KENAI PENINSULA BOROUGH

The South Kenai Peninsula Hospital Service Area Board will meet Thursday, September 10, 2026, at 6:30 p.m. in the SPH conference room and virtually via Zoom.

NOTICE TO THE PUBLIC:

You are welcome to attend in-person in the South Peninsula Hospital conference room or, if preferred, virtually via Zoom

Devony Lehner is inviting you to a scheduled Zoom meeting.
Topic: SAB monthly meeting, 6:30 PM Alaska (every month on the Second Thursday)

Join Zoom Meeting
https://us02web.zoom.us/j/86958362018

Meeting ID: 869 5836 2018
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Dial by your location

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+1 669 900 9128 US (San Jose)	+1 646 931 3860 US
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Meeting ID: 869 5836 2018
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NOTE: The Committee of the Whole will meet at 5:30 pm.
All are welcome.

KENAI PENINSULA Borough

South Kenai Peninsula Hospital Service Area Board

Agenda – September 10, 2026

For SKPHSAB bylaws and meeting information, including minutes, go to: https://www.kpb.us/local-governance-and-permitting/learn-about-service-areas/healthcare-services/skphsa#board-meeting-information-and-documents

September 10 Regular Meeting at 6:30 PM South Kenai Peninsula Hospital Service Area Board

Zoom link: https://us02web.zoom.us/j/86958362018 Meeting ID 869 5836 2018

Storm Hansen
Seat A
Term Expires 2027

Helen Armstrong
Seat B
Term Expires 2027

Lynda Reed
Seat C
Term Expires 2027

Erin Workman
Seat D
Term Expires 2026

Francie Roberts
Chair
Seat E
Term Expires 2026

Tamara Fletcher
Treasurer
Seat F
Term Expires 2026

Brandy Zollars
Vice Chair
Seat G
Term Expires 2028

Amber Cabana
Seat H
Term Expires 2028

Catriona Reynolds
Secretary
Seat I
Term Expires 2028

Committee of the Whole will meet at 5:30 on September 10

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **INTRODUCTION OF GUESTS**
4. **APPROVAL OF AGENDA**
5. **PUBLIC COMMENTS (3 minutes per speaker)**
6. **APPROVAL OF SKPHSAB MINUTES – August 13, 2026** *pg 2*
7. **PRESENTATION, SPH FOUNDATION – Brandy Zollars**
8. **REPORTS**
   - **A)** Committee of the Whole, SAB Recording Secretary – Devony Lehner
   - **B)** South Peninsula Hospital CEO – Ryan Smith
   - **C)** South Peninsula Hospital CFO Financial Report – Anna Hermanson *pg 6*
   - **D)** South Peninsula Hospital, Inc. Board of Directors (BOD) – Beth Wythe
   - **E)** SAB Representative to BOD meeting of August 26 – Storm Hansen
   - **F)** KPB Assembly Representative – Kelly Cooper
   - **G)** SAB Treasurer – Tamara Fletcher
   - **H)** SAB Chair – Francie Roberts
9. **UNFINISHED BUSINESS – None**
10. **NEW BUSINESS**
    - **A)** Resolution 2026-04, a Resolution of the South Kenai Peninsula Hospital Service Area Board Supporting Obligation of $230,793 from the Plant Replacement and Expansion Fund to Fund the Generator Replacement Project at South Peninsula Hospital *pg 9*
    - **B)** Resolution 2026-05, a Resolution of the South Kenai Peninsula Hospital Service Area Board Recommending that the Kenai Peninsula Borough Assembly Amend the Operating Agreement with South Peninsula Hospital, Inc. to Provide for an Elected Operating Board and to Require Compliance with Open Meeting Requirements *pg 15*
    - **C)** Resignation of SKPHSAB member – Helen Armstrong *pg 19*
11. **INFORMATIONAL MATERIALS**
    - SPH, Inc., Board of Directors minutes – July 29 *pg 20*
    - *South Peninsula Hospital Community Health Needs Assessment 2026* (emailed as separate file with September 10 SKPHSAB meeting packet)
12. **PUBLIC COMMENTS (3 minutes per speaker)**
13. **BOARD MEMBER COMMENTS AND ANNOUNCEMENTS**
14. **REMINDERS: NEXT SCHEDULED SAB MEETING IS SEPTEMBER 10**
    Representative to upcoming BOD meeting on September 30 – Brandy Zollars
15. **ADJOURN**

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SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD

HYBRID MEETING in the SPH Conference Room and on ZOOM
DRAFT MINUTES Regular Meeting August 13, 2026
Devony Lehner, Recording Secretary

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1. – 2. Call to Order / Roll Call –
Chair Francie Roberts called the meeting to order at 6:30 p.m. She requested a roll call.

SAB present:	Storm Hanson, Helen Armstrong, Lynda Reed, Erin Workman, Francie Roberts, Tamara Fletcher, Brandy Zollars, Amber Cabana
SPH staff:	CEO Ryan Smith, CFO Anna Hermanson, COO Rachael Kincaid, Director Public Relations Derotha Ferraro
SPH, Inc. BOD	Edson Knapp
KPB Assembly	Kelly Cooper

3. Introduction of Guests – Approximately 30 members of the public attended in person, with approximately 20 participating via Zoom. The Chair reviewed meeting procedures and clarified opportunities for public comment. Ms. Roberts opened the meeting by welcoming SAB members, SPH staff, and the public.

4. Approval of Agenda –
Ms. Zollars moved/Ms. Reynolds seconded to approve the agenda. The agenda was approved by non-objection as presented.

5. Public comments – Chair Roberts stated that the SAB was interested in hearing what the public attending in person and on Zoom had to say.

Chris Story urged transitioning the hospital operating board from an appointed to an elected board, contending that an elected board ensures more public involvement and better accountability, drawing a parallel to the 17th Amendment of the US Constitution. He also advocated for avoiding conflicts of interest by removing voting rights from hospital employees serving on the operating board.

Candy Rohrer supported maintaining an appointed, self-perpetuating operating board and an elected Service Area Board. She contended that the current board structure supports deliberate recruitment of professionals with specific skills, keeps the board free from political campaigning, helps protect the hospital from private equity takeover, and ensures that operating board vacancies are filled. She expressed gratitude for long-term hospital support in the caring of her chronically ill spouse and suggested existing problems can be solved by learning from mistakes and correcting them rather than by dismantling a stable system.

Mike Jones encouraged the board to adopt the public resolution as an opportunity for evaluating lessons learned and openly discussing organizational improvements that could better serve the community. He noted that having these difficult conversations in a transparent, public way can improve hospital services and provide a blueprint for other local service providers.

Shane Campbell—a long-term patient—reported declining quality of care because of a shift in focus from patient safety and benefit to patient numbers. He highlighted instances where he had experienced medication errors, disregarded care instructions, and dismissive administrative responses to complaints.

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6. Approval of SKPHSAB Minutes of May 14 regular meeting and June 4 special meeting –
Ms. Zollars moved/Ms. Reynolds seconded to approve SAB minutes of May 14 and June 4, 2026. Minutes of the two meetings were approved by non-objection as presented.

7. Remembrance of Judy Lund, 15-year member of SAB, including serving as chair –
The Board recognized Judy Lund, a 15-year SAB member and former Chair, with a moment of silence in appreciation of her service to South Peninsula Hospital and the community.

8. Presentation – Derotha Ferraro
Derotha Ferraro reviewed the Community Health Needs Assessment process and highlighted findings from the detailed FY2026 report, which is available on the SPH website. Findings included: (a) South Kenai Peninsula population increased from approximately 13,800 in 2010 to approximately 17,000 in 2025 and is expected to grow at over 5% per year till end of the decade; (b) healthcare access is considered both a community strength and an identified problem, particularly access to primary, specialty, dental, and mental health care; (c) substance abuse was identified by 97% of respondents as the biggest factor negatively impacting the community, followed by interpersonal violence and mental and emotional health; (d) housing, employment, transportation, schools, and elder care were identified as areas needing improvement—nearly 39% of the south peninsula population is over 55, compared to 28% for Alaska and 31% for the nation; (e) during hospital admission screening, transportation was identified as the single largest actionable need. For the first time, respondents scored themselves lower on all eight identified dimensions of wellness. Leading causes of death in the hospital service area are cancer, heart disease, accidents, diabetes, and intentional self harm. Ms. Ferraro also shared selected responses self-reported by high school students—42% reported feeling sad or hopeless—the goal in the Healthy Alaskans report is 31%. Students attempting suicide rose from 14% to 15%.

9. Reports –

A) Committee of the Whole (COTW) – SAB Recording Secretary Devony Lehner
SAB discussion focussed primarily on agenda item 11B, a publicly proposed resolution concerning the structure of South Peninsula Hospital's governance. Discussion covered whether action on the proposal falls within the SAB's advisory role; potential effects on SPH's nonprofit status; existing opportunities for public engagement and influence, particularly through elections of borough mayor, assemblymembers, and SAB members; transparency in selecting BOD members; and how hospital governance affects charity care and Open Meetings Act considerations. Also briefly discussed were public concerns regarding SPH property acquisitions and the importance of increasing public education and engagement.

