AGENDA
Board of Directors Meeting
6:30 PM - Wednesday, April 29, 2026
Click link to join Zoom meeting
SPH Conference Rooms 1&2
Meeting ID: 878 0782 1015 Pwd: 931197
Phone Line: 669-900-9128 or 301-715-8592

Aaron Weisser, President		Jim Anderson		Matthew Bullard	
Preston Simmons Vice President		Ken Ciccoli		Kim Frost	
Mary E. "Beth" Wythe, Secretary		Edson Knapp, MD		Christopher Landess, MD	
Michael Dye, Treasurer		Bernadette Wilson			

Board Master Reports List

Mission: South Peninsula Hospital promotes community health and wellness by providing personalized, high quality, locally coordinated healthcare.
Vision: South Peninsula Hospital is the provider of choice with a dynamic team committed to service excellence.
Values: Compassion, Respect, Trust, Teamwork and Commitment

Page

1. CALL TO ORDER

2. ROLL CALL

3. REFLECT ON LIVING OUR VALUES

4. WELCOME GUESTS & PUBLIC / INTRODUCTIONS / ANNOUNCEMENTS

5 4.1. Rules for Participating in a Public Meeting
Rules for Participating in a Public Meeting

5. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

6. APPROVAL OF THE AGENDA

7. APPROVAL OF THE CONSENT CALENDAR

6 - 11 7.1. Consideration to Approve the South Peninsula Hospital (SPH) Board of Directors meeting minutes for March 25, 2026.
Board of Directors - Mar 25 2026 - Minutes - DRAFT

12 - 14 7.2. Consideration to Approve March FY2026 Financials, to include the Balance Sheet, Income Statement and Cash Flow Statement
Balance Sheet March FY2026
Income Statement March FY2026
Cash Flow Statement March FY2026

15 - 18 7.3. Consideration to Approve EMP-03 Disruptive Conduct and Abusive Behavior and EMP-04 Contracting for Professional Medical Services with minor revisions, as recommended by the Governance Committee
EMP-03
EMP-04

19 - 20 7.4. Consideration to Approve EMP-05 Hiring or Terminating Individuals in Key Positions and EMP-06 Environmental Responsibility with no revisions, as recommended by the Governance Committee
EMP-05
EMP-06

8. PRESENTATIONS

9. UNFINISHED BUSINESS

10. NEW BUSINESS

21 - 22 10.1. Consideration to Approve SPH Resolution 2026-08, A Resolution to Approve the Renewal of the Lease for 4014 Lake Street for Education, Training Center, and Clinical Forensics Operations at 4014 Lake Street, Homer AK
SPH Resolution 26-08

23 10.2. Consideration to Approve SPH Resolution 2026-07, A Resolution of the South Peninsula Hospital Board of Directors Authorizing the CFO to Sign, File and Submit the IRS Form 990
SPH Resolution 26-07

24 - 27 10.3. Consideration to Approve SPH Resolution 2026-09, A Resolution of the South Peninsula Hospital Board of Directors Approving a Fourth Amendment to the Operating Agreement between South Peninsula Hospital and the Kenai Peninsula Borough to Provide Clear

Expectations and Responsibilities for Real Property Acquisition Due Diligence as well as Required Provisions for Leases in which SPHI is the Sole Lessee
SPH Resolution 26-09

11. REPORTS

28 - 32 11.1. Balanced Scorecard
Balanced Scorecard Q3 FY2026

11.2. Chief Executive Officer

11.3. BOD Committee: Finance & Pension

33 - 35 11.4. BOD Committee: Strategic Planning & Community Relations
SPH Proposed Strategic Planning Process

11.5. BOD Committee: Governance

11.6. BOD Committee: Quality

11.7. Chief of Staff

11.8. Board President Report

11.9. Service Area Board Representative

12. DISCUSSION

13. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

14. COMMENTS FROM THE BOARD

(Announcements/Congratulations)

14.1. Chief Executive Officer

14.2. Board Members

15. INFORMATIONAL ITEMS

36 - 39 15.1. Board Agenda Calendar
Board Agenda Calendar 2026

15.2. AHA Rural Health Care Leadership Conference

- Jan 31 - Feb 3, 2027: Signia by Hilton Orlando Bonnet Creek/Orlando
- Feb 20-23, 2028: Hyatt Regency Orlando/Orlando

- Feb 4-7, 2029: JW Marriott San Antonio Hill Country Resort/San Antonio

16. ADJOURN TO EXECUTIVE SESSION (IF NEEDED)

17. ANNOUNCEMENTS AS A RESULT OF EXECUTIVE SESSION

17.1. Consideration to Approve Resolution 2026-10, Approving the Medical Staff Credentialing for April 2026

18. ADJOURNMENT

South Peninsula Hospital

MEMO

Administration
4300 Bartlett Street
Homer, AK 99603
907-235-0325 ~ 907-235-0253, fax

To: Public Participants

From: Operating Board of Directors – South Peninsula Hospital

Re: Rules for Participating in a Public Meeting

The following has been adapted from the "Rules for Participating in a Public Meeting" used by Kenai Peninsula SAB of SPHI and reflects language from the Operating Agreement with the Kenai Peninsula Borough.

Each member of the public desiring to comment upon policies or proposed actions of the SPH Operating Board of Directors at tonight's meeting will be given an opportunity to speak within the following guidelines:

- *Comments are restricted to policies or proposed actions of the SPH Operating Board of Directors.*
- *Those who wish to speak will need to sign in on the sign in sheet being circulated. When the chair recognizes you to speak, you need to clearly give your name and the policy or proposed action you wish to address.*
- *Please be concise and courteous. There is a limit of 3 minutes per speaker; total time allotted for public comment is at the discretion of the chair.*
- *Please observe normal rules of decorum and avoid disparaging by name the reputation or character of any member of the Operating Board of directors, the administration or personnel of SPHI, or the public. You cannot mention or use names of individuals.*
- *The Operating Board Directors may ask you to respond to their questions following your comments. You could be asked to give further testimony in "Executive Session" if your comments are directly related to a member of personnel, or management of SPHI, or dealing with specific financial matters, either of which could be damaging to the character of an individual or the financial health of SPHI, however, you are under no obligation to answer any question put to you by the Operating Board Directors.*
- *If you have questions, you may direct them to the chair. Questions will not be addressed by the board during the public comment period, but may be addressed at a later time.*

These rules for participating in a public meeting were discussed and approved at the Board of Directors meeting on September 25, 2024.

MINUTES

Board of Directors Meeting

6:30 PM - Wednesday, March 25, 2026

Conference Rooms 1&2 and Zoom

The meeting of the Board of Directors of South Peninsula Hospital was called to order on Wednesday, March 25, 2026, at 6:30 PM, in 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, Bernadette Wilson, Preston Simmons, Matthew Bullard, Christopher Landess, Kim Frost, Jim Anderson, and Ken Ciccoli**

BOARD EXCUSED: **Mary E. "Beth" Wythe and Michael Dye**

ALSO PRESENT: **Ryan Smith (CEO), Anna Hermanson (CFO), Dr. Sarah Roberts (Chief of Staff), Storm Hansen (Service Area Board), Derotha Ferraro (Marketing Director) and Maura Gibson (Exec Asst)**
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

The values story was inadvertently skipped over; no values story was shared.

4. WELCOME GUESTS & PUBLIC / INTRODUCTIONS / ANNOUNCEMENTS

Aaron Weisser welcomed guests. Rules for Participating in a Public Meeting were provided in the room and in the packet published online.

4.1. Rules for Participating in a Public Meeting

5. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

There were none.

6. APPROVAL OF THE AGENDA

Christopher Landess made a motion to approve the agenda as written. Bernadette Wilson seconded the motion. Motion Carried.

7. APPROVAL OF THE CONSENT CALENDAR

Aaron Weisser read the consent calendar into the record.

7.1. Consideration to Approve the South Peninsula Hospital (SPH) Board of Directors meeting minutes for February 25, 2026

7.2. Consideration to Approve February FY2026 Financials

Christopher Landess made a motion to approve the consent calendar as read. Bernadette Wilson seconded the motion. Motion Carried.

8. PRESENTATIONS

There were none.

9. UNFINISHED BUSINESS

There was none.

10. NEW BUSINESS

10.1. Consideration to Approve a revised South Peninsula Hospital Strategic Plan, submitted by the Strategic Planning and Community Relations Committee

Kim Frost introduced the updated Strategic Plan put forward by the Strategic Planning and Community Relations Committee. She explained the revision was intended to merge operational and strategic priorities. This document will serve as the Strategic Plan while the committee defines a new strategic planning process for the board to undertake moving forward. Aaron Weisser expressed appreciation for the concise document and for the move towards a more comprehensive strategic plan.

