO ORDER**

The meeting was called to order at 6:02 p.m. by Vice President Ron Alderfer.

**ROLL CALL:**

Present:	Pat Hartley	Arthur Tilgner
	Terry Thompson	Steve VanWagoner
	Ron Alderfer	Toni Parlow
	William Marley (telephonic)	

Excused: Rick Eckert

Also Present: Charlie Franz, CEO  
Brenda Parnell, CFO  
Christine Anderson, RN/SPH Director of Patient Care Services  
Donna Anderson, SAB Representative  
Scot Wheat, Center for SEAL  
Larry Sloan  
Mary Ann Scruggs, RN  
Peg Coleman  
Jan Hanenberger, Homer Secretarial Services

**APPROVAL OF AGENDA**

Agenda approved as submitted.

**COMMENTS OF THE AUDIENCE**

- Mary Ann Scruggs mentioned she had resigned from SPH, referenced a letter to the members which outlined the reason for her resignation, and requested time in Executive Session to speak to them. Mr. Alderfer declined her request but assured her they would review her letter.

**APPROVAL OF THE MINUTES OF THE REGULAR BOD MEETING ON MARCH 22, 2006.**

Ms. Hartley referred to the second paragraph on page three and requested the following portion be deleted: *“Ms. Hartley requested the SAB be ~~asked for consideration of this action and~~ clearly informed of the reasons the BOD would like the KPB to develop the language.”*

The minutes were approved as amended.

**OLD BUSINESS**

**Construction Project Status – Mr. Franz**

Mr. Franz reported holding a pre-bid meeting with interested contractors on April 13. Approximately 20 contractors attended, asked several questions, and showed quite a bit of interest. An addendum to the plan has been issued to address questions asked during the meeting. Bids are due by May 3 and the contract will be awarded the middle of May.

**CT Scanner Financing – Mr. Franz**

Mr. Franz reported Ms. Parnell has been working with the Borough Finance Director to develop the financing package for purchasing the CT Scanner. They plan to use a portion of capital funds appropriated for 2007 and finance the balance over the next five years.

**RHPI Work Session Follow-Up – Mr. Franz**

Mr. Franz reported a special board work session was held. Mr. VanWagoner mentioned the Governance Committee is currently working on this.

**Action Item – Governance Committee**

**Board Member Appointment – Mr. VanWagoner**

Mr. VanWagoner provided background on Mike Dye and Peg Coleman who have applied. A decision will be made shortly.

**Action Item – Governance Committee**

**Reallocation of Capital Equipment Funds – Mr. Franz**

Mr. Franz referred to a memorandum in the members' packet regarding reallocation of funds from the Endoscope System to purchase critical surgical equipment. The SAB agreed with the request and forwarded a motion to the KPB Finance Department.

**Purchase Process – Mr. Franz/ Ms. Parnell**

Mr. Franz provided a brief update on a proposal to the KPB for a purchasing process more in line with Central Peninsula Hospital's.

Dr. Marley mentioned he was having a very hard time hearing the meeting telephonically. Since the board already had a quorum he hung up at 6:16 p.m.

Ms. Parnell then provided a PowerPoint presentation on the suggested purchasing process SPH plans to present to the KPB. Various purchasing scenarios were provided. Mr. Franz mentioned the changes would require modification to the current language in the Sublease and Operating Agreement. The consensus of the BOD was to move ahead.

**Action Item – Ms. Parnell/ Mr. Franz**

**NEW BUSINESS**

**SAB Letter Re: FY07 Operating Budget – Mr. Franz**

Mr. Franz referred to the copy of the SAB letter in the members' packets that contained requests on how they would like the budget presented.

**Joint Audit Committee Charter**

Mr. Alderfer asked the members for input on the draft charter. Ms. Hartley felt the committee did a good job. After some discussion it was sent back to the committee for more clarification in some areas.

**Action Item – Joint Audit Committee**

**Joint Board Meeting**

Mr. Franz mentioned the SAB presented a proposal to the BOD for holding a joint board meeting, on May 11, with finalizing the charter as the only item on the agenda. Ms. Hartley reported the Joint Governance Committee discussed the possibility of holding one joint meeting a month to cover the duplicated information presented, such as the financials and educational topics. Each board could then split up and complete their individual meetings.

**TILGNER/HARTLEY MOVED/SECONDED:  
TO INCLUDE DISCUSSION OF HOLDING MONTHLY JOINT BOARD MEETINGS  
ON THE AGENDA FOR THE MAY 11 JOINT MEETING WITH THE SAB.**

**The motion passed.**

**COMMITTEE REPORTS**

**Finance Committee – Ms. Parnell**

Ms. Parnell mentioned electronic copies of the financial statements had been forwarded to both Finance Committees prior to their meetings. In an attempt to save on paper and copy time she offered to do the same for board members.

Ms. Parnell then provided a report on the financials:

- Year-to-date revenue is off approximately \$1 million.
- Operating expenses were at \$19,500,000 with a budgeted amount of \$20,680,000.
- Year-to-date EBDITA is at a negative \$152,664 and is currently eating into the cash reserves. Because of this they are keeping expenses as tight as possible.
- Year-to-date there is an operating loss of \$1.2 million.
- Cash on hand looks good with \$2.1 million in the bank.
- Net accounts receivable is at \$5 million with a budget of \$4.5 million. Net accounts receivable days went up four days due to a busier month.
- Occupancy was good at 48% with a budgeted amount of 40%.
- Acute care patient days, newborn births and ER visits are down; surgery procedures are average; LTC occupancy rate is varying but currently is at 100%; outpatient visits are looking good; Home Health clients are at 20 compared to 17 last year.