SPH CEO Ryan Smith had provided several clarifications and noted that the Kenai Peninsula Borough attorney could better discuss features of 501(c)(3) self-perpetuating boards like that of South Peninsula Hospital, Inc (SPHI). Key clarifications included that (a) entities with elected boards need to have either members or shareholders; (b) changing the current operating board structure would require terminating the existing Operating Agreement between SPHI and the borough; (c) South Kenai Peninsula Hospital Service Area tax revenue accounts for only about 2.7% of the SPH budget, and (d) SPH provides more in charity care than it receives in service area tax revenue. The current operating agreement between SPHI and the borough runs out in 2029.

B) South Peninsula Hospital CEO Ryan Smith –
CEO Ryan Smith provided the quarterly SPH update. Highlights included:

- FY2026 gross patient revenue was approximately $301 million, up about 12.7% from the prior year.
- Net patient revenue was approximately $160 million.
- Preliminary net income was approximately $4.9 million.
- FY2026 charity care and bad debt exceeded $11 million.

- SPH had approximately 81 days of operating cash on hand, with additional funds held by the borough.
- SPH's strategic plan focuses on facility updates, maximizing existing space, expanding services based on community needs, medical-district property acquisition, and eventually consolidating clinics into one medical building.
- A roughly $5 million critical infrastructure/generator project is underway.
- SPH is pursuing completion of approximately 11,000 square feet of shell space for pharmacy and infusion services.
- Six SPH applications advanced to the second round of the Rural Health Transformation Program, including projects involving infusion/pharmacy services, cardiopulmonary rehabilitation, a surgical robot, Al documentation, medication dispensing, and a Medicaid demonstration project. The RHTP is a 5-year federally funded program, so SPH will continue having opportunities to apply for RHTP funds in the future.

The Board noted the need to better explain to the public why an improved infusion center is needed and how previous bond proposals affected planned services.

C) South Peninsula Hospital Financial Report – CFO Anna Hermanson
No financial report was presented.

D) South Peninsula Hospital, Inc. Board of Directors (BOD) – Edson Knapp
Dr. Knapp reported that the SPHI Board of Directors continues to provide opportunities for public comment at its meetings. The BOD is compiling public comments from its July 29 meeting and is evaluating how it can respond to community requests. At that meeting, the BOD also discussed financial matters and quality improvements and heard a presentation on lab quality from the pharmacy, as well as engaging in a "generative discussion" on philanthropy and affordability.

E) SAB Representative to May, June, and July BOD meetings –
May 27 meeting – Lynda Reed had no updates to report; **June 25 meeting – Brandy Zollars** reminded the SAB about an upcoming SPH fundraiser, Rooted in Community, to raise funds towards a mammography machine; Dr. Knapp said he had diagnosed five breast cancers in the last 2 weeks thanks to mammograms; **July 29 meeting – Catriona Reynolds** shared impressions gained from listening to public testimony at the BOD meeting; the day after that meeting, SPH CEO Ryan Smith and SPHI Chair Aaron Weisser held a Zoom meeting allowing the public unlimited time to ask Mr. Smith and Mr. Weisser questions about the hospital, the BOD, and other topics.

F) Kenai Peninsula Borough Assembly Representative – Kelly Cooper
Ms. Cooper noted that her role at SAB meetings is to act as the liaison from the borough assembly and report on assembly happenings. She provided an update on borough activities, including assembly vacancies, solid waste initiatives, ongoing efforts to keep school district pools open, the need for election poll workers, and an upcoming auction of borough land— peninsula residents who are successful bidders on certain parcels and who plan to reside on those parcels can get a 25% discount on their bid amount, and the borough finances the land.

G) SAB Treasurer Tamara Fletcher – Ms. Fletcher had no updates to report.

H) SAB Chair – Francie Roberts – Ms. Roberts reminded attendees that three seats on the SAB would be open in the November election. The filing period is August 16 through August 31. Ms. Roberts also explained that the borough does not provide bios for service area board candidates in its election pamphlet; information about service area board candidates is provided online.

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10. Unfinished Business – None.

11. New Business –

A) Approval of travel for Brandy Zollars and Francie Roberts to Alaska Hospital and Healthcare Association (AHHA) annual meeting in Girdwood, AK –
Ms. Zollars indicated she would be unable to attend; Ms. Zollars moved/Ms. Reynolds seconded to approve funding to pay for Ms. Roberts to travel to the AHHA annual meeting in Girdwood, AK. The SAB approved the motion by non-objection.

B) Discussion of whether to introduce the publicly submitted resolution at a future meeting –
Ms. Zollars moved/Ms. Reynolds seconded to approve introducing at the SAB September 10th meeting the publicly proposed resolution provided in tonight's packet under item 11.B. The SAB approved the motion unanimously by roll call vote. Members emphasized the importance of a methodical review, including consideration of potential advantages and disadvantages and obtaining information from appropriate experts, including the borough attorney.

12. Public comments –

Adam Greenwald strongly urged direct public accountability and a transition to an elected hospital operating board to restore community trust. He criticized the current administration's focus on physical expansion and property acquisition over basic patient care and local resources.

Chris Story formally provided his name. He is a member of the hospital service area and is grateful for the opportunity for further discussion about hospital governance at the September 10th SAB meeting.

Candy Rohrer cautioned attendees to be careful what they wish for—it's easy to undo things and hard to put them back—easy to lose services and hard to regain them. She noted that Veterans' services have been cut, and some of these will become "community care" that SPH will be expected to pick up.

13. Board member comments –

Board members emphasized the importance of continued community participation—not just when controversial issues arise—and encouraged residents to become involved in SAB elections and communicate with borough assembly members. Board members thanked everyone in attendance for coming and thanked those who spoke for their candor and vulnerability. Board members also reiterated that the SAB is an advisory board—it can advise the borough assembly, mayor, and the SPHI, but those entities make the decisions. It's important to recognize decision makers and reach out to them.

14. Next scheduled meetings and reminders

The Service Area Board will next meet on September 10.
Ms. Hansen will be the SAB representative to the August 26 SPHI BOD meeting.

