

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

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

ALSO PRESENT John Halfen, Administrator
Robbin Cromer-Tyler, M.D., Chief of Staff
Douglas Buchanan 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 comment on any items listed on the agenda for this meeting, or on any items of interest. Local artist Dwayne Daniels was present to offer a donation of his artwork to Northern Inyo Hospital (NIH) to be displayed in the new hospital building in memory of his wife Delores A. Daniels. Mr. Daniels asks that the artwork be located in a place of dignity, and also asks that plaques be mounted indicating that the pieces were donated on his wife's behalf. The Board thanked Mr. Daniels for his generous donation and expressed their condolences in the loss of his wife. No other comments were heard.

CONSENT AGENDA
(APPROVAL OF
MINUTES AND
FINANCIALS) The proposed consent agenda for this meeting included the following items:

1. Approval of minutes of the March 21, 2012 regular meeting (*action item*)
2. Approval of minutes of the April 2, 2012 special meeting (*action item*)
3. Financial and Statistical Reports for the month of February 2012 (*action item*):
 - No significant changes on the Balance Sheet
 - All sources of patient revenue were down, primarily inpatient and ancillary, due to lower surgery volumes
 - Substantial (800K) prior period adjustment due to MediCal Cost Report settlement left us 664K over budget in Total Net Revenue
 - Supplies were over budget, and overall expenses were under budget
 - Operating income was over budget for the month, and for year-to-date
 - Year-to-date net revenue totals \$2,016,000

ADMINISTRATOR'S REPORT
It was moved by Denise Hayden, seconded by John Ungersma, M.D., and passed to approve all three consent agenda items as presented.

BUILDING UPDATE
Mr. Halfen reported the Office of Statewide Healthcare Planning and Development (OSHPD) has completed some of the inspections for the new hospital building and will return tomorrow (April 19th) to finish. Among other things, the fire alarm system will be tested tomorrow, and the hospital will conduct a full power shut down as part of OSHPD's test. It is hoped that we will be granted a certificate of occupancy tomorrow, and after that the licensing process will begin. It is expected that the licensing process will take 30 to 60 days.

ORTHOPEDIC AND PHYSICIAN RECRUITING UPDATE
Mr. Halfen reported potential orthopedic surgeon Russell Donnelly M.D. will visit NIH next week, and we continue to actively recruit for a new orthopedic surgeon. Lyn Leventis M.D. will join the OB/Gyn practice of Lara Jeanine Arndal M.D. on April 30, and Kristin Collins, D.O. is scheduled to come on board this summer. Administration continues to recruit for internal medicine physicians, and for at least one more hospitalist.

SECURITY
Mr. Halfen also called attention to the Security report for February 2012, which revealed no security issues of significance.

DEBT SERVICE ANALYSIS
Mr. Halfen stated in light of the fact that the hospital has recently taken on debt in order to get through the remainder of the hospital rebuild project and to help fund the purchase and implementation of NIH's new Hospital Information System (HIS), he has done a Debt Service Analysis which reveals that we can still acquire additional debt and stay within the parameters of an "A" rated company. Mr. Halfen also gave a heads-up that we will need to decide in the relatively near future whether or not we intend to proceed with Phase III of the hospital rebuild project. We will look at that possibility more seriously after we have moved into the new hospital building.

RELATIONS WITH MAMMOTH HOSPITAL
Mr. Halfen also noted he will call a special meeting of the District Board next Monday, April 23 for the purpose of approving a corporate resolution to defease the 1998 Revenue Bonds.

Mr. Halfen reported he recently met with Mammoth Hospital Administrator Gary Boyd in order to open a dialog on the possibility of Mammoth Hospital and NIH coordinating more services for the benefit of both facilities and for the benefit of area residents. The Administrators will continue to meet for further discussions on this topic. It was noted that the possibility of combining Pathology services and Laundry services was discussed at this meeting.

