SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD

HYBRID MEETING in the SPH Conference Room and on ZOOM
MINUTES Regular Meeting September 10, 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, Catriona Reynolds
Excused absent	Amber Cabana
SPH staff:	CEO Ryan Smith, CFO Anna Hermanson, Director Public Relations Derotha Ferraro
SPH, Inc., BOD:	Beth Wythe
KPB staff:	KPB Attorney Sean Kelley

3. Introduction of Guests – About 20 members of the public joined the meeting in the conference room and another 20 or so on Zoom. Ms. Roberts clarified that the SAB uses Robert's Rules of Order and that the agenda provides two opportunities for public comment.

4. Approval of Agenda –
MOTION: Ms. Armstrong moved/Ms. Zollars seconded to approve the agenda.

DISCUSSION: Ms. Armstrong moved/Ms. Zollars seconded to change agenda item 5.B under Reports (Committee of the Whole) to reflect that SAB Secretary Catriona Reynolds will make that report.

VOTE, YES, NON OBJECTION – Agenda approved as amended.

5. Public comments – Chair Roberts clarified that public comments would first be provided by individuals in the conference room, then those attending via Zoom

Chris Story expressed appreciation for the wide-ranging COTW discussion and agreed that there are concerns related to upending the existing operating agreement. He expressed support for advancing the resolution regarding an elected operating board to the borough assembly to allow for research, public involvement, and broader representation.

Tiffany Story urged the board to forward the resolution to the borough assembly so the proposal for an elected SPH operating board can be fully considered to ensure independent governance, accountability, and proper public oversight.

Matt Freund commended the hospital's success and board service, shared the concern that SPH has lost touch with the community, encouraged self-reflection and consideration of governance structures seen in comparable organizations (e.g., HEA, CPH, SPH), and emphasized the importance of community engagement.

Mike Jones expressed appreciation for COTW discussions, framed the community goal as that SPH offer excellence in execution and responsiveness to community needs. He recommended forwarding the resolution to the borough assembly with a request to establish a dedicated task force to analyze SPH governance problems and solutions.

Ashley Story noted concerns regarding governance transparency and the role politics already plays within the hospital operating board structure.

Jeff Mayfield expressed concern that electing operating board members would introduce partisan politics into healthcare and noted that a comparison with HEA governance structure is flawed, since that elected board oversaw rapidly increasing utility rates. He contended that the current system works but lacks applicants because citizens fail to apply, rather than that the board is intentionally self-selecting.

Christy Martinez encouraged clearly defining problems being solved and identified key concerns as (a) inconsistent standards of care at SPH and (b) lack of ways to communicate with SPH and to ensure accountability. While an elected board may not be the solution, she supported initiatives aimed at an operating board that is quality focused, community minded, transparent, and welcoming of public input.

Chris Perry expressed concerns that the proposed resolution will politicize and degrade the high-quality healthcare currently available in the service area and potentially destroy a system that functions well. He argued that hospital boards require industry professionals and that an elected board will lead to vacant board positions and increasing costs. Existing operating board meetings are already open to the public, with designated comment periods, making the changes in the resolution unnecessary.

Dr. Paul Raymond listed his qualifications, e.g., former president of the state medical association and on a national board representing thousands of physicians, and noted that both these organizations use nominating committees followed by member elections; disruptive elected board members can be managed via bylaws and codes of conduct. He argued that the current operating board does not necessarily represent the local community, noting that nationwide, hospital boards have neutered medical staffs so that doctors no longer have a say in managing hospitals. He closed by asserting that control should be local and with medical care the top priority.

Scott Adams supported forwarding the resolution to the borough for evaluation of governance issues. He cited a concern that SPH priorities have shifted from patient care to profit and shared a related personal experience. He raised the concern that connecting SPH across multiple states via MyChart leads to loss of local identity and is turning SPH into a money factory that no longer acts like a small local institution.

6. Approval of SKPHSAB Minutes of August 13

MOTION: Ms. Zollars moved/Ms. Reynolds seconded to approve SAB minutes of August 13, 2026.

DISCUSSION: Ms. Reynolds noted that she had been in attendance but was not listed as attending. Ms. Armstrong appreciated the new format as more compact and easier to read, but noted that board comments should identify individuals commenting so as not to imply comments reflect the entire board.