15. Adjourn – The meeting was adjourned at 7:50 pm.

Respectfully submitted,

_____
Devony Lehner, SAB Recording Secretary
Minutes Approved: _____, 2026

South Peninsula Hospital

INCOME STATEMENT
As of July 31, 2026
DRAFT-UNAUDITED

		Month Ending 07/31/2026			Month Ending 07/31/2025	Year To Date 07/31/2026			Prior Year To Date 07/31/2025
		Actual	Budget FY26	Var B (W)	Actual	Actual	Budget FY26	Var B (W)	Actual
	PATIENT SERVICE REVENUE								
1	INPATIENT REVENUE	3,109,843	4,022,814	-22.7%	3,381,825	3,109,843	4,022,814	-22.7%	3,381,825
2	OUTPATIENT REVENUE	23,688,800	22,292,604	6.3%	21,098,593	23,688,800	22,292,604	6.3%	21,098,593
3	LONG TERM CARE	1,521,713	1,605,857	-5.2%	1,492,501	1,521,713	1,605,857	-5.2%	1,492,501
4	TOTAL PATIENT SERVICE REVENUE	28,320,356	27,921,275	1.4%	25,972,919	28,320,356	27,921,275	1.4%	25,972,919
	DEDUCTIONS FROM REVENUE								
5	MEDICARE	7,588,534	6,623,994	14.6%	6,008,003	7,588,534	6,623,994	14.6%	6,008,003
6	MEDICAID	3,189,522	2,988,872	6.7%	3,000,478	3,189,522	2,988,872	6.7%	3,000,478
7	CHARITY CARE	409,618	466,285	-12.2%	467,699	409,618	466,285	-12.2%	467,699
8	COMMERICAL AND ADMIN	2,509,146	2,539,520	-1.2%	2,490,337	2,509,146	2,539,520	-1.2%	2,490,337
9	BAD DEBT	741,043	434,941	70.4%	480,226	741,043	434,941	70.4%	480,226
10	TOTAL DEDUCTIONS	14,437,863	13,053,612	10.6%	12,446,743	14,437,863	13,053,612	10.6%	12,446,743
11	NET PATIENT SERVICES	13,882,493	14,867,663	-6.6%	13,526,176	13,882,493	14,867,663	-6.6%	13,526,176
12	USAC AND OTHER REVENUE	130,774	170,266	-23.2%	105,919	130,774	170,266	-23.2%	105,919
13	TOTAL OPERATING REVENUE	14,013,267	15,037,929	-6.8%	13,632,095	14,013,267	15,037,929	-6.8%	13,632,095
	TOTAL OPERATING EXPENSES								
14	SALARIES AND WAGES	6,511,586	6,616,542	-1.6%	5,954,161	6,511,586	6,616,542	-1.6%	5,954,161
15	EMPLOYEE BENEFITS	3,279,686	3,098,559	5.9%	3,546,776	3,279,686	3,098,559	5.9%	3,546,776
16	SUPPLIES AND DRUGS	1,945,441	1,852,658	5.0%	1,772,098	1,945,441	1,852,658	5.0%	1,772,098
17	CONTRACT STAFFING	601,311	143,610	318.7%	481,135	601,311	143,610	318.7%	481,135
18	PROFESSIONAL FEES	697,756	606,319	15.1%	727,745	697,756	606,319	15.1%	727,745
19	UTILITIES AND TELEPHONE	216,542	208,015	4.1%	186,674	216,542	208,015	4.1%	186,674
20	INSURANCE	145,328	123,526	17.7%	108,447	145,328	123,526	17.7%	108,447
21	DUES, BOOKS, AND SUBSCRIPTIONS	18,790	23,571	-20.3%	18,443	18,790	23,571	-20.3%	18,443
22	SOFTWARE MAINT/SUPPORT	220,161	282,725	-22.1%	206,095	220,161	282,725	-22.1%	206,095
23	TRAVEL, MEETINGS AND EDUCATION	75,419	62,533	20.6%	31,719	75,419	62,533	20.6%	31,719
24	REPAIRS AND MAINTENANCE	192,715	196,021	-1.7%	237,532	192,715	196,021	-1.7%	237,532
25	LEASES AND RENTALS	122,299	65,356	87.1%	63,417	122,299	65,356	87.1%	63,417
26	OTHER (RECRUIT, ADVERT, ETC.)	185,059	188,716	-1.9%	180,350	185,059	188,716	-1.9%	180,350
27	DEPRECIATION AND AMORTIZATION	585,283	606,750	-3.5%	428,178	585,283	606,750	-3.5%	428,178
28	TOTAL OPERATING EXPENSES	14,797,376	14,074,901	5.1%	13,942,770	14,797,376	14,074,901	5.1%	13,942,770
29	GAIN (LOSS) FROM OPERATIONS	(784,109)	963,028	-181.4%	(310,675)	(784,109)	963,028	-181.4%	(310,675)
	NON-OPERATING REVENUE								
30	GENERAL PROPERTY TAXES	676,875	735,512	-8.0%	609,263	676,875	735,512	-8.0%	609,263
31	INVESTMENT INCOME	93,755	105,378	-11.0%	106,006	93,755	105,378	-11.0%	106,006
32	GOVERNMENTAL SUBSIDIES	0	0	0.0%	0	0	0	0.0%	0
33	OTHER NON-OPERATING REVENUE	0	1,522	-100.0%	2,043	0	1,522	-100.0%	2,043
34	GIFTS AND CONTRIBUTIONS	0	0	0.0%	0	0	0	0.0%	0
35	GAIN LOSS ON DISPOSAL	0	0	0.0%	0	0	0	0.0%	0
36	SPH AUXILIARY	753	799	-5.9%	454	753	799	-5.9%	454
37	TOTAL NON-OPERATING REVENUE	771,383	843,211	-8.5%	717,766	771,383	843,211	-8.5%	717,766
	NON-OPERATING EXPENSES								
38									
39	SERVICE AREA BOARD	0	0	0.0%	0	0	0	0.0%	0
40	OTHER DIRECT EXPENSE	116	9,634	-98.8%	750	116	9,634	-98.8%	750
41	ADMINISTRATIVE NON-RECURRING	0	0	0.0%	0	0	0	0.0%	0
42	INTEREST EXPENSE	56,277	72,033	-21.9%	63,301	56,277	72,033	-21.9%	63,301
43	TOTAL NON-OPERATING EXPENSES	56,393	81,667	-31.0%	64,051	56,393	81,667	-31.0%	64,051
	GRANTS								
44	GRANT REVENUE	22,500	513,750	-95.6%	82,620	22,500	513,750	-95.6%	82,620
45	GRANT EXPENSE	0	921	-100.0%	6,280	0	921	-100.0%	6,280
46	TOTAL NON-OPERATING GRANTS, NET	22,500	512,829	-95.6%	76,340	22,500	512,829	-95.6%	76,340
47	TOTAL INCOME (LOSS) BEFORE TRANSFERS	(46,619)	2,237,401	-102.1%	419,380	(46,619)	4,868,147	-101.0%	9,639,836
48	OPERATING TRANSFERS	0	0	0.0%	0	0	0	0.0%	0
49	**NET INCOME**	**(46,619)**	**2,237,401**	**-102.1%**	**419,380**	**(46,619)**	**2,237,401**	**-102.1%**	**419,380**

Operating EBITDA Disclosure (Non-GAAP)							
GAIN (LOSS) FROM OPERATIONS	**(784,109)**	**963,028**		**(310,675)**	**(784,109)**	**963,028**	**(310,675)**
DEPRECIATION AND AMORTIZATION	585,283	606,750		428,178	585,283	606,750	428,178
OPERATING EBITDA	**(198,826)**	**1,569,778**		**117,503**	**(198,826)**	**1,569,778**	**117,503**

South Peninsula Hospital

DRAFT-UNAUDITED

BALANCE SHEET
As of July 31, 2026

	Month Ending 07/31/2026	Month Ending 07/31/2025	Month Ending 06/30/2026	Change From Prior Year
CURRENT ASSETS				
CASH				
CASH AND CASH EQUIVALENTS	33,189,171	30,525,710	35,269,407	2,663,460
EQUITY IN CENTRAL TREASURY	8,912,931	9,346,265	8,465,161	(433,334)
TOTAL CASH	42,102,102	39,871,975	43,734,568	2,230,126
NET PATIENT ACCOUNTS RECEIVABLE				
PATIENT RECEIVABLES	60,014,821	47,283,717	60,584,686	12,731,105
LESS ALLOWANCES AND ADJUSTMENTS	(30,412,801)	(21,580,769)	(29,949,721)	(8,832,033)
TOTAL NET PATIENT ACCOUNTS RECEIVABLE	29,602,020	25,702,948	30,634,965	3,899,072
NET PROPERTY TAXES RECEIVABLE - KPB				
PROPERTY TAX RECEIVABLE	3,650,894	1,785,932	159,824	1,864,963
LESS ALLOWANCE PROPERTY TAX - KPB	(13,771)	(9,447)	(4,166)	4,323
TOTAL NET PROPERTY TAXES RECEIVABLE - KPB	3,637,123	1,776,485	155,658	1,860,640
OTHER RECEIVABLES	498,340	318,551	212,241	179,788
INVENTORY	2,863,870	2,679,204	2,860,069	184,668
NET PENSION ASSET	534,985	534,985	534,985	0
PREPAID EXPENSE	1,757,053	1,134,454	1,260,755	622,598
TOTAL CURRENT ASSETS	80,995,493	72,018,602	79,393,241	8,976,892
ASSETS WHOSE USE IS LIMITED				
PREF UNOBLIGATED	4,648,322	6,297,770	4,648,323	(1,649,448)
PREF OBLIGATED	285,090	982,687	285,090	(697,596)
OTHER RESTRICTED FUNDS	37,382	866,263	37,369	(828,882)
TOTAL ASSETS WHOSE USE IS LIMITED	4,970,794	8,146,720	4,970,782	(3,175,926)
PROPERTY AND EQUIPMENT				
LAND AND IMPROVEMENTS	4,936,411	4,345,607	4,936,411	590,804
BUILDING	70,168,605	67,754,319	70,168,605	2,414,286
EQUIPMENT	25,264,987	28,626,920	25,264,987	(3,361,933)
BUILDINGS INTANGIBLE ASSETS	3,482,363	4,257,905	3,482,363	(775,542)
EQUIPMENT INTANGIBLE ASSETS	1,911,211	1,750,896	1,911,211	160,315
SPH INTANGIBLE SOFTWARE ASSETS	7,969,004	0	7,969,004	7,969,004
SOFTWARE INTANGIBLE ASSETS	3,930,467	890,140	3,930,467	3,040,327
IMPROVEMENTS OTHER THAN BUILDINGS	1,750,004	1,521,513	1,750,004	228,491
CONSTRUCTION IN PROGRESS	2,084,003	8,018,701	2,016,031	(5,934,698)
LESS ACCUMULATED DEPRECIATION FOR FIXED ASSETS	(61,745,826)	(62,410,754)	(61,337,994)	664,928
LESS ACCUMULATED AMORTIZATION FOR LEASED ASSETS	(4,776,475)	(2,933,228)	(4,599,024)	(1,843,248)
NET CAPITAL ASSETS	54,974,754	51,822,019	55,492,065	3,152,734
GOODWILL	0	0	0	0
TOTAL ASSETS	140,941,041	131,987,341	139,856,088	8,953,700
DEFERRED OUTFLOW OF RESOURCES				
PENSION RELATED (GASB 68)	2,795,524	5,637,473	2,939,283	(2,841,948)
UNAMORTIZED DEFERRED CHARGE ON REFUNDING	96,656	157,702	101,743	(61,046)
TOTAL DEFERRED OUTFLOW OF RESOURCES	2,892,180	5,795,175	3,041,026	(2,902,994)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**143,833,221**	**137,782,516**	**142,897,114**	**6,050,706**
TOTAL LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
ACCOUNTS AND CONTRACTS PAYABLE	3,010,911	2,224,471	3,421,131	786,439
ACCRUED LIABILITIES	10,205,718	9,182,177	8,650,515	1,023,542
DEFERRED CREDITS	497,018	903,173	516,613	(406,154)
CURRENT PORTION OF LEASE PAYABLE	942,878	1,014,193	916,273	(71,316)
CURRENT PORTION OF SOFTWARE INTANGIBLE PAYABLE	1,184,904	199,887	1,180,551	985,017
CURRENT PORTION OF NOTES DUE	918,507	279,960	918,507	638,547
CURRENT PORTION OF BOND PAYABLE	1,315,000	1,250,000	1,315,000	65,000
BOND INTEREST PAYABLE	148,917	89,167	124,111	59,750
DUE TO/FROM THIRD PARTY PAYERS	1,078,871	1,076,864	1,078,870	2,006
COMPENSATED ABSENCES CURRENT	7,122,020	6,563,306	7,117,555	558,715
TOTAL CURRENT LIABILITIES	26,424,744	22,783,198	25,239,126	3,641,546
LONG-TERM LIABILITIES				
NOTES PAYABLE	2,960,842	3,536,868	2,960,843	(576,026)
COMPENSATED ABSENCES NET OF CURRENT	3,355,941	3,376,299	3,349,117	(20,357)
BONDS PAYABLE NET OF CURRENT PORTION	2,855,000	4,170,000	2,855,000	(1,315,000)
PREMIUM ON BONDS PAYABLE	103,337	175,064	109,314	(71,728)
CAPITAL LEASE, NET OF CURRENT PORTION	2,580,530	3,789,496	2,676,599	(1,208,966)
SOFTWARE INTANGIBLE LEASE, NET OF CURRENT PORTION	922,409	22,791	1,030,079	899,618
TOTAL NONCURRENT LIABILITIES	12,778,059	15,070,518	12,980,952	(2,292,459)
TOTAL LIABILITIES	39,202,803	37,853,716	38,220,078	1,349,087
PROPERTY TAXES RECEIVED IN ADVANCE	0	140,616	0	(140,616)
INVESTED IN CAPITAL ASSETS	55,071,410	51,979,721	55,593,808	3,091,688
RESTRICTED	572,367	1,401,248	572,354	(828,882)
UNRESTRICTED FUND BALANCE SPH	49,033,260	46,128,451	49,376,914	3,045,426
CHANGE IN FUND BALANCE	(46,619)	419,380	(866,039)	(465,998)
TOTAL UNRESTRICTED FUND BALANCE SPH	104,630,418	99,928,800	104,677,037	4,842,234
TOTAL LIABILITIES AND FUND BALANCE	**143,833,221**	**137,782,516**	**142,897,114**	**6,050,706**