Christopher Landess made a motion to approve the revised South Peninsula Hospital Strategic Plan, submitted by the Strategic Planning and Community Relations Committee. Bernadette Wilson seconded the motion. Motion Carried.

11. REPORTS

11.1. Chief Executive Officer

Ryan Smith, CEO, reported. He announced the arrival of a new ENT physician, Dr. Fred Freeman, and an ENT nurse practitioner, in May. He thanked everyone for their participation in the Rural Health Transformation Program funds submission process. Mr. Smith mentioned the upcoming urgent care clinic opening in June and the community's interest in the service. He also highlighted his role as the state delegate for Alaska to the regional policy board with the American Hospital Association.

11.2. BOD Committee: Finance & Pension

Preston Simmons reported on behalf of the Finance Committee, as Mike Dye was not present. At their meeting, the committee discussed the One Big Beautiful Bill, as well as an overstatement of revenues. Anna Hermanson

explained that during an audit of financials, there was an overstatement of revenues due to an interface issue with Epic double-firing, and a reversing entry in December that was not reversed. Anna Hermanson emphasized focusing on year-to-date totals and ensured that proactive actions have been put in place to prevent future issues.

11.3. BOD Committee: Strategic Planning & Community Relations

Aaron Weisser, committee co-chair, reported. The committee developed and approved the strategic planning document that the board considered tonight. The committee is in the process of developing a 3-year strategic planning process, which will be brought to the board for approval. The committee will then initiate that cycle. Mr. Weisser asked the board whether they preferred to incorporate strategic planning into the regular board retreat schedule, or to add an additional workday for strategic planning every three years. Most board members were in favor of incorporating into the established schedule, though Ms. Wilson preferred a separate workday. He also discussed the timeline for the upcoming Community Health Needs Assessment results and the ongoing community outreach opportunities.

11.4. BOD Committee: Governance

- **Board Policy EMP-03**
- **Board Policy EMP-04**

Matt Bullard reported on behalf of the committee as Ms. Wythe was not present. The Governance Committee is working on the upcoming board retreat and training sessions. The Board and Medical Staff dinner is planned for March 26, 2026 at the Aspen Hotel. Included in the packet were two board policies: EMP-03 Disruptive Conduct and Abusive Behavior, and EMP-04 Contracting for Professional Medical Services, both with minor edits proposed by the committee. These policies will be placed on the April board meeting consent agenda for final approval.

11.5. BOD Committee: Quality-of-Care

Preston Simmons, committee chair, reported. The committee received an excellent presentation on the Surgical Services Department and their quality programs by Director Justine Haveman. She explained block scheduling and discussed challenges with surgery schedules with the increasing number of surgeons. She reviewed the quality processes, discussed RCAs and their role in the department, and shared the process for patient follow-up calls. She shared feedback from patient surveys, including the common positive comments on the team's cohesion and sense of humor. There have been challenges in terms of wait times, and the team is setting goals around making the schedules more predictable and improving the communication with patients. Dr. Tuomi will report back on the quality metrics that the medical staff track in the surgery department. Lori Riddle, Quality Director, gave a presentation at the meeting and reviewed the rating levels for Levels of Harm, and did a deep dive into patient satisfaction scores for inpatient, outpatient, ambulatory surgery and the medical clinics.

The committee is working on a calendar of presentations and agenda items for FY27 and will share that when it is developed. He encouraged board members

to reach out if they have anything in particular they'd like to see from the committee in the coming year.

11.6. Chief of Staff

Dr. Sarah Roberts, Chief of Staff, had nothing additional to report. She is looking forward to the Board and Medical Staff dinner tomorrow night, and will make sure to spread the word to the medical staff as it is important for the medical staff and board to work together cohesively.

11.7. Board President Report

Aaron Weisser shared that the board's education session this month was on the One Big Beautiful Bill. Ryan Smith shared a presentation put together by Emily Ricci, DHSS Deputy Commissioner, for the Alaska Hospital and Healthcare Association.

Mr. Weisser also reported that after a community conversation he was approached by a gentleman who expressed concern about the way bond promotion funds were handled. Mr. Weisser felt extremely confident in assuring him that everything was done legally and properly. Later, he was able to provide all the appropriate documentation to support that it was all handled appropriately. Mr. Weisser expressed appreciation for working with a team that he trusts fully.

11.8. Service Area Board Representative

Storm Hansen reported on behalf of the Service Area Board. They are finishing up the budget process for the year. Mr. Weisser welcomed Ms. Hansen to the board.

12. DISCUSSION

There were no additional discussion items.

13. COMMENTS FROM THE AUDIENCE ON ITEMS OF ANY MATTER

Derotha Ferraro, Marketing Director, asked the board to review the updated Community Outreach schedule, which was printed and passed around at the meeting. She asked Ms. Gibson to email the document to the board after the meeting as well.

14. COMMENTS FROM THE BOARD

(Announcements/Congratulations)

14.1. Chief Executive Officer

Ryan Smith had no additional comments.

14.2. Board Members

Edson Knapp is happy to be back at work after some time off, and mentioned that the Imaging Department is in a good place. Ken Ciccoli shared that he recently spoke to someone who joined the Homer community for the job at the hospital, and was happy to be here. Kim Frost appreciates all the extra effort from hospital employees to help stand up an Urgent Care, which will be

beneficial for the community. Preston Simmons is enjoying the Community Conversations and is looking forward to the board retreat. Aaron Weisser invited everyone to join him at his day job as Pastor at Church on the Rock, if anyone would like to join them for Easter service.

15. INFORMATIONAL ITEMS

There were no informational items.

16. ADJOURN TO EXECUTIVE SESSION (IF NEEDED)

No additional Executive Session was required.

17. ANNOUNCEMENTS AS A RESULT OF EXECUTIVE SESSION

17.1. Consideration to Approve SPH Resolution 2026-06, Approving the Medical Staff Credentialing for March 2026

After review of the medical staff files in Executive Session, Preston Simmons made a motion to approve SPH Resolution 2026-06, Approving the Medical Staff Credentialing for March 2026, to include the initial appointment of:

Behrad Golshani, MD Radiology Part-Time Active

And the reappointment of:
Joseph Knight, DPM Podiatry Part-Time Active
Michelle Pearce, ANP Oncology Part-Time Active
Roger Martinez, MD Family Med/ED Active

And the privilege modification requests:
Jessica Jordan, PA-C, the addition of: inpatient PA core privileges, inpatient & outpatient (ED) consults, assist in surgery, apply splints and casts, administer joint injections, and aspirate joints/bursa, with the I-FPPE plan recommended by the Medical Staff and approved by the MEC on 3/4/26.

Edson Knapp seconded the motion. Motion Carried.

18. ADJOURNMENT

The meeting adjourned at 8:00pm.

Respectfully Submitted,

Maura Jones, Executive Assistant

Accepted:

Aaron Weisser, President

Minutes Approved:

Mary E. Wythe, Secretary

South Peninsula Hospital

DRAFT-UNAUDITED

BALANCE SHEET
As of March 31, 2026

		Month Ending 03/31/2026	Month Ending 03/31/2025	Month Ending 02/28/2026	Change From Prior Year
	CURRENT ASSETS				
	CASH				
1	CASH AND CASH EQUIVALENTS	25,581,750	30,664,550	22,375,509	(5,082,801)
2	EQUITY IN CENTRAL TREASURY	8,766,892	8,822,882	9,765,015	(55,990)
3	TOTAL CASH	34,348,642	39,487,432	32,140,524	(5,138,791)
	NET PATIENT ACCOUNTS RECEIVABLE				
4	PATIENT RECEIVABLES	65,543,528	38,863,100	71,187,742	26,680,429
5	LESS ALLOWANCES AND ADJUSTMENTS	(30,807,555)	(17,644,575)	(37,107,076)	(13,162,980)
6	TOTAL NET PATIENT ACCOUNTS RECEIVABLE	34,735,973	21,218,525	34,080,666	13,517,449
	NET PROPERTY TAXES RECEIVABLE - KPB				
7	PROPERTY TAX RECEIVABLE	190,682	139,630	238,753	51,052
8	LESS ALLOWANCE PROPERTY TAX - KPB	4,165	(4,165)	(4,166)	0
9	TOTAL NET PROPERTY TAXES RECEIVABLE - KPB	186,517	135,465	234,587	51,052
10	OTHER RECEIVABLES	405,782	209,342	254,053	196,439
11	INVENTORY	2,914,782	2,567,041	2,881,508	347,742
12	NET PENSION ASSET	534,985	3,225,068	534,985	(2,690,083)
13	PREPAID EXPENSE	1,609,937	1,405,939	1,649,015	203,998
14	TOTAL CURRENT ASSETS	74,736,618	68,248,812	71,775,338	6,487,806
	ASSETS WHOSE USE IS LIMITED				
15	PREF UNOBLIGATED	4,660,109	6,176,303	4,648,323	(1,516,194)
16	PREF OBLIGATED	364,478	2,113,570	364,478	(1,749,092)
17	OTHER RESTRICTED FUNDS	36,693	1,078,862	40,927	(1,042,169)
	TOTAL ASSETS WHOSE USE IS LIMITED	5,061,280	9,368,735	5,053,728	(4,307,455)
18	**PROPERTY AND EQUIPMENT**				
19	LAND AND IMPROVEMENTS	4,943,991	4,330,765	4,943,991	613,226
20	BUILDING	71,347,394	66,576,554	71,027,135	4,770,840
21	EQUIPMENT	35,889,930	27,652,188	35,247,478	8,237,743
22	BUILDINGS INTANGIBLE ASSETS	3,482,363	4,016,799	3,482,363	(534,437)
23	EQUIPMENT INTANGIBLE ASSETS	1,750,896	1,119,432	1,750,895	631,464
24	SOFTWARE INTANGIBLE ASSETS	3,277,657	1,046,832	3,277,657	2,230,825
25	IMPROVEMENTS OTHER THAN BUILDINGS	1,545,029	1,449,244	1,544,013	95,785
26	CONSTRUCTION IN PROGRESS	2,379,419	5,175,960	3,210,694	(2,796,541)
27	LESS ACCUMULATED DEPRECIATION FOR FIXED ASSETS	(65,578,780)	(60,939,006)	(65,176,981)	(4,639,775)
28	LESS ACCUMULATED AMORTIZATION FOR LEASED ASSETS	(4,111,249)	(2,689,625)	(3,851,726)	(1,421,623)
	NET CAPITAL ASSETS	54,926,650	47,739,143	55,455,519	7,187,507
29	GOODWILL	0	0	0	0
30	TOTAL ASSETS	134,724,548	125,356,690	132,284,585	9,367,858
	DEFERRED OUTFLOW OF RESOURCES				
31	PENSION RELATED (GASB 68)	3,652,073	3,927,455	3,889,669	(275,383)
32	UNAMORTIZED DEFERRED CHARGE ON REFUNDING	117,005	178,051	122,092	(61,046)
33	TOTAL DEFERRED OUTFLOW OF RESOURCES	3,769,078	4,105,506	4,011,761	(336,429)
34	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**	**138,493,626**	**129,462,196**	**136,296,346**	**9,031,429**
	TOTAL LIABILITIES AND FUND BALANCE				
	CURRENT LIABILITIES				
35	ACCOUNTS AND CONTRACTS PAYABLE	2,571,331	1,802,889	2,170,854	768,443
36	ACCRUED LIABILITIES	7,193,557	5,711,097	6,509,633	1,482,459
37	DEFERRED CREDITS	516,575	1,095,514	689,974	(578,938)
38	CURRENT PORTION OF LEASE PAYABLE	883,218	931,375	876,133	(48,157)
39	CURRENT PORTION OF SOFTWARE INTANGIBLE PAYABLE	1,041,222	220,356	1,047,871	820,865
40	CURRENT PORTION OF NOTES DUE	884,522	10,587	874,094	873,935
41	CURRENT PORTION OF BOND PAYABLE	1,300,000	1,235,000	1,300,000	65,000
42	BOND INTEREST PAYABLE	94,528	46,518	69,723	48,010
43	DUE TO/FROM THIRD PARTY PAYERS	1,076,864	1,176,864	109,411	(100,001)
44	COMPENSATED ABSENCES CURRENT	7,155,656	5,154,321	6,942,819	2,001,337
45	TOTAL CURRENT LIABILITIES	22,717,473	17,384,521	20,590,512	5,332,953
	LONG-TERM LIABILITIES				
46	NOTES PAYABLE	3,030,611	1,060,674	3,302,695	1,969,936
47	COMPENSATED ABSENCES NET OF CURRENT	3,678,953	0	3,668,785	3,678,953
48	BONDS PAYABLE NET OF CURRENT PORTION	3,180,000	4,480,000	3,180,000	(1,300,000)
49	PREMIUM ON BONDS PAYABLE	127,246	203,744	133,223	(76,498)
50	CAPITAL LEASE, NET OF CURRENT PORTION	2,763,834	3,364,637	2,836,454	(600,803)
51	SOFTWARE INTANGIBLE LEASE, NET OF CURRENT PORTION	771,824	86,331	948,767	685,493
	TOTAL NONCURRENT LIABILITIES	13,552,468	9,195,386	14,069,924	4,357,081
	TOTAL LIABILITIES	36,269,941	26,579,907	34,660,436	9,690,034
	PROPERTY TAXES RECEIVED IN ADVANCE	0	5	0	(5)
54	INVESTED IN CAPITAL ASSETS	55,043,655	47,917,194	55,577,611	7,126,461
55	RESTRICTED	571,678	4,303,930	575,912	(3,732,252)
56	UNRESTRICTED FUND BALANCE SPH	46,020,579	51,881,735	49,189,441	(5,861,157)
57	CHANGE IN FUND BALANCE	587,773	(1,220,575)	(3,707,053)	1,808,348
58	TOTAL UNRESTRICTED FUND BALANCE SPH	102,223,685	102,882,284	101,635,911	(658,600)
59	**TOTAL LIABILITIES AND FUND BALANCE**	**138,493,626**	**129,462,191**	**136,296,346**	**9,031,429**