VOTE, YES, NON OBJECTION – August 13 minutes were approved as corrected.

7. Presentation – Brandy Zollars

Ms. Zollars reported for the South Peninsula Hospital Foundation and shared that the "Rooted in Community" fundraising event at Bar Five on Diamond Ridge Rd was very successful. The primary goal had been raising funds for a new 3D mammography machine—the first of its kind in Alaska—which will be owned by the borough as a community asset. Through community donations, grants, and a challenge match, the total so far raised reached $275,000, surpassing the $250,000 goal set by the SPHF.

8. Reports –

A) Committee of the Whole (COTW) – SAB Secretary Catriona Reynolds

The Committee of the Whole met at 5:30 pm. The COTW discussed meeting mechanics and

parliamentary procedures for handling resolutions. The Committee had an extensive preliminary discussion regarding Resolution 2026-05 concerning operating board governance.

B) South Peninsula Hospital CEO Ryan Smith –
Mr. Smith introduced two capital updates: (1) information on the funding requested tonight for excess costs associated with generator replacement and (2) two Rural Health Transformation Program grant awards that Ms. Hermanson will present.

C) South Peninsula Hospital Financial Report – CFO Anna Hermanson
Ms. Hermanson shared that SPH has so far received two Rural Health Transformation Program (RHTP) grants totaling over $1.17 million:

- **$958,000** to establish Level 2 Cardiopulmonary Rehabilitation services locally.
- **$220,000** for an automated pharmacy dispensing system to enhance medication safety.

Ms. Hermanson also shared that income from urgent care was 38% above budget in July and the infusion clinic was 12% above budget. Medicare now accounts for 50% of SPH's payer mix. Starting January 1, 2027, Medicaid recipients will need to undergo eligibility redetermination every 6 months. Alaska obtained a waiver delaying Medicaid work requirements until 2028.

D) South Peninsula Hospital, Inc. Board of Directors (BOD) – Beth Wythe
Ms. Wythe shared that the BOD conducted routine rolling 3-year policy reviews, approved generator project funding allocations, and finalized required IRS plan restatements for employee pension documentation.

E) SAB Representative to August 26 BOD meeting – Storm Hansen
Ms. Hanson added that public participation at the operating board meeting was very engaging. She also expressed appreciation for a retirement proclamation from the BOD honoring her 25 years of service to the organization, which was presented to her during the meeting.

F) Kenai Peninsula Borough Assembly Representative – Kelly Cooper
Ms. Cooper listened online but for medical reasons did not provide a report.

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

H) SAB Chair Francie Roberts – Ms. Roberts clarified that meeting minutes are shifting toward summary action minutes per borough preference. Audio recordings and complete packets remain hosted on the official Kenai Peninsula Borough Service Area Board website. That website also provides an online public comment form, and comments are relayed to the SAB. She noted that candidate election information for service area board seats is available on the borough's dedicated election webpage.

9. Unfinished Business – None.

10. New Business – None.

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 (PREF) to fund the generator replacement project at South Peninsula Hospital.

MOTION: Ms. Zollars moved/Ms. Reynolds seconded to approve Resolution 2026-04
DISCUSSION: Ms. Hermanson explained that SPH secured a $5,000,000 Congressionally Designated Spending grant for the generator project. Final engineering updates brought total project costs to

$5,230,793. The $230,793 PREF allocation will cover the remaining balance. The project complies with Build America, Buy America (BABA) procurement rules.

Roll Call VOTE on motion, Yes: Erin Workman, Francie Roberts, Tamara Fletcher, Brandy Zollars, Catriona Reynolds, Lynda Reed, Storm Hansen, Helen Armstrong; motion passed unanimously

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 an elected operating board and to require compliance with open meeting requirements.

MOTION: Ms. Zollars moved/Ms. Reynolds seconded to bring Resolution 2026-05 to the floor for discussion.

DISCUSSION: Discussion followed on ways that the SAB could support the process of evaluating and improving SPH governance based on issues and suggestions raised in public comments and Resolution 2026-05. Actions discussed included tabling the current motion or making a different motion. KPB Attorney Sean Kelley clarified that an alternative motion could be as simple as requesting that the chair work with the borough attorney or the borough on bringing back a motion regarding the governance and operation of the operating board. Attorney Kelley recommended taking action on the resolution currently on the floor, after which the SAB could consider a separate motion to create its own resolution.