DRAFT-UNAUDITED

South Peninsula Hospital

Statement of Cash Flows
As of July 31, 2026

		2027
Cash Flows from (for) Operating Activities		
Receipts from patients and users	$	14,915,439
Payments to suppliers	$	(3,775,937)
Payments to employees	$	(9,636,224)
Other receipts	$	(174,920)
Net cash flows from operating activities	$	1,328,358
Cash Flows from Non-Capital Financing Activities		
Receipts from property taxes	$	(2,804,590)
Grant and other non-operating revenues (expenses)	$	23,137
Increase in Advances from Govermental Payers	$	(1)
Net cash flows from non-capital financing activities	$	(2,781,454)
Cash Flows for Capital and Related Financing Activities		
Purchase of capital assets	$	780,929
Bond principal paid	$	-
Payments on leases	$	(842,492)
Payments on subscription IT assets	$	(103,317)
Interest paid on capital debt	$	(32,360)
(Decrease) increase in advances from primary government	$	-
Note proceeds	$	-
Proceeds from sale of capital assets	$	(75,873)
Net cash flows for capital and related financing activities	$	(273,113)
Cash Flows for Investing Activities		
Increase (decrease) in restricted assets - unspent bond proceeds and other	$	-
Increase (decrease) in assets whose use is limited	$	(12)
Interest and dividends received	$	93,755
Net cash flows from investing activities	$	93,743
Net increase (decrease) in cash and cash equivalents	$	(1,632,466)
Cash, Cash Equivalents and Equity in Central Treasury, beginning of year	$	43,734,568
Cash, Cash Equivalents and Equity in Central Treasury, end of year	$	42,102,102

SOUTH KENAI PENINSULA HOSPITAL
SERVICE AREA BOARD

RESOLUTION 2026-04

A RESOLUTION OF THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD TO THE KENAI PENINSULA BOROUGH ASSEMBLY RECOMMENDING THE OBLIGATION OF $230,793 FROM THE PLANT REPLACEMENT AND EXPANSION FUND FOR THE GENERATOR REPLACEMENT PROJECT AT SOUTH PENINSULA HOSPITAL

WHEREAS, the Kenai Peninsula Borough (KPB) has entered into an Operating Agreement with South Peninsula Hospital, Inc. (SPHI) for operation of the South Peninsula Hospital and other related facilities, and to provide other healthcare programs and services, on a nonprofit basis in order to ensure the continued availability to the South Kenai Peninsula Hospital Service Area residents; and

WHEREAS, Ordinance 2024-19-34 appropriated $5,000,000 in Congressionally Directed Spending Grant funds, through the Department of Health and Social Services, for replacement of the failing emergency power plant and associated support infrastructure at South Peninsula Hospital; and

WHEREAS, a design has been completed for the project that replaces outdated emergency power support infrastructure and addresses the hospital's emergency power needs for the foreseeable future; and

WHEREAS, after applying all practical project cost-cutting measures, the current project estimate identifies a funding deficit of $230,793; and

WHEREAS, funds are available in the South Peninsula Hospital Plant Replacement and Expansion Fund ("PREF") to provide the additional funding necessary to ensure successful completion of this critical infrastructure project; and

WHEREAS, the SPHI Board of Directors passed and adopted Resolution 2026-17 on August 26, 2026, to approve the use of PREF for this project;

NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD:

SECTION 1. The South Kenai Peninsula Hospital Service Area Board recommends the transfer of Two Hundred Thirty Thousand, Seven Hundred Ninety-Three Dollars ($230,793) from the Plant Replacement and Expansion Fund for the generator replacement project and associated emergency power plant support infrastructure at South Peninsula Hospital.

SECTION 2. The additional funding is authorized to address the current project funding deficit and support successful completion of the emergency power infrastructure replacement project.

ADOPTED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD THIS 10th DAY OF SEPTEMBER 2026

ATTEST:

_____
Francie Roberts, Chair
South Kenai Peninsula Hospital Service Area Board

Introduced by: Administration
Date:
Action:
Vote: Yes-; No-; Exc.

SOUTH PENINSULA HOSPITAL
BOARD RESOLUTION
2026-17

A RESOLUTION OF THE SOUTH PENINSULA HOSPITAL BOARD OF DIRECTORS AUTHORIZING THE OBLIGATION OF $230,793 FROM THE PLANT REPLACEMENT AND EXPANSION FUND FOR THE GENERATOR REPLACEMENT PROJECT AT SOUTH PENINSULA HOSPITAL

WHEREAS, South Peninsula Hospital, Inc. ("SPH") operates South Peninsula Hospital and other medical facilities pursuant to an Operating Agreement with the Kenai Peninsula Borough ("KPB") to ensure the continued availability of health care services to service area residents; and

WHEREAS, Ordinance 2024-19-34 appropriated $5,000,000 in Congressionally Directed Spending Grant funds, through the Department of Health and Social Services, for replacement of the failing emergency power plant and associated support infrastructure at South Peninsula Hospital; and

WHEREAS, a design has been completed for the project that replaces outdated emergency power support infrastructure and addresses the hospital's emergency power needs for the foreseeable future; and

WHEREAS, after applying all practical project cost-cutting measures, the current project estimate identifies a funding deficit of $230,793; and

WHEREAS, funds are available in the South Peninsula Hospital Plant Replacement and Expansion Fund ("PREF") to provide the additional funding necessary to ensure successful completion of this critical infrastructure project; and

WHEREAS, the current balance of the Plant Replacement and Expansion Fund is $4,679,682.56; and

WHEREAS, approval by the South Peninsula Hospital Board is required prior to the Kenai Peninsula Borough appropriating supplemental funds from the PREF for the project;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL, THAT:

1. The Operating Board approves the obligation of Two Hundred Thirty Thousand Seven Hundred Ninety-Three Dollars ($230,793) from the Plant Replacement and Expansion Fund for the generator replacement project and associated emergency power plant support infrastructure at South Peninsula Hospital.
2. The additional funding is authorized to address the current project funding deficit and support successful completion of the emergency power infrastructure replacement project.
3. Hospital administration is authorized to take all actions necessary to implement this resolution and coordinate with the Kenai Peninsula Borough regarding the supplemental appropriation, project funding, and execution of the project.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL, INC. AT ITS MEETING HELD ON THIS 26th DAY OF AUGUST, 2026.