South Peninsula Hospital

INCOME STATEMENT
As of March 31, 2026
DRAFT-UNAUDITED

		Month Ending 3/31/2026			Month Ending 03/31/2025	Year To Date 3/31/2026			Prior Year To Date 03/31/2025
		Actual	Budget FY26	Var B (W)	Actual	Actual	Budget FY26	Var B (W)	Actual
	PATIENT SERVICE REVENUE								
1	INPATIENT REVENUE	2,357,700	3,498,028	-32.6%	3,383,017	29,663,966	29,538,907	0.4%	27,213,597
2	OUTPATIENT REVENUE	20,626,641	21,155,570	-2.5%	15,839,411	178,741,324	173,945,793	2.8%	158,916,130
3	LONG TERM CARE	1,456,823	1,491,919	-2.4%	1,369,758	13,148,501	13,427,271	-2.1%	11,700,231
4	TOTAL PATIENT SERVICE REVENUE	24,441,164	26,145,517	-6.5%	20,592,186	221,553,791	216,911,971	2.1%	197,829,958
	DEDUCTIONS FROM REVENUE								
5	MEDICARE	6,476,091	4,813,347	34.5%	4,937,558	50,994,499	44,851,368	13.7%	42,760,320
6	MEDICAID	2,648,708	2,655,751	-0.3%	2,073,726	25,296,674	24,746,612	2.2%	21,492,258
7	CHARITY CARE	116,713	228,538	-48.9%	314,308	2,799,180	2,129,549	31.4%	2,089,187
8	COMMERICAL AND ADMIN	895,943	2,335,418	-61.6%	1,785,214	21,089,143	21,761,709	-3.1%	19,706,209
9	BAD DEBT	197,871	299,051	-33.8%	239,790	3,385,366	2,786,595	21.5%	2,929,490
10	TOTAL DEDUCTIONS	10,335,326	10,332,105	0.0%	9,350,596	103,564,862	96,275,833	7.6%	88,977,464
11	NET PATIENT SERVICES	14,105,838	15,813,412	-10.8%	11,241,590	117,988,929	120,636,138	-2.2%	108,852,494
12	USAC AND OTHER REVENUE	115,181	131,067	-12.1%	85,067	1,035,806	1,179,602	-12.2%	641,310
13	TOTAL OPERATING REVENUE	14,221,019	15,944,479	-10.8%	11,326,657	119,024,735	121,815,740	-2.3%	109,493,804
	TOTAL OPERATING EXPENSES								
14	SALARIES AND WAGES	6,472,992	6,809,227	-4.9%	5,580,116	55,989,288	56,743,563	-1.3%	50,697,194
15	EMPLOYEE BENEFITS	3,228,746	3,345,499	-3.5%	2,502,886	26,661,021	27,914,928	-4.5%	22,505,790
16	SUPPLIES AND DRUGS	1,636,255	2,070,462	-21.0%	2,068,470	14,960,033	15,949,627	-6.2%	13,320,933
17	CONTRACT STAFFING	354,419	117,550	201.5%	371,881	3,573,078	1,027,888	247.6%	1,989,059
18	PROFESSIONAL FEES	630,673	652,609	-3.4%	912,653	6,376,889	4,618,358	38.1%	4,939,615
19	UTILITIES AND TELEPHONE	203,897	226,805	-10.1%	176,520	1,793,689	1,890,039	-5.1%	1,647,529
20	INSURANCE	109,319	99,194	10.2%	92,983	932,329	954,740	-2.4%	854,879
21	DUES, BOOKS, AND SUBSCRIPTIONS	17,543	28,305	-38.0%	26,114	193,641	254,747	-24.0%	234,204
22	SOFTWARE MAINT/SUPPORT	213,397	217,796	-2.0%	219,889	1,768,908	1,742,787	1.5%	1,535,856
23	TRAVEL, MEETINGS AND EDUCATION	67,658	87,544	-22.7%	66,068	616,540	941,778	-34.5%	618,387
24	REPAIRS AND MAINTENANCE	174,506	207,493	-15.9%	148,570	1,458,489	1,893,374	-23.0%	1,720,663
25	LEASES AND RENTALS	54,051	56,005	-3.5%	44,919	434,367	507,601	-14.4%	461,262
26	OTHER (RECRUIT, ADVERT, ETC.)	133,605	214,901	-37.8%	304,347	1,575,093	1,934,113	-18.6%	1,618,831
27	DEPRECIATION AND AMORTIZATION	569,521	565,766	0.7%	434,228	5,193,765	5,091,889	2.0%	4,328,800
28	TOTAL OPERATING EXPENSES	13,866,582	14,699,156	-5.7%	12,949,644	121,527,130	121,465,432	0.1%	106,473,002
29	GAIN (LOSS) FROM OPERATIONS	354,437	1,245,323	-71.5%	(1,622,987)	(2,502,395)	350,308	-814.3%	3,020,802
	NON-OPERATING REVENUE								
30	GENERAL PROPERTY TAXES	55,251	43,981	25.6%	28,163	4,240,918	4,310,074	-1.6%	3,909,379
31	INVESTMENT INCOME	117,519	132,515	-11.3%	210,357	1,028,882	1,192,636	-13.7%	1,346,526
32	GOVERNMENTAL SUBSIDIES	0	0	0.0%	0	0	0	0.0%	0
33	OTHER NON-OPERATING REVENUE	0	217	-100.0%	0	16,164	1,950	728.9%	1,300
34	GIFTS AND CONTRIBUTIONS	0	0	0.0%	0	0	0	0.0%	0
35	GAIN LOSS ON DISPOSAL	0	0	0.0%	0	(357,179)	0	0.0%	(75,873)
36	SPH AUXILIARY	831	793	4.7%	491	7,228	7,140	1.2%	6,210
37	TOTAL NON-OPERATING REVENUE	173,601	177,506	-2.2%	239,011	4,936,013	5,511,800	-10.5%	5,187,542
	NON-OPERATING EXPENSES								
38									
39	SERVICE AREA BOARD	0	0	0.0%	0	0	0	0.0%	0
40	OTHER DIRECT EXPENSE	0	9,500	-100.0%	2,222	76,862	85,500	-10.1%	80,689
41	ADMINISTRATIVE NON-RECURRING	0	0	0.0%	0	0	0	0.0%	0
42	INTEREST EXPENSE	105,145	60,786	73.0%	59,260	669,628	547,072	22.4%	455,521
43	TOTAL NON-OPERATING EXPENSES	105,145	70,286	49.6%	61,482	746,490	632,572	18.0%	536,210
	GRANTS								
44	GRANT REVENUE	165,000	139,880	18.0%	(41,484)	1,186,702	1,258,920	-5.7%	580,491
45	GRANT EXPENSE	120	15,986	-99.3%	2,554	18,950	143,872	-86.8%	102,285
46	TOTAL NON-OPERATING GRANTS, NET	164,880	123,894	33.1%	(44,038)	1,167,752	1,115,048	4.7%	478,206
47	TOTAL INCOME (LOSS) BEFORE TRANSFERS	587,773	1,476,437	-60.2%	(1,489,496)	2,854,880	4,868,147	-41.4%	9,639,836
48	OPERATING TRANSFERS	0	0	0.0%	0	0	0	0.0%	0
49	**NET INCOME**	**587,773**	**1,476,437**	**-60.2%**	**(1,489,496)**	**2,854,880**	**6,344,584**	**-55.0%**	**8,150,340**

Operating EBITDA Disclosure (Non-GAAP)							
GAIN (LOSS) FROM OPERATIONS	**354,437**	**1,245,323**	**(1,622,987)**	**(2,502,395)**	**350,308**	**3,020,802**
DEPRECIATION AND AMORTIZATION	569,521	565,766	434,228	5,193,765	5,091,889	4,328,800
OPERATING EBITDA	**923,958**	**1,811,089**	**(1,188,759)**	**2,691,370**	**5,442,197**	**7,349,602**

South Peninsula Hospital

Statement of Cash Flows
As of March 31, 2026

		2026
Cash Flows from (for) Operating Activities		
Receipts from patients and users	$	107,169,919
Payments to suppliers	$	(34,331,871)
Payments to employees	$	(79,606,923)
Other receipts	$	515,980
Net cash flows from operating activities	$	(6,252,895)
Cash Flows from Non-Capital Financing Activities		
Receipts from property taxes	$	4,130,303
Grant and other non-operating revenues (expenses)	$	1,114,282
Increase in Advances from Govermental Payers	$	2,812,354
Net cash flows from non-capital financing activities	$	8,056,939
Cash Flows for Capital and Related Financing Activities		
Purchase of capital assets	$	(7,928,455)
Bond principal paid	$	(940,000)
Payments on leases	$	(1,995,432)
Payments on subscription IT assets	$	1,571,795
Interest paid on capital debt	$	(647,472)
(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	$	(10,015,437)
Cash Flows for Investing Activities		
Increase (decrease) in restricted assets - unspent bond proceeds and other	$	-
Increase (decrease) in assets whose use is limited	$	3,085,583
Interest and dividends received	$	1,028,882
Net cash flows from investing activities	$	4,114,465
Net increase (decrease) in cash and cash equivalents	$	(4,096,928)
Cash, Cash Equivalents and Equity in Central Treasury, beginning of year	$	38,445,570
Cash, Cash Equivalents and Equity in Central Treasury, end of year	$	34,348,642

South Peninsula Hospital	**SUBJECT:** Disruptive Conduct & Abusive Behavior	**POLICY #:** EMP-03 **Page 1** of **1**
Scope: Executive Leadership **Approved by:** Board of Directors		**Original Date:** 10/22/03 **Effective:** 1/24/24
Revised: 8/28/19; 5/24/23 **Reviewed:** 1/25/23; 1/24/24; 1/29/25; 1/28/26		**Revision Responsibility:** Board of Directors

PURPOSE:
To provide authority for establishing appropriate workplace behavioral expectations.

DEFINITION(S):
N/A

POLICY:
A. The CEO will establish the necessary policies and procedures to ensure that the hospital maintains a work environment free from disruptive and abusive behavior ~~and to this end will establish the necessary policies and procedures~~.

PROCEDURE:
N/A

ADDITIONAL CONSIDERATIONS:
N/A

REFERENCE(S):
~~1. HW-021 Sexual Harassment~~
~~2. HW-218 Work Place Bullying~~
~~3.~~1. HW-106 Code of Conduct
~~4.~~2. Medical Staff Rules & Regulations, Rule 20, Disruptive Behavior

CONTRIBUTORS:
Board of Directors

South Peninsula Hospital	**SUBJECT:** Contracting for Professional Medical Services	**POLICY #:** EMP-04 **Page 1** of **1**
Scope: Executive Leadership **Approved by:** Board of Directors		**Original Date:** 10/22/03 **Effective:** 1/24/24
Revised: 11/7/19 **Reviewed:** 1/25/23; 1/24/24; 1/29/25; 1/28/26		**Revision Responsibility:** Board of Directors

PURPOSE:
Guidelines for negotiating professional medical services contracts.

DEFINITION(S):
N/A

POLICY:
A. The CEO will avoid conflicts of interest or the appearance of a conflict of interest in the negotiating of contracts for professional medical services.
B. Contracts for professional medical services will be negotiated in accordance with the Operating Agreement ~~to~~ obtaining the most cost-effective, high-quality services available ~~and done in accordance with the Operating Agreement~~.
C. Contracts may be developed by competitive bidding or sole source award.

PROCEDURE:
N/A

ADDITIONAL CONSIDERATIONS:
N/A

REFERENCE(S):
1. Operating Agreement for South Peninsula Hospital with Kenai Peninsula Borough, 2020

CONTRIBUTORS:
Board of Directors

South Peninsula Hospital	**SUBJECT:** Hiring or Terminating Individuals in Key Positions	**POLICY #:** EMP-05 **Page 1** of **1**
Scope: Executive Leadership **Approved by:** Board of Directors		**Original Date:** 10/22/03 **Effective:** 1/24/24
Revised: 11/20/19; 7/26/23 **Reviewed:** 1/25/23; 1/24/24; 1/29/25; 1/28/26		**Revision Responsibility:** Board of Directors

PURPOSE:
Requirements for hiring or termination of executive leadership personnel.