Roll Call VOTE on Resolution 2026-05, NO: Francie Roberts, Tamara Fletcher, Brandy Zollars, Catriona Reynolds, Storm Hansen, Helen Armstrong, Lynda Reed, Erin Workman. Motion failed.

MOTION: Helen Armstrong moved/Brandy Zollars seconded that the SAB Chair work with the Kenai Peninsula Borough and borough attorney on bringing back a motion to the next SAB meeting regarding the governance and operation of the operating board.

VOTE, YES, NON OBJECTION – This motion passed without objection.

C) Resignation of SAB member Helen Armstrong

MOTION: Catriona Reynolds moved/Lynda Reed seconded to accept the resignation of board member Helen Armstrong due to her upcoming relocation to Anchorage.

DISCUSSION – Members noted their deep appreciation for Mrs. Armstrong's 9 years of dedicated service to the SAB and the community.

VOTE, YES, NON OBJECTION – Motion passed without objection.

11. Public Comments (Second Hearing)

- Dr. Kira Bendixen shared her experience applying for appointment to the BOD when she worked at SPH. The experience led her to support more physician oversight, better quality assurance, and structural improvements. Despite extensive qualifications when she applied, she was told to gain more experience within the organization but felt attempts to do so were blocked. She left SPH due to concerns about quality of care delivered. She now works at SVT and acknowledged that change takes courage and solutions. She expressed concern that individuals remain silent due to fear of retaliation. She sees Resolution 2026-05 as one path forward and expressed appreciation for tonight's discussion.
- Chris Story thanked the board for considering governance options and requested that future draft resolutions originate directly from the SAB rather than from the borough. He supported avoiding politicization of SPH management but suggested politics is already part of the process. He offered to answer questions and be part of conversations. He asserted that SPH has outgrown the existing

operational model.

- Scott Adams reiterated the importance of public communication and thorough review before involving the borough attorney. He suggested that the SAB not rush the process so that new ideas have time to emerge—draft resolutions can be developed and fine tuned before involving borough legal staff.
- Patricia J. (via Zoom) cautioned against abrupt organizational change without clear systemic evidence of need for change. She sees no preponderance of evidence suggesting widespread community concern about SPH operations and urged more evidence be collected to clarify and better understand issues and motives underlying Resolution 2026-05. She noted that most U.S. nonprofit hospitals have unelected operating boards and that these hospitals are expected to reinvest earnings in patient care and community outreach, which SPH does. She advised individuals with concerns to go directly to their borough representatives, who are the final decision-makers about hospital management.

12. Board Comments and Adjournment

In response to a question from Ms. Armstrong, Ms. Hermanson clarified that SPH will offer Level 2 Cardiopulmonary Rehab, which provides medically supervised recovery programs that begin shortly after a patient leaves the hospital following an acute cardiac event or surgery. SPH already provides Levels 3 and 4 cardiopulmonary rehab.

Ms. Reynolds noted that she saw an ad in the current *Homer News* inviting people to apply for a seat on the SPH Board of Directors.

Tamara Fletcher hoped that next year, there would be more than one individual running for each vacant seat on the SAB.

Ms. Zollars thanked the public for commenting and noted that for the sake of quality consideration of public comments, addressing tonight's comments not be rushed.

In response to a question from Ms. Reed, Mr. Smith explained that satisfaction surveys filled out by patients after they visit SPH are summarized on the balance scorecard, and the SPH Quality Department follows up on every comment included on those surveys. The SAB could receive these analyses.

Ms. Armstrong thanked borough attorney Sean Kelley for attending in person and for his support over the years. She also expressed appreciation for getting to know SPH leadership staff—particularly Mr. Smith and Ms. Hermanson—and how welcoming staff have been.

Ms. Roberts thanked everyone attending tonight's meeting and Ms. Armstrong for her service.

13. Informational Items in packet

- SPH, Inc., Board of Directors minutes from July 29 BOD meeting

14. Next scheduled meetings and reminders

Ms. Zollars will be the SAB representative to the September 30 SPHI BOD meeting.

15. Adjourn – The meeting was adjourned at 8:13 pm.

Respectfully submitted,

Devony Lehner, SAB Recording Secretary

Minutes Approved: October 8, 2026