ATTEST:

_____
Aaron Weisser, Board President

_____
Mary E. Wythe, Board Secretary

Kenai Peninsula Borough
Planning Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor
Brandi Harbaugh, Finance Director

FROM: John Hedges, Purchasing & Contracting Director

DATE: June 25, 2026

RE: Ordinance 2026-19-____, Appropriating Supplemental Funds for the from the Plant Replacement and Expansion fund for the generator replacement project at South Peninsula Hospital (Mayor)

The Kenai Peninsula Borough has entered an Operation Agreement with South Peninsula Hospital Inc. (SPHI) for operation of the South Peninsula Hospital and other medical facilities, and provide health care program services, on a nonprofit basis in order to ensure the continued availability to service area residents.

Ordinance 2024-19-34 appropriated $5,000,000.00 in Congressionally Directed Spending Grant funds, through the Department of Health and social services to be used for the replacement of the replacement of the failing emergency power plant and support infrastructure at South Peninsula Hospital.

A design has been completed that replaces all existing out dated support infrastructure and will address the hospital's emergency power needs for the foreseeable future.

After applying all practical project cost cutting measures the current project estimate identifies a $230,793.00 deficit in the available budget. Funds are available in the SPH Plant Replacement and Expansion funds to ensure the successful completion of this much needed critical infrastructure project.

Your consideration is appreciated.

FINANCE DEPARTMENT
FUNDS VERIFIED

Acct. No.

Amount $230,793.00

By: _____ Date: _____

South Peninsula Hospital

MEMO

Administration
4300 Bartlett Street
Homer, AK 99603
907-235-0325 (f)907-235-0253

To: South Peninsula Hospital Service Area Board
From: Anna Hermanson, Chief Financial Officer, South Peninsula Hospital
Date: August 27, 2026
Subject: Request for Recommendation to the KPB Assembly – Generator Replacement Project

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The hospital is requesting that the Service Area Board forward a recommendation to the Kenai Peninsula Borough Assembly supporting the attached resolution regarding replacement of the hospital's emergency generators.

The hospital's existing generators have reached the end of their useful service life and require replacement. These generators are a critical component of the hospital's emergency power infrastructure and are essential to maintaining safe and reliable operations during power outages and other emergencies. Given their age and condition, continued reliance on the existing equipment presents increasing operational and financial risks.

The hospital's Operating Board has reviewed and approved the resolution supporting replacement of the generators. The hospital now respectfully requests that the Service Area Board consider the resolution and forward a recommendation to the Kenai Peninsula Borough Assembly in support of its approval and implementation.

Replacement of the generators is an important investment in the reliability and resiliency of the hospital's infrastructure and in the continued ability of the hospital to provide essential health care services to the community. Timely action is particularly important given the age of the existing equipment and the lead times associated with planning, procurement, and installation of replacement generators.

Requested Action

The hospital respectfully requests that the Service Area Board:

1. Review the resolution approved by the hospital's Operating Board;
2. Recommend that the Kenai Peninsula Borough Assembly support and approve the resolution; and
3. Forward that recommendation to the Borough Assembly for consideration.

Thank you for your consideration and continued support of the hospital and the health and safety of the community. The hospital is available to provide additional information regarding the condition of the existing generators, the proposed replacement project, or the financial and operational considerations associated with the resolution.

Anna Hermanson
Chief Financial Officer

SOUTH KENAI PENINSULA HOSPITAL
SERVICE AREA BOARD

RESOLUTION 2026-05

A RESOLUTION OF THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD RECOMMENDING THAT THE KENAI PENINSULA BOROUGH ASSEMBLY AMEND THE OPERATING AGREEMENT WITH SOUTH PENINSULA HOSPITAL, INC. TO PROVIDE FOR AN ELECTED OPERATING BOARD AND TO REQUIRE COMPLIANCE WITH OPEN MEETING REQUIREMENTS

WHEREAS, South Peninsula Hospital is a public hospital owned by the Kenai Peninsula Borough and held in trust for the benefit of the residents of the South Kenai Peninsula Hospital Service Area; and

WHEREAS, South Peninsula Hospital, Inc. operates the publicly owned hospital pursuant to an Operating Agreement with the Kenai Peninsula Borough; and

WHEREAS, The citizens of the South Kenai Peninsula Hospital Service Area have a substantial interest in ensuring that the governance of their publicly owned hospital remains accountable, transparent, and responsive to the community it serves; and

WHEREAS, The current method of selecting members of the South Peninsula Hospital, Inc. Operating Board is by appointment pursuant to the corporation's governing documents rather than by election of the residents of the Service Area; and

WHEREAS, The South Kenai Peninsula Hospital Service Area Board believes that direct election of the Operating Board by the qualified voters of the Service Area would strengthen public confidence, increase accountability, and reinforce the principle that governance of a publicly owned hospital should ultimately be answerable to the citizens who own it; and

WHEREAS, The Service Area Board further believes that all meetings of the South Peninsula Hospital, Inc. Operating Board should be conducted openly, with reasonable public notice, public access, published agendas, approved minutes, and executive sessions limited to those circumstances permitted by law, consistent with the principles embodied in the Alaska Open Meetings Act; and

WHEREAS, The Kenai Peninsula Borough Assembly possesses the authority to approve amendments to the Operating Agreement between the Borough and South Peninsula Hospital, Inc.;

NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD:

SECTION 1. The South Kenai Peninsula Hospital Service Area Board respectfully recommends that the Kenai Peninsula Borough Assembly direct the Borough Administration to negotiate amendments to the Operating Agreement with South Peninsula Hospital, Inc. requiring that all members of the South Peninsula Hospital, Inc. Operating Board be elected by the qualified voters residing within the South Kenai Peninsula Hospital Service Area.

SECTION 2. The proposed amendments should require South Peninsula Hospital, Inc. to amend its Articles of Incorporation and Bylaws as necessary to implement an elected Operating Board.

SECTION 3. The proposed amendments should require the South Peninsula Hospital, Inc. Operating Board to conduct its meetings in accordance with the principles and requirements of the Alaska Open Meetings Act, including public notice, open meetings, publication of agendas, maintenance of meeting minutes, and limitations on executive sessions, as an express contractual obligation under the Operating Agreement.

SECTION 4. The proposed amendments should establish an orderly transition from the current method of board selection to an elected Operating Board through staggered terms beginning with the next regular Kenai Peninsula Borough election.

SECTION 5. The South Kenai Peninsula Hospital Service Area Board respectfully requests that the Kenai Peninsula Borough Mayor and Administration work cooperatively with South Peninsula Hospital, Inc. to develop the necessary contractual amendments and present them to the Kenai Peninsula Borough Assembly for consideration.

SECTION 6. The Clerk of the South Kenai Peninsula Hospital Service Area Board is directed to transmit a certified copy of this Resolution to:
The Kenai Peninsula Borough Mayor;
The Kenai Peninsula Borough Assembly;
The Borough Attorney;
The Board of Directors of South Peninsula Hospital, Inc.;
and The Chief Executive Officer of South Peninsula Hospital, Inc.

ADOPTED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD THIS ____DAY OF ____2026.

ATTEST:

_____
Francie Roberts, Chair
South Kenai Peninsula Hospital Service Area Board

[From South Peninsula Hospital, Inc., Board of Directors]

To the Chair and Members of the Service Area Board,

Thank you for the opportunity to comment on the proposed Resolution for a publicly elected hospital board.

Correcting the resolution's premise

The resolution describes SPH as "a public hospital owned by the Kenai Peninsula Borough and held in trust for the benefit of the residents." This description does not accurately reflect the governance structure. The Kenai Peninsula Borough owns the hospital facility, and South Peninsula Hospital, Inc. operates the facility under contract. South Peninsula Hospital, Inc. is a separate, privately incorporated 501(c)(3) nonprofit corporation governed by its own Articles of Incorporation and Bylaws. It is not a public entity. Section 30 of the Operating Agreement expressly confirms this distinction. The resolution's recommendations rest on the assumption that SPH is a public entity—an assumption that is incorrect.

Regarding an elected Operating Board

SPH's Board is open to pursuing improvements that would strengthen outcomes for patients and the community. The unresolved question is what specific hospital outcomes this proposed change would improve.

Research on hospital governance and quality is consistent on one point: board engagement is associated with better outcomes. However, neither local information nor the broader body of hospital governance research identifies evidence that a publicly elected board produces better quality, financial, or community outcomes. SPH's national consultants reached the same conclusion. This question has been studied, but no correlation has been established.