Ms. Parnell added the annual financial audit is coming up soon, the budget is nearing completion, and JoAnn Medina is the new Patient Accounting Manager.

**President – Mr. Eckert**

No report.

**Chief of Staff - Dr. Brady**

Dr. Brady was not present due to late night in ER but provided a written report. Mr. Franz provided a brief review of the report and answered questions.

**Administrator - Mr. Franz**

Other than his written report Mr. Franz reported the following:

- State surveyors were at LTC for their annual survey. The department did an outstanding job with only two deficiencies.
- Surgeons have provided their schedules through January 2007. Three periods of time will need to be covered by *locum tenens*, with two of those already tentatively covered.
- Conference room three has been moved and will be set in place shortly.
- Borough Mayor Williams and city Mayor Hornaday have been working on a land deal, with certain borough and city properties, for hospital use.
- Alaska Small Hospital Performance Improvement Network (ASHPIN) met, which is a group of 11 small hospitals that have banded together to do collaborative work and share ideas.
- Staff continues to prepare for a possible Avian Flu outbreak.
- Annual awards dinner will be May 6 at Land's End. Mr. Franz encouraged the members to attend and see the staff recognized for all their hard work.
- Mayor Hornaday sent a proclamation proclaiming May 7 through May 13 as National Hospital Week, as well as a proclamation recognizing the hospital's 50<sup>th</sup> Anniversary which will be celebrated May 8.
- May 8 will also be the first showing of the "Healing Art Program" at the hospital. This is a collaborative effort with Homer Council on the Arts to work with local artists to display their artwork on the walls in the hospital.
- Rosemary Craig, the new Quality Improvement Manager, will arrive May 1. Prior to joining the SPH staff Ms. Craig was the QI Manager at Alaska Regional.
- Ryan Smith, CFO of SPH in 1996 through 1999, is the new CEO at Central Peninsula Hospital.

**Chairman SAB**

Board Member Anderson had nothing to report.

**Governance Committee – Mr. VanWagoner**

Report provided earlier.

**QI Committee**

No report.

**Planning Committee - Mr. Franz**

No report.

**PR Committee - Ms. Hartley**

Ms. Hartley reported the following:

- RFP will be going out for a community survey.
- Job description is being worked on for a Marketing Coordinator.

- Department managers are working on descriptions of their respective departments and photos will be taking to prepare a PowerPoint presentation. This will then go out to the community when supporting the hospital and the expansion.
- Web site to be developed further.
- Volunteer help is needed for the 50<sup>th</sup> Anniversary celebration. Please contact Ms. Hartley or Barbara Howard.

### **Joint Audit Committee**

Previously covered.

### **Comments of the Audience**

- Mary Ann Scruggs voiced her concern regarding problems at the hospital and asked to speak to the board privately.
- Larry Sloan commended SPH and the staff.

### **Comments of Board**

- Dr. Tilgner mentioned he also experienced problems with hearing when attending telephonically and asked that they improve the system. He was concerned about Ms. Scruggs comments, felt they should address her concerns, and asked her to be patient.
- Mr. VanWagoner appreciated Ms. Scruggs coming and echoed Dr. Tilgner's comments.
- Ms. Parlow was excited about the joint effort between the boards and agreed with the comments by Dr. Tilgner and Mr. VanWagoner.
- Mr. Alderfer thanked Ms. Scruggs for coming.

**TILGNER/VANWAGONER MOVED/SECONDED:  
TO GO INTO EXECUTIVE SESSION TO DISCUSS PERSONNEL AND FINANCIAL  
MATTERS.**

**The motion passed.**

If it was acceptable with the BOD, Mr. Franz requested Christine Anderson, Director of Patient Care Services, attend the Executive Session. There were no objections.

**\*\*\*\*\*INTO EXECUTIVE SESSION – 8:02 P.M.\*\*\*\*\***

**\*\*\*\*\*RETURN TO REGULAR SESSION – 9:35 P.M.\*\*\*\*\***

Ms. Anderson stayed in Executive Session until 9:18 p.m.

**PARLOW/VANWAGONER MOVED/SECONDED:  
THAT DR. JAMES PETERSEN BE REAPPOINTED TO THE ACTIVE MEDICAL  
STAFF AND THAT DR. VICKEY HODNIK BE REAPPOINTED TO THE COURTESY  
MEDICAL STAFF AND THAT DR. CHARLES CORDOVA BE REAPPOINTED TO  
THE CONSULTING MEDICAL STAFF OF SOUTH PENINSULA HOSPITAL.**

**The motion passed unanimously.**

**VANWAGONER/THOMPSON MOVED/SECONDED:  
TO APPOINT PEG COLEMAN TO FILL VACANT SEAT ON THE BOARD OF  
DIRECTORS.**

**The motion passed unanimously.**

**Meeting adjourned at 9:40 p.m.**

**NEXT MEETING DATES**

SAB Finance Meeting SPH Conference Room 1	05/01/06	Noon
50 <sup>th</sup> Anniversary Party	05/08/06	11:00 a.m.–1:00 p.m.
SAB Regular Meeting	05/11/06	6:00 p.m.
BOD Regular Meeting	05/23/06	6:00 p.m.
Memorial Day	05/29/06	

Unless otherwise noted, meetings are held in the conference rooms.