DEFINITION(S):
N/A

POLICY:
A. The CEO will notify the board in writing within 48 hours of hiring or terminating individuals in chief executive positions.
B. The borough must be notified within 14 days of any changes in Chief Executive Officer, Chief Financial Officer or Chief Nursing Officer in accordance with section 17 (e) of the Operating Agreement.

PROCEDURE:
N/A

ADDITIONAL CONSIDERATION(S):
N/A

REFERENCE(S):
1. Operating Agreement for South Peninsula Hospital with Kenai Peninsula Borough, 2020

CONTRIBUTOR(S):
Board of Directors

South Peninsula Hospital	**SUBJECT:** Environmental Responsibility	**POLICY #:** EMP-06 **Page 1** of **1**
Scope: Executive Leadership **Approved by:** Board of Directors		**Original Date:** 10/22/03 **Effective:** 1/24/24
Revised: 8/28/19; 6/28/23 **Reviewed:** 1/25/23; 1/24/24; 1/29/25; 1/28/26		**Revision Responsibility:** Board of Directors

PURPOSE:
Statement of SPH environmental protection responsibility.

DEFINITION(S):
N/A

POLICY:
A. All operations of South Peninsula Hospital will be conducted in accordance with applicable Federal, State, and local regulations governing protection of the environment and all relevant sections of the Operating Agreement.

PROCEDURE:
N/A

ADDITIONAL CONSIDERATIONS:
N/A

REFERENCE(S):
1. Hospital Policy HW-027 Environmental Responsibility

CONTRIBUTORS:
Board of Directors

Introduced by: Administration
Date:
Action:
Vote:

SOUTH PENINSULA HOSPITAL
BOARD RESOLUTION
2026-08

A RESOLUTION TO APPROVE THE RENEWAL OF THE LEASE FOR 4014 LAKE STREET FOR EDUCATION, TRAINING CENTER, AND CLINICAL FORENSICS OPERATIONS AT 4014 LAKE STREET, HOMER, AK

WHEREAS, Landlord, Wells Fargo Properties, Inc. and Tenant, South Peninsula Hospital are parties to an Office Lease dated October 2, 2023 (the "Lease"), covering approximately 3,668 rentable square feet on the first floor of 4014 Lake Street, Homer, Alaska 99603 (the "Premises"); and

WHEREAS, the current lease term is scheduled to expire on September 30, 2026; and

WHEREAS, the Education Department, including the Training Center and Clinical Forensics programs, occupies the Premises and requires uninterrupted use of the space; and

WHEREAS, Landlord and Tenant desire to extend the Lease term and modify certain provisions as set forth in the Lease Amendment; and

WHEREAS, the Lease Amendment provides for a Renewal Term beginning November 1, 2026, and expiring June 30, 2032, with an annual base rent of $105,067.32, payable in monthly installments of $8,755.61; and

WHEREAS, due to inflationary escalations, the annual lease payment now exceeds $100,000, which triggers the requirement for approval by the Board, the Service Area Board, and the Kenai Peninsula Borough.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby:

Approves the renewal of the lease for the Premises at 4014 Lake Street under the terms of the Lease Amendment;

Acknowledges that the annual lease payment exceeds $100,000, thereby requiring approval by the Service Area Board and the Kenai Peninsula Borough; and

Authorizes the appropriate officers to execute the Lease Amendment and take all necessary actions to effectuate this resolution, including obtaining the required approvals.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA AT ITS MEETING HELD ON THIS 29th DAY OF APRIL, 2026.

ATTEST:

_____
Aaron Weisser, Board President

Mary E. Wythe, Board Secretary

Introduced by: Administration
Date:
Action:
Vote:

SOUTH PENINSULA HOSPITAL
BOARD RESOLUTION
2026-07

A RESOLUTION OF THE SOUTH PENINSULA HOSPITAL BOARD OF DIRECTORS AUTHORIZING THE CFO TO SIGN, FILE AND SUBMIT THE IRS FORM 990.

WHEREAS South Peninsula Hospital is a 501(c)3 organization and is required to file IRS Form 990 annually by the 15th day of the fifth month after the end of the tax year; and

WHEREAS South Peninsula Hospital filed for an automatic 6-month extension which extended the filing deadline to May 15, 2026 for the 2024 tax year (2025 fiscal year); and

WHEREAS it is a best practice to provide a copy of IRS Form 990 to each member of the Board of Directors for review and approval prior to filing; and

WHEREAS IRS Form 990, Part VI, line 11a, states that we have in fact provided a complete copy to each member of the Board of Directors; and

WHEREAS it is the intent of the South Peninsula Hospital Administration to timely file IRS 990 and requires the approval of an authorized signer; and

WHEREAS the IRS Form 990 may be signed and submitted electronically by an officer of South Peninsula Hospital Inc. and Anna Hermanson, CFO is able to do so.

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

1. That the South Peninsula Hospital, Inc. Board of Directors acknowledges that it has received a complete copy of IRS Form 990; and
2. That the South Peninsula Hospital, Inc. Board of Directors directs Management to timely file the IRS Form 990 on or before May 15, 2026; and
3. That the South Peninsula Hospital, Inc. Board of Directors authorizes Anna Hermanson, CFO to sign and submit the IRS Form 990 electronically.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA HOSPITAL THIS 29th DAY OF APRIL, 2026.

ATTEST:

_____
Aaron Weisser, President

_____
Mary E. Wythe, Secretary

Introduced by: Administration
Date:
Action:
Vote:

SOUTH PENINSULA HOSPITAL
BOARD RESOLUTION
2026-09

A RESOLUTION TO APPROVE THE A FOURTH AMENDMENT TO THE OPERATING AGREEMENT BETWEEN SOUTH PENINSULA HOSPITAL AND THE KENAI PENINSULA BOROUGH TO PROVIDE CLEAR EXPECTATIONS AND RESPONSIBILITIES FOR REAL PROPERTY ACQUISITION DUE DILIGENCE AS WELL AS REQUIRED PROVISIONS FOR LEASES IN WHICH SPHI IS THE SOLE LESSEE

WHEREAS, the Kenai Peninsula Borough ("Borough") has entered into an Operating Agreement, effective January 1, 2020, with South Peninsula Hospital, Inc. ("SPHI") for operation of the South Peninsula Hospital and other medical 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 (SKPHSA) residents; and

WHEREAS, this Fourth Amendment to the Operating Agreement is made for the purpose of providing clear expectations and responsibilities for real property acquisition due diligence as well as required provisions for leases in which SPHI is the sole lessee; and

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

1. That the South Peninsula Hospital, Inc. Board of Directors requests, supports, and hereby approves a fourth amendment to the Operating Agreement between the Kenai Peninsula Borough and South Peninsula Hospital, Inc. as defined below:

1. That Section 10, paragraph (d) of the Operating Agreement is hereby amended to read as follows:

d. Property Lease List. The *Property Lease List* shall include a list of all real property leases, regardless of term length or cost, and of all other operating and capital leases with terms greater than one year. This shall apply to all leases entered into by SPHI as lessee or lessor. At a minimum, the list must identify the leased property (including the address or legal property description), lessor/lessee, term, and cost. This list will include all leases SPHI has entered into for the purposes of contract labor housing. SPHI shall provide copies of any leases related to the services provided under the terms of this Agreement upon [~~request by the Borough Contract Administrator~~] <u>execution to the Land Management Officer</u>.

2. That Section 14 of the Operating Agreement is hereby amended to read as follows:

14. REAL PROPERTY ACQUISITIONS

a. <u>Real Property Acquisitions</u>. For the purposes of this Agreement, a real property acquisition is defined as acquiring any interest in real property that may obligate the Borough in

any way. In accordance with Borough Code, Borough Assembly approval is required prior to acquiring an interest in real property. Negotiations to acquire an interest in real property shall be conducted by the Borough unless SPHI is given written authorization to do so by the Borough Contract Administrator.

Requests for acquisition of any real property interest shall be conveyed to the Borough Contract Administrator and the [~~Borough Planning Director~~]Land Management Officer. SPHI. is authorized to conduct operational assessments of a property's ability to meet operational needs. This assessment may include acquisition of a competent property appraisal, upon concurrence of the Borough Land Management Officer. However, SPHI may not directly initiate negotiations for the acquisition of any such interest unless it has been given written authorization to do so by the Borough Contract Administrator. [In any event,] All acquisitions of any interest in real property [~~shall only~~] must be in furtherance of the purposes of this Agreement, and within the authorized powers of the Service Area.

i. Testing Prior to Occupancy
The Borough will determine the type and scope of site testing due diligence required prior to closing of any proposed acquisition and will provide those requirements to SPHI in writing, if any. The scope of testing must be reasonably related to relevant legal regulations and the age, condition and type of improvements and history of the property to be acquired. SPHI is responsible for contracting, completing, and paying for all work necessary to meet the requirements established by the Borough. SPHI will provide copies of all completed reports and compile and deliver to the Borough Land Management Officer a complete list of all findings, deficiencies, and recommendations identified in any property condition assessments, building inspections, environmental site assessments, or other due diligence inspections conducted on the property (collectively, "Inspection Findings").