EXAMPLES:

Cordova Community Medical Center is run by a publicly elected five-member board of directors. A perusal of recent news headlines over the last few years shows the following: 1) Seat vacancies with no candidates, 2) audit finding material weaknesses in internal controls, 3) insufficient infrastructure funding, 4) continued dependence on tax revenue to offset revenue shortfalls, and 5) pending sale to a private, for-profit corporation.

Saskatchewan Experiment: The entire province of Saskatchewan converted hospital boards to elected bodies for similar stated purpose to the current Homer scenario. Their findings, ten years later, include the following: 1) Seat vacancies with no candidates, 2) voter turnout falling from 33% to 10% over three cycles, 3) high cost of conducting elections, 4) public perception of hospitals remained unchanged, and 5) elected hospital boards were less likely to represent the whole population served.

"This system has been costly and not very popular. With few candidates coming forward for elected positions, and poor voter turnout, board elections have not proven to be an effective way to involve the public." (Saskatchewan Health, 2001, p. 59)

Regarding open meetings (Sections 2–3)

Much of what's requested here is already in place. Under Section 30, SPH Board meetings are open to the public by default, agendas are posted online, on the hospital bulletin board, and with the Borough Clerk at least five days in advance, a public comment period is held at every meeting, and approved minutes are published. Accordingly, the resolution does not appear to identify a substantive gap between current practice and the transparency measures it requests.

Regarding elected accountability for public funds

The Service Area Board already provides elected public oversight for the hospital with respect to the use of public, tax-funded capital dollars. Under the current structure, the Service Area Board serves as the elected body responsible for stewardship of public funds, while South Peninsula Hospital, Inc. serves as the nonprofit operating board responsible for day-to-day hospital governance, quality, and operations.

This division of responsibility is established in the current governance structure. The resolution does not identify evidence that duplicating elected accountability at the operating board level would strengthen public oversight or improve outcomes for patients. Proposed change should be evaluated in light of the need to preserve the distinction between public-fund oversight and hospital operations.

Regarding performance

Section 17 of the Operating Agreement establishes specific performance standards and a formal corrective-action process (Section 17.g) for any performance found to be consistently sub-standard. Since the ratification of this agreement, no such corrective action has been initiated against SPH under this provision. This indicates that the governance structure has functioned as intended and that SPH has met its contractual obligations to the Borough and the community.

Conclusion

The Board's current practices reflect active engagement with measures that peer reviewed literature associates with better outcomes, including quarterly review of the Balanced Scorecard, a dedicated Quality and Safety Committee, ongoing board education on quality and safety issues, and clinical representation on the Board.

Our request

Based on the analysis above, SPH's Board respectfully requests that the Service Area Board not advance this resolution. The Board remains available to provide additional information or to discuss specific concerns.

Thank you for your consideration.

Respectfully,

Aaron Weisser, on behalf of the

South Peninsula Hospital Board of Directors

410 Crestwood Circle
Homer, AK 99603

September 10, 2026

To the South Kenai Peninsula Hospital Service Area Board:

It is with a great deal of sadness that I am resigning from the South Kenai Peninsula Hospital (SKPH) Service Area Board (SAB). I am moving out of the SKPH Service Area and our by-laws require residency within the Service Area. It has been my pleasure to serve as a member of the SAB since 2019, as Vice-Chair in 2020 and as Chair since 2021.

I have enjoyed working with so many incredible people on the SAB as well as the South Peninsula Hospital administration, the South Peninsula Hospital Foundation, the Kenai Peninsula Borough staff and our Assembly members. Homer is so fortunate to have this hospital and the wonderful people who work here. I have loved learning more about our hospital, critical access hospitals in general, and learning about the SPH Operating Board. It is truly with a heavy heart that I am resigning.

My resignation is effective as of September 22, 2026, when I officially move.

Sincerely,

Helen Armstrong

Helen Armstrong

MINUTES
Board of Directors Meeting

6:30 PM - Wednesday, July 29, 2026
Conference Rooms 1&2 and Zoom

The meeting of the Board of Directors of South Peninsula Hospital was called to order on Wednesday, July 29, 2026, at 6:30 PM, in the Conference Rooms 1&2 and via Zoom.

1. CALL TO ORDER

The board went into Executive Session to discuss personnel and financial matters prior to the start of the regular meeting. The board when into Executive Session at 5:30pm. President Aaron Weisser called the regular meeting to order at 6:30pm.

2. ROLL CALL

BOARD PRESENT:	**Aaron Weisser, Edson Knapp, Michael Dye, Bernadette Wilson, Beth Wythe, Preston Simmons, Matthew Bullard, Christopher Landess, Kim Frost, Jim Anderson, and Ken Ciccoli**
BOARD EXCUSED:	
ALSO PRESENT:	**Ryan Smith (CEO), Rachael Kincaid (COO), Amber Gall (CNO), Christy Tuomi (CMO), Derotha Ferraro (Marketing Director), Catriona Reynolds (Service Area Board), Maura Gibson (Exec Asst)**
	Public Commenters: Chris Story, Ashley Story, Guy Rosi, Melanie Cox, Rita Turner, Dr. Kira Bendixen, Zoe Story, Deborah Isaak, Dr. Christy Martinez, Adam Greenwald, Dr. Paul Raymond, Mariah Greenwald, Cassie Lawver, Vicky Nelson and Sarah Vance. ***Only meeting participants who comment, report or give presentations are noted in the minutes. Others may be present on the room or on the virtual meeting.***

A quorum was present.

3. REFLECT ON LIVING OUR VALUES

Amber Gall shared a “Living Our Values” story about two long-term care residents who, through a partnership with the Independent Living Center, were able to join a four-hour halibut fishing charter aboard the Spirit. Long-term care staff coordinated POA permissions, transportation in the new LTC van, and on-boat support to ensure safety and comfort; each resident caught two halibut. The fish were later processed and used for a special fish-and-chips meal back at the facility, where other residents enjoyed the catch, and one resident even saved some fish to give to family across the bay—allowing him to “provide for them” in a way he hadn’t been able to in years, illustrating dignity, community partnership, and person-centered care.

4. WELCOME GUESTS & PUBLIC / INTRODUCTIONS / ANNOUNCEMENTS

Aaron Weisser welcomed the members of the public and read excerpts from the Rules for Participating in a Public Meeting, which were provided in full on the website and printed copies were available in the room.

4.1. Rules for Participating in a Public Meeting

5. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

Chris Story provided a copy of his mother's obituary to all board members, and read a letter from his father, **Norm Story**, describing how his wife of 57 years was transferred to Providence, then denied transfer back to SPH. The family chartered a self-paid Guardian Flight so she could be near home and family at the end of her life. On presenting at the SPH Emergency Room upon arrival in Homer, Norm reports being met with, *"Why did you bring her here?"* and describes the hospitalist as rude, dismissive, and focused on lack-of-insurance. Norm's letter asserts that across decades of living, working, and paying taxes in Homer, he never imagined his wife and family would be treated this way, and he urges the board to ensure changes so no other patient is treated similarly.

Chris Story said he was speaking about hospital policy and repeatedly posed the question, "What if it was you?" asking board members to imagine a dying spouse or family member whose last request is to go home, surrounded by four generations of family. He again described the ordeal of attempting to bring his mother back to Homer for end-of-life care, and reported rude and inappropriate behavior by the hospitalist physician. He concluded that no policy or billing explanation can justify the lack of compassion and empathy shown to his family, and asked the board to remove the physician from patient care and commission an independent, external review of hospital culture and leadership

Ashley Story spoke on behalf of her grandparents, Norm and Lynn Story. She emphasized her grandmother's lifelong selflessness and felt her treatment at South Peninsula Hospital did not live up to what she deserved. She emphasized that the board should not be more concerned about her father's public advocacy than about her grandmother's treatment.

Melanie Cox testified as a recently uninsured, self-pay patient who was initially told she would receive a 25% discount plus 10% prompt pay discount, and made care decisions accordingly. When paying her bills, she discovered the additional 10% for self-pay had been removed "to match policies" and extend a 25% discount to insured patients, leaving self-pay patients worse off and forcing her into multiple stressful calls to get the 10% honored for already scheduled visits. She urged the board to restore the 10% on top of the 25% for self-pay patients while also giving insured patients 25%, warning that otherwise people may seek care out of town where total costs (including travel) may be lower.

Guy Rosi argued that SPH keeps trying to expand while neglecting basic maintenance of existing facilities. He cited long-standing, unresolved requests for

items such as drainage/icing problems near the emergency department entrance, saying nothing substantial has been done. His core message was that the hospital should take care of what it already has before buying more properties or expanding further.

Rita Turner spoke as a patient of SPH for many years, who has generally had excellent care, including lifesaving interventions, but described serious recent failures by one provider. She reports the provider refused further screening for a condition for which she had a high-risk family history. She asserted the provider's lack of follow-through likely led to permanent impacts and questioned whether the hospital's review of her care was genuine, though she still rates 99% of her historical SPH care as positive.