- OPENING CEREMONIES DATES** Dates for opening ceremonies for the new hospital building have tentatively been scheduled as follows: Dignitary and media ceremony (invitation only) June 29th; General public opening, flag raising, and blessing by clergy Sunday July 1st; Appreciation Dinner for Turner Construction personnel Thursday June 28th. A celebratory employee breakfast is also being planned and the date for that event has yet to be determined. Additional details on all of these events will follow, as the time of the opening draws nearer.
- NEWBORN SCREENING TOOL** Mr. Halfen called attention to a site visit report from Children's Hospital of Central California, which reveals that NIH's newborn screening process is 100% compliant in every category. Mr. Halfen praised hospital staff for their efforts in this area.
- CHIEF OF STAFF REPORT** Chief of Staff Robbin Cromer-Tyler, M.D. reported the Medical Staff office is developing a new physician orientation process, and Dr. Lynne Leventis will be oriented by Clinics Manager Lisa Harmon and Medical Staff Coordinator Maggie Egan upon her arrival on April 30th.
- OLD BUSINESS**
- DIRECTOR OF HOSPITALIST SERVICES AGREEMENT WITH ASAO KAMEI** Mr. Halfen called attention to a proposed Director of Hospitalist Services Agreement with Asao Kamei, M.D.. The agreement is similar to the one previously approved by the Board with only minor changes and compensation adjustments being made. Following review of the agreement provided it was moved by M.C. Hubbard, seconded by Ms. Hayden, and passed to approve the revised agreement for Director of Hospitalist Services with Asao Kamei, M.D. as presented.
- PHYSICIAN DOCUMENTATION MODULE** Mr. Halfen also informed the Board that the Medical Staff has approved the purchase of the Physician Documentation module previously approved for purchase by the District Board pending the Medical Staff's acceptance. NIH Physicians are currently being trained on use of the software which will be an integral part of the hospital's new HIS system.
- NEW BUSINESS**
- HOLMAN CAPITAL AGREEMENT** Mr. Halfen called attention to a proposed agreement with Holman Capital to establish a \$5,000,000 line of credit for the Hospital District. Holman is the broker for the deal, and Alliance Bank will be the actual source of funding if needed. The overall interest rate for this line of credit is approximately 4.5 percent, which is as good as can be expected considering current economic conditions. Mr. Buchanan noted the agreement should be amended to state that adjudication of any claims that may arise should be handled in Independence, California, rather than in Arizona. It was noted that the hospital's accounts receivable will be held as collateral for any credit that is extended. Following brief discussion it was moved by Ms. Hayden, seconded by Doctor Ungersma, and passed to

approve the agreement with Holman Capital to establish a \$5,000,000 line of credit for the Hospital District as requested.

VISITOR MEAL PRICES

Mr. Halfen stated that the agenda item regarding a possible change to visitor meal prices will not be discussed at this time.

AGREEMENT FOR
ASSOCIATE DIRECTOR
OF HOSPITALISTS

Mr. Halfen called attention to a proposed agreement for Associate Director of the Hospitalist Program with Nickoline Hathaway, M.D.. The agreement allows for Doctor Hathaway to provide backup for Hospitalist Director Asao Kamei, M.D. when necessary. Following review of the agreement provided it was moved by Doctor Ungersma, seconded by Ms, Hubbard, and passed to approve the Agreement for Associate Director of Hospitalists with Nickoline Hathaway M.D. as requested.

PRACTICE
MANAGEMENT
AGREEMENT, LARA
JEANINE ARNDAL M.D.

Mr. Halfen also called attention to a proposed Practice Management Agreement with Lara Jeanine Arndal, M.D., noting that it is nearly identical to the agreement previously approved for incoming OB/Gyn Lyn Leventis M.D.. As senior partner in the Arndal/Leventis practice, Dr. Arndal will receive slightly higher compensation than Dr. Leventis, as she will be compensated for assuming some of the management responsibilities of the practice. It was also noted that Dr. Arndal's compensation has been calculated at 54% of the industry standard. Following review of the information provided it was moved by Ms. Hayden, seconded by Doctor Ungersma, and passed to approve the Practice Management Agreement with Lara Jeanine Arndal, M.D. as presented.

AMENDMENT TO
PATHOLOGY
AGREEMENT

Mr. Halfen also called attention to a proposed amendment to the existing Pathology and Clinical Laboratory Service Agreement with Kenneth Saeger, M.D.. The proposed amendment expands and clarifies the termination clause on Doctor Saegar's existing agreement, and it is being proposed in order to ensure that pathology coverage changes requested by Administration and by the Medical Executive Committee are met by Dr. Saeger in a timely manner, and to ensure that Pathology service coverage remains uninterrupted. Following brief discussion it was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the proposed Amendment to the Pathology and Clinical Laboratory Service Agreement with Kenneth Saeger, M.D. as presented.

BOARD MEMBER
REPORTS

Mr. Watercott asked if any members of the District Board wished to report on any items of interest. Doctor Ungersma reported he recently attended the Association of California Healthcare Districts (ACHD) Legislative Day in Sacramento, and once again it was a very valuable experience. Doctor Ungersma presented information on the sources of income included in the State of California's upcoming budget, and explained where cuts to expenditures are expected to be made. Those cuts include cuts to Health and Human Services programs including cuts that

will be made to California Hospitals and to hospital reimbursement rates. The upcoming budget year is likely to bring increased financial challenges for California hospitals. No other comments were heard.

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 of interest. No comments were heard.

CLOSED SESSION

At 6:28 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. Confer with legal counsel regarding pending litigation based on stop notice filed by Strocal, Inc. (Government Code Sections 910 et seq., 54956.9).
- C. Discussion to determine whether or not to initiate litigation (Government Code Section 54956.9(c)).
- D. Confer with legal counsel regarding potential litigation (Government Code Section 54956.9(c)).

RETURN TO OPEN
SESSION AND REPORT
OF ACTION TAKEN

At 6:35 p.m. the meeting returned to open session. Mr. Watercott reported that the Board took no reportable action during closed session.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott again asked if anyone present wished to comment on any items on the agenda for this meeting, or on any items of interest. No comments were heard.

ADJOURNMENT

The meeting was adjourned at 6:39 p.m..

Peter Watercott, President

Attest:

M.C. Hubbard, Secretary