Prior to SPHI taking possession of the property, SPHI must provide the Borough Land Management Officer written evidence to the Borough demonstrating that all material Inspection Findings have been remediated, mitigated, or otherwise resolved in accordance with applicable regulations and codes and the recommendations of the applicable inspectors, consultants, or regulatory agencies. Acceptable written evidence of remediation or mitigation must include completion reports or closeout documentation from the SPHI Maintenance Department or licensed contractors.

SPHI may not take occupancy of the property until all obligations set forth in this Agreement have been met.
.

ii. Site Control After Taking Occupancy
Pursuant to this Agreement, SPHI upon taking possession or occupancy of the property, will have exclusive possession, occupancy, and site control of premises operated and maintained under this Agreement during the term of the Agreement. The Borough will be allowed to enter the property for facility inspections upon reasonable notice to SPHI in accordance with the terms of this Agreement.

b. Leases in Which SPHI is the Lessee. Subject to the terms of this paragraph, and for the purpose of providing health and community services under this Agreement, SPHI may use Operating Reserve Funds to lease real property in its capacity as an independent entity. Leases in the name of SPHI shall impose no obligation whatsoever upon the Borough, either express or implied, and therefore are not subject to the requirements in paragraph 14(a) of this Agreement. Any such lease may not attempt to obligate the Borough to perform, assume, or novate to any legal duty. Written approval by the Borough Contract Administrator is required for all such leases costing $100,000 or more annually. Total cumulative annual costs of such leases shall not exceed $800,000 (Lease Cap). Increases to Lease Cap must be approved by the Borough Assembly by resolution. The Lease Cap does not include leases entered into by SPHI for the purposes of providing contract labor housing. Notwithstanding, SPHI contract labor housing leases must contain the paragraph 14(c) requirements. Rights of first refusal must be assigned to the Borough.

[~~Leases in the name of SPHI in which SPHI is the Lessee and no obligation whatsoever is imposed upon the Borough, either express or implied, are not subject to the requirements in subparagraph 14.a. of this agreement. Under no circumstances shall such leases obligate the Borough in any way whatsoever without advance Borough Assembly approval. All such leases shall contain a clause stating: "In the event that the Operating Agreement between SPHI and the Kenai Peninsula Borough is terminated and not renewed or extended, and the Kenai Peninsula Borough either assumes operation of the Medical Facilities or contracts with another entity to continue such operation, the continuation of this lease with the Borough or a subsequent operator is subject to Borough Assembly approval and the availability and appropriation of funds." In any event, written approval by the Borough Contract Administrator is required for all such leases costing $100,000 or more annually. Total cumulative annual costs of such leases shall not exceed $550,000. This total annual cost ceiling for leases does not include leases entered into by SPHI for the purposes of providing contract labor housing. Increases to the cumulative annual limitation must be approved by the Borough Assembly by resolution.~~]

c. Required lease provisions. Required lease provisions must be materially similar to those provided below, any material deviations must be approved by the Contract Administrator, unless waived in entirety by the Contract Administrator. Subject to the preceding sentence, any lease entered into pursuant to paragraph 14(b), must include the following:

i. *No Privity of Contract*. Any such lease must include the following clause: "The parties to this Lease affirm that: (1) this Lease is not enforceable against the Kenai Peninsula Borough (Borough); (2) the Borough is not a party to this contract, is not a third party beneficiary, and the rights or obligations contained herein do not obligate the Borough in any way; and (3) in the event that the Operating Agreement between South Peninsula Hospital, Inc. and the Kenai Peninsula Borough is terminated and not renewed or extended, the continuation of this Lease is subject to negotiation between the Borough and Lessor, Borough Assembly approval, and the availability and appropriation of funds."

ii. *Right of First Refusal*. SPHI will make commercially reasonable efforts during lease negotiations to include the following language:

"Right of First Refusal: In the event Lessor elects to sell to a third-party in an arms-length transaction or to list the Leased Premises for sale, the

Lessor must provide written notice to Lessee of its intent to sell. Lessor will provide the Lessee and/or assigns, 30 days to review a confirmed offer and agree to purchase the property at the confirmed third party negotiated sales price and comparable terms. Consideration will be given to the Lessee towards the purchase price for any Lessor approved tenant improvements paid for by the Lessee. Value of the consideration will be based on the total documented cost of the approved tenant improvements, depreciated over the full term of the lease, beginning from the completion date of the improvements. If the Lessee and/or assigns is unwilling to enter into a binding agreement under comparable terms within the 30 day review period, the Lessee's right of first refusal provision will lapse and be of no further effect. In the event the offer presented to Lessee fails to close under original disclosed terms, the Lessee's right of first refusal will be reinstated. This right of first refusal may be referenced in any recorded memorandum of lease, provided such reference expressly states that the right of first refusal will expire automatically upon termination of the Lease without further need for memorialization of termination. The Lessee may subordinate this interest as may be necessary at the request of the Lessor. This Right of first refusal is assignable. Notice of assignment will be provided to the Lessor. This Right of First Refusal is not applicable during any period Lessee is in default, and termination of the Lease terminates the right of first refusal.

All remaining terms and conditions of the Operating Agreement shall remain in full force and effect.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA AT ITS MEETING HELD ON THIS 29th DAY OF APRIL, 2026.

ATTEST:

_____
Aaron Weisser, Board President

_____
Mary E. Wythe, Board Secretary

South Peninsula Hospital
Hospital Board of Directors Balanced Scorecard Report
3rd Quarter FY 2026 *(January, February, March)*

Overall Indicators	Q3 FY26	Target	Note
Care Compare Overall Hospital Star Rating	N/A	5	Mortality, Safety of Care, Readmission, Patient Experience, Timely & Effective Care
Care Compare Overall Nursing Home Star Rating	5	5	Staffing, Health Inspections, Quality Measures
Care Compare Home Health Quality Rating	3	5	Activities of Daily Living, Symptoms, Harm, Hospitalization, Value of Care

Clinical & Service Excellence

Using evidence-based practices, South Peninsula Hospital is dedicated to achieving consistent and demonstrated excellence in clinical quality and safety.

Quality of Care / Patient Safety	Q3 FY26	Target	Note
Severe Sepsis & Septic Shock Care	86%	> 75%	***CMS Hospital Compare: 80%*** ***Nat. Avg: 64%***
Percentage *of patients who received appropriate care for sepsis and/or septic shock.*			Passed 6 of 7 cases
Stroke Care	N/A	> 75%	***CMS Hospital Compare: 79%*** ***Nat. Avg: 69%***
Percentage of patients who receive CT/MRI within 45 minutes of arrival to ED w/stroke symptoms.			0 CMS reportable stroke; 2 Excluded LKW cases met criteria to pass
Median Emergency Room Time	143	< 122min	***CMS Hospital Compare: 139 min*** ***Nat. Avg: 122 min***
Average minutes spent in department before leaving the Emergency Department **excluding** patients transferred to another facility or psychiatric care/mental health patients.			Average throughput time of ED visits (CMS allows for certain exclusions).
ER Admission Rate	7.98%		
Measures the percentage of ER patients admitted.			1303 visits, 104 admits; Q2 FY26: 7.81%
Colonoscopy Follow-up	100%	> 75%	***CMS Hospital Compare: 100%*** ***Nat. Avg: 93%***
Percentage of patients receiving appropriate recommendation for follow-up screening colonoscopy.			
Patient Fall Rate (AC)	6.3	< 5	**# of patient falls / # patient days x 1000**
Measures the number of patient falls per 1,000 patient days.			5 falls, 1 with injury; 789 pt days
Medication Errors	0	0	

Number of patient medication errors that cause harm. *(Level E on the NCC MERP Index)*			*(Tracking through occurrence reporting system.)*
Never Events	**0**	**0**	
Unexpected occurrence involving serious injury or death.			
Independent Ambulation (HH)	**70%**	**> 75%**	***N:27 Nat. Avg: 88%***
Percentage of home health patients demonstrating improvement with ability to ambulate more independently.			*(Tracked through OASIS Reporting.)* 100% improved or unchanged
Independent Oral Medication (HH)	**72%**	**> 75%**	***N: 25 Nat. Avg: 87.5%***
Percentage of home health patients demonstrating improvement with ability to take oral medications more independently.			*(Tracked through OASIS Reporting.)* 100% improved or unchanged
Primary Care MIPS Pathways	**TBD**	**> 75%**	***Data from Athena and Epic submitted to CMS- awaiting prliminary results. Last score 75%.***
CMS Merit-Based Incentive Payment System *(MIPS)* for outpatient clinics.			Special focuses: cervical cancer screening, specialist referrals, high blood pressure, hemoglobin A1c, medication reconciliation, fall risk