Dr. Kira Bendixen, a former SPH hospitalist, said she left SPH despite loving her job due to deviation from standard practice and an administration that seemed unwilling to pursue process and quality improvements. She recounted an event approximately six months ago, nearly a year after her departure from SPH, involving her 3-year-old's son emergency department visit and critical illness. She felt that the new hospitalist did not follow the standard of care in terms of admission criteria and stated that because she is a physician, she was she able to insist her son be transferred to a higher level of care. A few days after her son's transfer to Providence, he moved to the pediatric ICU with a life-threatening diagnosis. She concluded that medical staff are no longer empowered to set standards of care and that senior leadership priorities have overtaken SPH's historic culture of compassionate, high-quality care.

Zoe Story, Lynn and Norm's granddaughter, affirmed Chris and Ashley's accounts and added concerns about SPH's culture and leadership based on her own experiences. She described a prior ER encounter she experienced as misogynistic and body-shaming that led to a secondary injury. She also recounted witnessing the CEO, after a radio appearance, appear aggressive in a conversation with a local physician who appeared on the show with him. Zoe said she loves Homer and wants to trust and use SPH but currently does not trust hospital leadership, questioned the presence of surgeons/hospital staff on the operating board, and called for an elected board and governance reform.

Deborah Isaak positioned the Story case as symptomatic of deeper, "root cause" issues, particularly SPH's aggressive expansion and capital projects that she believes are driven more by revenue than by patient need. She criticized the 2024 bond proposal and proposed nuclear medicine clinic and stated that SPH's pricing is exorbitant. She described SPH's pervasive physical presence in town as "spooky" and alleged that bond promotion included misleading claims, and urged the board to recognize community concern about costs, expansion, and governance.

6. APPROVAL OF THE AGENDA

Beth Wythe made a motion to approve the agenda as presented. Preston Simmons seconded the motion. Motion Carried.

7. APPROVAL OF THE CONSENT CALENDAR

Beth Wythe read the consent calendar into the record.

7.1. Consideration to Approve the South Peninsula Hospital (SPH) Board of Directors meeting minutes for June 24, 2026

7.2. Consideration to Approve June FY2026 Financials to include the Balance Sheet, Income Statement and Cash Flow Statement

7.3. Consideration to Approve Revised Board Policy EMP-08 CEO Performance Evaluation as Recommended by the Governance Committee

Beth Wythe made a motion to approve the consent calendar as read. Jim Anderson seconded the motion. Motion Carried.

8. PRESENTATIONS

8.1. SPH Foundation: Rooted in Community Event

Derotha Ferraro and Beth Wythe gave a presentation on the upcoming SPH Foundation Fundraiser: Rooted in Community, on August 29th. All proceeds will support purchase of a new Siemens mammography unit (~$695,000) to replace an aging system, improve image quality and speed, and better support early breast cancer detection, consistent with CHNA data showing cancer as a leading cause of death. To date, approximately $445,000 has been raised via major gifts (Murdoch, Halle, Waterfall, Aurora, board members), plus about $77,000 in sponsorships, $5,000 in ticket sales, and a $100,000 community match, leaving roughly $67,000 to be raised in the room to fully fund the unit and free capital budget/tax dollars for other projects.

At the August board meeting, the Foundation board will join a pre-meeting education session to review Foundation history, the 2026 work plan, and the fundraiser. Derotha shared that more information and giving options are available at foundation.sphosp.org.

9. UNFINISHED BUSINESS

There was none.

10. NEW BUSINESS

There was none.

11. REPORTS

11.1. Balanced Scorecard

The new balanced scorecard data was presented by the CEO as part of his report (see below.)

11.2. Chief Executive Officer

The CEO, Ryan Smith, presented the quarterly balanced scorecard, covering clinical/service excellence, patient experience, workforce/IT, and financial health. He noted that SPH meets or exceeds many CMS and internal clinical targets (e.g., sepsis care above national/Alaska averages, excellent long-term care star rating), but highlighted areas needing improvement, including stroke door-to-CT timing, outpatient patient-experience percentiles, home health star ratings, and net days in A/R (still elevated post-Epic but improving month-over-month). He reviewed workforce metrics (turnover within targets but higher use of contract staff in specialties), high phishing-test pass rates, and stated that all financial health targets for the quarter were met except net days in A/R. He updated board members on ongoing Epic stabilization (stronger on inpatient than outpatient), efforts to improve clinic access and call handling via a new call center, and early impacts of the urgent care opening (shifting lower-acuity volume from the ED, with some increase in median ER time due to higher acuity of remaining ED cases).

11.3. BOD Committee: Finance & Pension

Michael Dye, committee chair, reported. The Finance Committee met prior to the board meeting and reviewed the preliminary June and year-end financial reports, noting these are not yet final; the final fiscal year year-end will be brought to the September board meeting after all reconciliations. Mr. Dye reported that days in accounts receivable and days cash on hand continue to improve, moving closer to established targets. He also noted that Anna Hermanson obtained national and state benchmarking reports and completed a comparative analysis of SPH against peers; this material is in the packet, and the intent is to have Ms. Hermanson present the benchmarking analysis at a future board meeting

11.4. BOD Committee: Strategic Planning & Community Relations

The Strategic Planning & Community Relations Committee received an in-depth update from Derotha Ferraro on the Community Health Needs Assessment work, focusing on how community and organizational priorities were identified and how they will drive the hospital's strategic initiatives for the next two years. The committee also discussed ongoing and future community relations efforts, including the live public Q&A session with Mr. Smith and Mr. Weisser, and development of a governance FAQ for the website to explain SPH's complex governance structure (public facility/private nonprofit). Finally, they reviewed recent advocacy and outreach activities and began framing the next phase of community messaging and engagement around hospital strategy and priorities

11.5. BOD Committee: Governance

Beth Wythe, committee chair, reported on board development and policy work. Ms. Wythe noted that the committee's primary current task is implementing the board peer evaluation system; surveys were sent out (due mid-August) and members were asked to complete them so results can inform training and

priorities for the coming year. The committee is also preparing to launch a board self-evaluation process on a similar timeline, and continues its routine policy review and revision responsibilities

11.6. BOD Committee: Quality

Preston Simmons, committee chair, reported on the Quality Committee meeting, which focused on laboratory services. Lab leadership (Holley Hightower and Vanessa Fuson) reviewed recent improvements, including enhancements to the lab waiting area (more seating, better ambiance) in response to patient feedback and workflow/process changes following the Epic implementation (a new tracking system to verify/review orders, in-progress build-out of reference labs in Epic, and planned blood bank software). They reported creation of a lab assistant position to support point-of-care testing on inpatient units (with plans to expand to outpatient clinics), described participation in the Rotary Health Fair, and outlined the lab's regulatory environment (CLIA and other accreditation standards) and a developing preceptor program to host UAA students and help address lab staffing/recruitment challenges

11.7. Chief of Staff

The Chief of Staff was providing patient care and was unable to attend the meeting.

11.8. Board President Report (Executive Committee, Education Sessions & Generative Discussions)

Aaron Weisser shared that the brief generative discussion prior to Executive Session surrounded the potential for connecting charity and philanthropy.

11.9. Service Area Board Representative: Catriona Reynolds

Service Area Board (SAB) member Catriona Reynolds reported that the SAB does not typically meet in June and July, but held a special meeting on June 4 to approve PREF funding for work at 324 West Fairview Avenue, as that project involves hospital property supported by service area tax dollars. She reminded the board that the SAB has nine elected members serving three-year terms, with seats D, E, and F up for election this fall and a candidate filing period of Aug. 16–31. She noted the next regular SAB meeting is August 13 in the same room (committee of the whole at 5:30 pm, regular meeting at 6:30 pm) and expressed that she sees increased community engagement—this board meeting and the upcoming public Q&A—as positive steps.

12. DISCUSSION

There was no further discussion.

13. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

Dr. Christy Martinez, a family medicine physician and former acute care medical director/hospital medicine director at SPH, read from her March–April 2025

correspondence with the board explaining why she left after 8.5 years. She said leadership decisions were interfering with her ability to provide safe, evidence-based inpatient care and that she had already raised concerns about standards of care and the CEO with the chief of staff, CMO, and physician board members while still on staff. After leaving SPH in the spring of 2025, she states that she declined the board's request to reroute her concerns back through the chief of staff and HR; she told the board she had done her duty by alerting those in authority and noted that when she declined to expand further on her concerns with written examples, the board responded in 2025 by stating no further action was necessary and the matter was "closed."

Adam Greenwald testified that his wife was turned away from the SPH ER three times within 48 hours while acutely ill, and was sent home despite obvious ongoing distress. He suspects the hospital only admitted her once the ER doctor realized he was retired military with more insurance than Medicare; she then spent seven days hospitalized for a significant condition that he believes was undertreated initially. Adam also described a later, non-standard procedure at SPH that caused a year-long ordeal and required definitive repair in Seattle, and, invoking his 20 years of military service, said hospital leadership has caused a "loss of confidence," calling for leadership/operational changes and an elected board with no hospital employees.

Dr. Paul Raymond, a longtime local physician, said he has been a "critic" of SPH's leadership not because he hates the hospital, which he says he loves, but because he believes it is run in a predatory, non-collaborative way that marginalizes independent providers. He described non–hospital-employed physicians as treated like second-class citizens, noted that when he dropped his privileges 10 years ago no one followed up except a former CEO in a narrow context, and cited the 62% community rejection of the hospital bond contrasted with immediate purchase of an $800,000 building as evidence the board does not listen. He said he has personally heard multiple recent end-of-life stories very similar to the Story case (different staff, same pattern of being turned away and needing outside intervention) and urged the board to reflect on why so many in the community see SPH as "all about the money."

Chris Story highlighted that on June 4, the same day his family was struggling to have his dying mother admitted to SPH, the hospital and Service Area Board held a special meeting to secure $175,000 in PREF funds to demolish the "Walls home" at 324 West Fairview, which SPH had purchased for $500,000. He contrasted the willingness to rapidly secure taxpayer money to tear down a building, despite asbestos concerns and potential private buyers, with the reluctance and conditionality his family encountered in seeking basic end of life care,

Mariah Greenwald described two events that left her feeling abandoned by her community hospital. First, when her husband suffered a head injury, he received appropriate care in the ER but was then abruptly discharged after "another crisis came in." Ms. Greenwald says she was left alone to manage a confused, half-dressed husband, had to chase someone down for ill-fitting clothes, and walked him barefoot through the parking lot in October with no escort. About a month later, she herself was

repeatedly turned away when acutely ill, as her husband previously shared tonight. On her third visit to the ER, Ms. Greenwald recalls sitting in the car asking God to take her life due to pain and despair at being turned away. She said these experiences have broken her trust in SPH despite her deep lifelong connection to the hospital and community; this includes her father serving on the operating board.

Guy Rosi gave a brief second comment, reiterating that many more people are likely to come forward because “we are not being heard,” and criticized SPH for buying up the town and pushing out other operators. His core message remained that the hospital’s current trajectory. The expansion, acquisitions, and perceived crowd-out of others should cease.

Cassie Lawver questioned SPH’s financial priorities, noting that the hospital is fundraising from the community for a mammography unit while simultaneously purchasing a house slated for demolition and entering long-term leases on multiple houses. She argued that if SPH can afford extensive real estate acquisitions and housing projects, it should be able to buy critical clinical equipment without leaning on a high cost of living community for philanthropy. She said she intends to scrutinize hospital finances and urged more transparency about where money is going.

Vicky Nelson’s brief testimony focused on communication direction and priorities. She noted that the board had spoken about “bringing its concerns to the community,” and responded that the process should be reversed, with the community bringing concerns to the hospital board.

Rita Turner spoke again and raised concerns relayed from geologist Ed Berg about hospital housing being built on potentially unstable bluff areas with landslide/tsunami risk.

Representative Sarah Vance spoke both as a state legislator and as a community member who hears from constituents. She described a close friend who delayed care at SPH due to feeling poorly treated and later required urgent, major treatment in Anchorage. She also detailed an earlier case in which Russian Old Believer parents brought 3-month-old twins to SPH and felt the children were quickly taken into OCS custody without clear communication or advocacy, leading much of that community to avoid SPH entirely, including a subsequent pregnancy that went largely without prenatal care. She emphasized that they had not been told they were entitled to a cultural/linguistic advocate. Vance contrasted these experiences with compassionate care her friend received at Central Peninsula Hospital and urged SPH to rebuild trust, dignity, and culturally sensitive communication, especially for vulnerable populations.

14. COMMENTS FROM THE BOARD

(Announcements/Congratulations)

14.1. Chief Executive Officer

The CEO had no comment.

14.2. Board Members

Beth Wythe thanked community members for coming and acknowledged how hard it is to share these stories publicly. She said the board will route what was heard into the committe process and explained that while the board meetings are not set up for questions and answers, there is a public Q&A session scheduled for the next day via Zoom, which is an appropriate venue for direct questions and answers.

Dr. Edson Knapp expressed appreciation for everyone's presence and the courage it took to speak. He said it was important for the board to hear the pain, frustration, and emotion, and that he was grateful for the testimony shared

Jim Anderson spoke about being both a Story family in-law and a board member, acknowledging deep grief and the impossibility of "fixing" that after the fact. He emphasized the need for accountability, transparency, more community engagement, and asking hard questions, while expressing confidence that the board and administration can have a positive impact if the community continues to participate. He urged ongoing, not crisis-only, involvement from the public and said he personally joined the board to help improve communication and trust.

Ken Ciccoli thanked everyone for sharing their experiences, including stories he had and hadn't heard before. He said he was proud to serve as a conduit for these conversations, and noted that "compassion" was a recurring word he would take home. He also suggested that board rounding should include a formal mechanism to document what board members see and hear so it can feed into committee and board discussions.

Dr. Christopher Landess thanked commenters for their courage and said he was sorry for what they had gone through. He affirmed that no one with a conscience would wish such experiences on anyone and said he looked forward to helping improve things going forward.

Michael Dye offered condolences to Norm and the Story family and thanked all who participated. He said he was certain everyone had been heard and answered Chris's "What if it were you?" by saying that everyone should feel compassion and empathy at their community hospital.

Kim Frost noted that she and Mike had just completed a six-month Center for Rural Health Leadership training focused on how to be a good board member, and said it had been eye-opening. She appreciated the opportunity to apply that learning and implied it would inform how the board responds to what it heard.

Bernadette Wilson expressed sorrow for what people had experienced at the hospital and thanked them for sharing. She stressed that the board values community feedback and that members are interested in hearing concerns to support needed change.

Matt Bullard thanked everyone for coming and sharing their stories, and stated he'd like to see members of the public more often. He reiterated that everyone wants to have a good hospital.

Preston Simmons thanked the public for coming and acknowledged how hard it is to tell such stories in this forum, especially the end-of-life accounts. He said he believes the board and leadership team want to do what is right and that the testimony would be a catalyst for improvement. He also mentioned the creation of a Patient & Family Advisory Committee (PFAC) and encouraged interested community members to consider serving on it as another conduit for ongoing input.

Aaron Weisser acknowledged the hurt in the room. He emphasized that the board and hospital can only act effectively when they have detailed, written information about patient experiences. He urged anyone who spoke—or knows of others with negative experiences—to submit written accounts with specifics (dates, details, individuals involved), either via the hospital's patient feedback form, the board email, or directly to him, noting that all such correspondence is reviewed at multiple levels, both for the specific incident and for any pattern. He reiterated the board's commitment to improving care quality and culture, stressed that they will continue living in, and working with, the same community as neighbors and collaborators, and closed by stating the board is highly committed to using this information to drive improvements.

15. INFORMATIONAL ITEMS

There were no additional informational items.

16. ADJOURN TO EXECUTIVE SESSION (IF NEEDED)

There was no additional Executive Session.

17. ANNOUNCEMENTS AS A RESULT OF EXECUTIVE SESSION

17.1. Consideration to Approve Resolution 2026-16, Approving the Medical Staff Credentialing for July 2026

Beth Wythe made a motion to approve SPH Resolution 2026-16, Approving the Medical Staff Credentialing for July 2026, to include the reappointment of the following providers with an effective date of July 31, 2026:

Gregory Aird, MD	*Radiology*	*Active*
Ruxandra Costa, MD	*Neurology*	*TeleStroke-Providence*
Robert Joodi, MD	*Radiology*	*TeleRad-vRad*
David Krakowski, MD	*Radiology*	*TeleRad-vRad*
Richard Mitchell, MD	*Radiology*	*TeleRad-vRad*
Lien Nguyen, DO	*Neurology*	*TeleStroke-Providence*
Darragh O'Mahony, MD	*CC & Pulmonology*	*TeleICU-Providence*
Ty Ovella, MD	*Radiology*	*TeleRad-vRad*

Meghan Romba, MD	*Neurology*	*TeleStroke-Providence*
John VanTassel, MD	*Radiology*	*TeleRad-vRad*
Renda Knapp, MD	*OB/Gyn*	*Active*

And the initial appointment of the following providers with an effective date of July 31, 2026:

Christian McCartney, MD	*Orthopeadics*	*Part-Time Active*
Gregory McCormick, MD	*Emergency Medicine*	*Part-Time Active*
Jeffrey Roger, MD	*Emergency Medicine*	*Part-Time Active*

Jim Anderson seconded the motion. A roll call vote was held:
Jim Anderson – Yes
Matthew Bullard – Yes
Ken Ciccoli – Yes
Michael Dye – Yes
Kim Frost – Yes
Edson Knapp – Recused due to conflict of interest
Christopher Landess – Yes
Bernadette Wilson – Yes
Beth Wythe – Yes
Aaron Weisser – Yes

Motion Carried.

18. ADJOURNMENT

The meeting adjourned at 9:07pm.

Respectfully Submitted,

Maura Gibson, Executive Assistant

Accepted:

Aaron Weisser, President

Minutes Approved: 08/26/2026

Mary E. Wythe, Secretary