Patient & Resident Experience

Patient Satisfaction Through Press Ganey (PG)	Q3 FY26	Target	4/8/2026
Inpatient Percentile	**71st**	**75th**	9 or 10 best hospital/definitely recommend; Survey Responses: 28
Measures the overall satisfaction of inpatient pts. respondents.			Q2 FY26 99th: Q1 FY26 94th: Q4 FY25 63rd: Q3 FY25 90th
Outpatient Percentile	**46th**	**75th**	Mean Score: 95.12 Survey Responses: 497
Measures the overall satisfaction of outpatient pts. respondents.			Q2 FY26 27th:Q1 FY26 7th: Q4 FY25 34th: Q3 FY25 31st
Emergency Department Percentile	**90th**	**75th**	Mean Score: 93.28 Survey Responses: 72
Measures the overall satisfaction of emergency pts. respondents.			Q2 FY26 86th: Q1 FY26 79th: Q4 FY25 92nd: Q3 FY25 71st
Medical Practice Percentile	**35th**	**75th**	Mean Score: 93.82 Survey Responses: 396
Measures the overall satisfaction of pts. respondents at SPH Clinics.			Q2 FY26 37th: Q1 FY26 51st: Q4 FY25 59th: Q3 FY25 55th
Ambulatory Surgery (AS) Percentile	**15th**	**75th**	9 or 10 best hospital/definitely recommend; Survey Responses: 72
Measures the overall satisfaction of AS pts. respondents.			Q2 FY26 10th: Q1 FY26 94th: Q4 FY25 25th: Q3 FY25 87th
Home Health (HH) Percentile	**72nd**	**75th**	9 or 10 best hospital/definitely recommend; Survey Responses: 46
Measures the overall satisfaction of HH pts. respondents.			Q2 FY26 67th: Q1 FY26 64th: Q4 FY25 43rd: Q3 FY25 60th

Medical Staff Alignment

South Peninsula Hospital desires to be an employer and/or provider of choice for medical staff practitioners by fostering an atmosphere of continuous collaboration.

Provider Alignment	2024	Target	Note
Provider Satisfaction Percentile	85th	75th	
Measures the satisfaction of physician respondents as indicated by Press Ganey physician survey results. Measured as a percentile.			Result of provider survey 2024

Employee Engagement

South Peninsula Hospital desires to be an employer of choice that offers our staff an opportunity to make positive impact in our community.

Staff Alignment	2024	Target	Note
Employee Satisfaction Percentile	60th	75th	
Measures the satisfaction of staff respondents as indicated in Press Ganey staff survey results Measured as a percentile.			Result of employee survey 2024
Workforce	**Q3 FY26**	**Target**	**Note**
Turnover: All Employees	3.50%	< 5%	
Percentage of all employees separated from the hospital for any reason			25 Terminations / 708 Total Employees
Turnover: Voluntary All Employees	2.10%	< 4.75%	
Measures the percentage of voluntary staff separations from the hospital			15 Voluntary Terminations / 708 Total Employees
First Year Total Turnover	6.10%	< 7%	
Measures the percentage of staff hired in the last 12 months and who separated from the hospital for any reason during the quarter.			10 New Staff Terminated 163 Total New Hires from 03/31/2025-03/31/2026
Contract Utilization	26	< 20	
Measure average number of contract staff utilized.			MLT, MRI, OT, RT, HIS, CNA, RN
Information System Solutions	**Q3 FY26**	**Target**	**Note**
IT Security Awareness Training Complete Rate	92%	> 95%	

% of employees who have completed assigned security training			2063 Training videos sent; 1890 were completed.
Phishing Test Pass Rate	**96%**	**> 95%**	
% of Phishing test emails that were not failed.			4137 Test phishing emails sent; 149 fails.

Financial Health

SPH is financially positioned to support our dedication to the Mission, Vision and Values, and our continued investment in our employees, medical staff, physical plant and equipment.

Financial Health	Q3 FY26	Target	Note
Operating Margin	**-12.7%**	**2%**	
Measures the surplus (deficit) of operating income over operating expenses as a percentage of net patient service revenue for the quarter.			Target is based on budgeted operating margin for the period.
Adjusted Patient Discharges	**846**	**995**	**Total Discharges: # 109 *(Acute, OB, Swing, ICU)***
Measures the number of patient discharges adjusted by inpatient revenues for the quarter.			Adjusted Patient Days = [Inpatient Days(Excludes Nursery)] X [Gross Patient Revenue/Gross Inpatient Revenue] Target Discharges 161
Net Revenue Growth	**9%**	**12%**	
Measures the percentage increase *(decrease)* in net patient revenue for the quarter compared to the same period in the prior year.			Target is based on budgeted net patient service revenue for the period compared to net patient service revenue for the same period in prior yr.
FTE vs Budget	**614**	**621**	
FTE is calculated based on hours paid + Contract FTE			Target is based on budget
Overtime as a Percentage of Hours Worked	**3%**	**<5%**	
Measures overtime hours as a percentage of regular hours worked indicative of understaffing or schedulig inefficiencies			Target is based on industry standard
Net Days in Accounts Receivable	**83**	**55**	
Measures the rate of speed with which the hospital is paid for health care services.			Target is based on industry standard
Cash on Hand	**61**	**90**	**72 Total Days Cash on Hand, Operating +Unobligated PREF**

Measure the actual unrestricted cash on hand (excluding PREF and Service Area) that the hospital has to meet daily operating expenses.			Cash available for operations based average daily operating expenses during the quarter less depreciation for the quarter.
Uncompensated Care as a Percentage of Gross Revenue	**1.6%**	**2-3%**	
Measures bad debt & charity write offs as a percentage of gross patient service revenue			Target is based on industry standards & SPH Payer Mix Budgeted total is 2.4% Expected range of 2-3%
Average Age of Plant	**13.2**	**10**	
Average age of assets used to provide services			Target is based on hospital optimal age of plant for a critical access hospital
Intense Market Focus to Expand Market Share	**Q3 FY26**	**Target**	**Note**
Outpatient Revenue Growth	**13%**	**19%**	
Measures percentage increase (decrease) in outpatient revenue for the quarter, compared to the same period in the prior year.			Target is based on budgeted outpatient revenue for the period compared to outpatient revenue for the same period prior yr.
Surgical Case Growth	**-6%**	**15%**	
Measures the increase *(decrease)* in surgical cases for the quarter compared to the same period in the prior year.			Target is based on budgeted surgeries above actual from same quarter prior yr.

SPH Board of Directors Strategic Planning Process

Timeline Overview: 2026–2027 Planning Cycle

Year 1: Foundation Year (2026–2027)

Month	Activity	Participants	Deliverable
Apr–May 2026	Gather existing survey data (CHNA, Employee Experience, etc.; determine if new surveys needed	Administration, HR	Community, workforce, and medical staff insights compiled
May–Jun 2026	Environmental scan completed	Strategic Planning Committee	Summary report
Jun–Aug 2026	Facilities assessment and capital needs inventory:	Administration, Facilities	Facilities condition report
Aug. 2026	Identify, select, and secure strategic planning consultant for the April Retreat	Strategic Planning Committee	Signed agreement with timeline, deliverables, and facilitation plan outline.
Sep 2026	Pre-retreat preparation and materials distribution, Ide	Strategic Planning Committee	April retreat agenda and background materials
Jan 2027	Amend existing strategic plan to be valid through July 2027	Strategic Planning Committee to Full board	Amended document to Borough
Mar 2027	Interim CHNA update discussion (documents actions within 12 months)	Administration	Presentation/Generative full board discussion
Apr 2027	Full-day moderated strategic planning retreat	Administration, Board reps, key stakeholders	Final strategic priorities and facilities direction
May 2027	Plan development and refinement	Strategic Planning Committee	Near-final drafts
Jun 2027	Full Board adoption	Full Board	Adopted Strategic Plan 2027–2030; Facilities Plan 2027–2032
Jul 2027	Borough receives copy; public communication	Administration	Borough submission; community rollout

Year 2: First Annual Refresh (2027–2028)

Month	Activity	Participants	Deliverable
Jan–Mar 2028	Pre-refresh preparation and data synthesis	Strategic Planning Committee	April session materials
Apr 2028	Annual Strategic Refresh Session (half-day)	Administration, Committee reps	Proposed plan adjustments
May 2028	Committee refinement	Strategic Planning Committee	Refined annual priorities
Jun 2028	Board approval of annual refresh	Full Board	Adopted updates
Jul 2028	Borough receives updated copy	Administration	Borough submission

Year 3: Second Annual Refresh (2028–2029)

Month	Activity	Participants	Deliverable
Jan–Mar 2029	CHNA data available (Mar); pre-session synthesis	Administration; Strategic Planning Committee	April materials; CHNA baseline
Apr 2029	Annual Strategic Refresh Session (half-day)	Administration, Committee reps	Refresh adjustments informed by CHNA
May 2029	Committee refinement	Strategic Planning Committee	Refined priorities
Jun 2029	Board approval of annual refresh	Full Board	Adopted updates
Jul 2029	Borough receives updated copy	Administration	Borough submission

Year 4: New Cycle Begins (2029–2030)

Month	Activity	Participants	Deliverable
Jan–Mar 2030	Pre-retreat preparation	Strategic Planning Committee	Retreat materials
Apr 2030	Full-day moderated strategic planning retreat	Administration, Board reps, key stakeholders	New 3-Year Strategic Plan and updated Facilities Plan direction
May 2030	Plan development and refinement	Strategic Planning Committee	Near-final drafts
Jun 2030	Board adoption	Full Board	Strategic Plan 2030–2033; Facilities Plan 2030–2035
Jul 2030	Borough receives copy	Administration	Borough submission

Annual Planning Calendar (Ongoing, April Anchor)

Quarter	Focus	Key Activities
Q1 (Jan–Mar)	Finalization & Preparation	Committee/Board review; compile data; prepare April session; issue interim CHNA memo if applicable
April	Retreat/Refresh	Full-day (new-cycle years) or half-day (refresh years)
May	Refinement	Committee finalization of outputs
June	Approval	Board adoption/approval
July	Distribution	Borough submission; communications
Q3–Q4	Analysis & Light Touchpoints	Data collection; optional short working sessions as needed

---

Success Metrics (Updated Targets)

Metric	Target
Annual retreat/refresh completed	April each year
Strategic plan adopted on schedule (full cycle years)	June
Annual refresh approved	June
Borough receives plan	July
Board progress review	Quarterly
CHNA integration	Within 12 months of data availability (document via interim memo if needed)

Roles and Responsibilities (unchanged from draft)

- Strategic Planning Committee: Oversees process; reviews/refines drafts; monitors progress; recommends adjustments.
- Full Board: Adopts plans; provides governance-level direction; reviews progress; approves significant modifications.
- Administration: Leads implementation; gathers/analyzes data (CHNA, surveys, scans); prepares materials; participates in retreats; reports progress.
- External Facilitator (recommended for full-cycle years): Facilitates full-day April retreat in new-cycle years; optional for half-day refreshes.

Notes

- Removes the October retreat and consolidates major Board time in April–June.
- The March interim memo preserves CHNA integration timing while aligning adoption to June and Borough submission to July.

ANNUAL BOARD CALENDAR - 2026

January

- Credentialing Report
- Balanced Scorecard (new data)
- Report on Emergency Succession Plan for the calendar year (per EMP-09)
- Annual Board Forms Collected
- Financial Audit Presentation (BDO) & accept the Financial Audit
- Approve Board Roster & Committee Assignments, note in minutes
- Annual Report to the Contract Administrator
    - Corporate Compliance Report
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- FC: Capital Budget Approval
- QC: Annual Quality Improvement Projects Approval for LTC & Home Health
- QC: Dept Presentation – Inpatient
- GC: Annual Review of Policies (Governance Chair)
- GC: Annual Bylaws Review
- Training: Self-Pay and Regulatory Overview
- Generative Discussion Topic: Annual Planning

February 25, 2026

- Credentialing Report
- Infection Prevention Plan/LTC Inf Prev Plan Approval HW-269
- Annual Report to the Contract Administrator
    - Corporate Compliance Report
- FC: Report out whether funds are maintained separately from the KPB funds (see F-03)
- PC: Pension Plan Contributions Approval
- PC: Pension Committee Annual Report
- PC: Review/update PEN-001 & PEN-002
- GC: Initiate CEO Evaluation
- GC: Policy Review – EMP-01 & EMP-02
- AHA Rural Health Care Leadership Conference
- Training: None
- Generative Discussion Topic: Strategic Planning

March 2026

- RETIREMENT PROCLAMATION: Tammy Hopkins
- Doctors Dinner
- Credentialing Report
- Strategic Plan Approval
- CEO Eval – Assessments reviewed by Gov or CEO Eval Cmte
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)

ANNUAL BOARD CALENDAR - 2026

- FC: Quarterly Grants Report
- GC: Policy Review – EMP-03, EMP-04
- QC: Departmental Presentation – Surgery
- QC: Medical Staff Patient Satisfaction Trends
- Training: AHHA Update
- Generative Discussion Topic: Quality/Safety – RCAs, Near Misses, SSE Process

April 2026

- Credentialing Report
- Balanced Scorecard (new data)
- CEO Eval: CEO Compensation Cmte meets to review compensation
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- FC: Resolution authorizing CFO to file the IRS 990
- GC: Policy Review – EMP-05, EMP-06
- QC: Dept Presentation - Engineering
- Training: Annual Work Session/Retreat
- Generative Discussion Topic: Quality - Medical Staff Quality Trends

May 2026

- Credentialing Report
- CEO Eval: Board approved compensation during Exec Session
- Respiratory Protection Plan Approval
- FC: Annual IT Security Report
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- FC: FY Operating Budget Approval
- GC: Policy Review – EMP-07
- QC: Dept Presentation – Emergency Department
- QC: LTC Facility Assessment
- Training: CHNA Presentation
- Generative Discussion Topic: Strategic
- BOD: LTC Facility Assessment

June 2026

- Credentialing Report
- CEO Eval: Board Chair meets with CEO to review evaluation
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- Quarterly Grants Report
- GC: Policy Review – EMP-08, EMP-09
- QC: Dept Presentation – Clinics

ANNUAL BOARD CALENDAR - 2026

- QC: Medical Staff Quality update
- Training: Meeting with Foundation Trustees
- Generative Discussion Topic: Quality – MIPS Clinics

July 2026

- Credentialing Report
- Balanced Scorecard (new data)
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- FC: Financial Audit planning doc provided to Board
- GC: Policy Review – MS-01, MS-02, MS-03
- QC: Dept Presentation – Lab
- CAH Program Evaluation Summary Approval
- Training: F/u on Community Outreach Progress/Plans
- Generative Discussion Topic: Review Annual Plan

August 2026

- Credentialing Report
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- FC: Quarterly Grants Report
- GC: Place ad for open board seats
- GC: Policy Review – Q-01, Q-02
- Training: Board Self-Evaluation Process
- Generative Discussion Topic: Safety

September 2026

- AHHA Annual Conference: September 16-17, 2025
- Credentialing Report
- MSO: Updates to Medical Staff Bylaws, Rules & Regs and Peer Review
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- GC: Conduct Board Self Evaluation
- GC: Host Doctor's Dinner
- GC: Policy Review – SM-06
- Training: Self-Evaluation Review
- Generative Discussion Topic: Safety

October 2026

- Credentialing Report
- Balanced Scorecard (new data)

ANNUAL BOARD CALENDAR - 2026

- Start planning/gauging interest for AHA Conference in February
- Include SAB schedule for next year to begin signups
- President: Gauge interest in committees for next year
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- GC: Query board members on interest for next year (committees, officer positions)
- GC: Interview board applicants
- GC: Policy Review – SM-13
- GC: Policy Review – SM-01
- Training: TBD
- Generative Discussion Topic: Strategic

November

- No BOD meeting
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- FC: Quarterly Grants Report

December 17, 2025

- Credentialing Report
- Julie McCarron Retirement Proclamation
- Peer review Policy & Rules and Regulations approval
- Next year's Board meeting calendar approval
- Board Member Elections/Board Officer Elections
- Chief of Staff Approval (every other year)
- FC: Finance Reporting (F-10) – FC & Exec Session packet
- FC: Balance Sheet, Income Statement, Cash Flow Statement (consent agenda)
- PC: Pension Committee Audit Report
- QC: Approve the Quality Plan/Policy, LTC Quality Policy, HH Quality Policy
- Training:
- Generative Discussion Topic: Quality/Safety

Any Month, As Needed

- Updates to Medical Staff Bylaws or Rules & Regulations
- New Services – quarterly review of financial performance of new services
- Updated Medical Staff Privileges
- Proclamations for Retirees +20 years
- Resolution to transfer over 90 days cash on hand (if we hit 90 days at end of previous quarter)
- New bank account signers/limits/credit card holders
- GC: Any revised policies
- Changes to Board Bylaws
- Acceptance of Board resignations