



**Petersburg Borough**  
**Petersburg Medical Center**

12 South Nordic Drive  
Petersburg, AK 99833

**Meeting Minutes**  
**Hospital Board**  
**Regular Meeting**



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Thursday, January 29, 2026

5:30 PM

Assembly Chambers

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**1. Call to Order/Roll Call**

A. Call to Order

Board President Cook called the meeting to order at 5:30PM.

B. Roll Call

PRESENT

Board President Jerod Cook  
Board Vice President Cindi Lagoudakis  
Board Secretary Marlene Cushing  
Board Member Heather Conn  
Board Member Jim Roberts  
Board Member Joni Johnson

ABSENT

Board Member Joe Stratman

**2. Approval of the Agenda**

A. Approval of the January 29, 2026, Hospital Board Agenda

Motion made by Board Member Johnson to approve January 29, 2026, Hospital Board Agenda. Seconded by Board Member Roberts.

Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Conn, Board Member Roberts, and Board Member Johnson.

**3. Approval of Board Minutes**

A. Approval of the December 4, 2025, Hospital Board Minutes

Motion made by Board Vice President Lagoudakis to approve December 4, 2025, Hospital Board Minutes. Seconded by Board Member Roberts.

Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Conn, Board Member Roberts, and Board Member Johnson.

#### **4. Visitor Comments**

None.

#### **5. Board Member Comments**

Board Secretary Cushing commented, expressing appreciation to the Assembly for the excellent work session held on Monday evening.

#### **6. Committee Reports**

##### **A. Resource**

Board Vice President Lagoudakis reported that the Resource Committee met on the 26th of this month. Clinic and lab visits are down slightly, which is not unusual for this time of year. Long-term care has returned to full capacity. Home health has experienced a decline in patient census, resulting in year-to-date revenue through the end of December appearing lower than anticipated.

On the expense side, repairs and maintenance for the older building are above budget, which is consistent with prior assessments regarding the challenges of maintaining the facility in good operating condition. Utility expenses have also increased due to occupancy of the WERC building and winter weather.

Revenue anticipated from the WERC building has not yet been realized; Phil and Jason will provide further detail on this. An interim rate review is pending, and the expected outcome is a favorable receivable that should bring performance back in line with the budget. Scope clinics have not yet occurred, and one provider position remains vacant, both of which have also impacted revenue generation to date.

The PMC business office resourcing is functioning well, investments continue to perform positively, the balance sheet remains strong, and days cash on hand are currently over 123.

##### **B. Long Term Care Quality**

Board Secretary Cushing reported that the Long-Term Care Quality Committee met this month. The facility continued to experience challenges maintaining adequate warmth during the December cold snap. One radiator failed; however, residents were kept warm and safe.

Long-term care is currently at full capacity. There has been some resident turnover in recent months. It was discussed that periods of turnover present an opportunity to inspect resident rooms and address any significant maintenance or upgrade needs before new occupants move in.

The committee reviewed the problem list, noting progress on many items that can now be removed, while others remain ongoing. Work also continues on implementing the new falls detection system.

### C. Critical Access Hospital Quality

Board Member Johnson reported that the Critical Access Hospital (CAH) Quality Committee met on January 21. The committee reviewed departmental quality program reports. One notable change is that Home Health has been integrated into the CAH Quality Improvement Committee to improve coordination of quality initiatives and resource sharing.

The Emergency Preparedness Committee completed its annual reviews for all locations. Home Health has now been incorporated into the updated Hazard Vulnerability Assessment (HVA) for the main campus. Committee action items were reviewed, and the sewer line item was closed, with the plan to continue preventative maintenance rather than pursue large-scale repairs, which are not considered viable.

The committee continues to monitor access to care, noting that specialty clinics such as endocrinology, dermatology, and audiology increase visit volumes during the months they are offered. The Scopes Clinic is scheduled for February 5–6. The clinic has also seen an increase in no-shows and is addressing this through enhanced reminder processes, including phone calls, text messages, and evaluation of additional tools.

Rehabilitation services reported that two newly hired occupational therapists are now on board, helping reduce wait times for therapy services. Interviews are underway for two vacant physical therapist positions, with the expectation that waitlists and workload will improve in the coming months.

Additional updates included that the new morgue is fully operational, with minor room updates still in progress and plans for tours by the police department and state troopers. Shipping challenges continue to affect the timely transport of temperature-sensitive materials; however, the lab has identified alternative shipping options to support clinic operations. Radiology has transitioned to digital image sharing with other facilities and, over the past year, has shared imaging with more than 53 hospitals outside of major centers such as Seattle and Anchorage.

### D. KinderSkog/Youth Programs

Board Vice President Lagoudakis reported that hospital staff and advisory representatives recently met to share ideas for the Kinder Skog youth programs and to establish goals for the coming year. The group identified six focus areas: community connection and camp culture; reach and awareness; education and empowerment; advocacy and sustainability; training and professional development; and environment and facilities. Within each area, three to six priority initiatives and corresponding metrics were developed to guide progress and measure outcomes. While the plan is ambitious, the group believes it is achievable and will strengthen the program.

Program goals discussed include establishing academic credit opportunities for interns serving in PMC youth programs; expanding cultural enrichment opportunities; integrating environmental education into programming; offering childcare on school and service days; and exploring more sustainable funding sources, including the potential development of an endowment dedicated to Kinder Skog youth programs.

It was also noted that Katie was recently recognized by the American Camp Association with the Golden Lens Photography Award for her work depicting camp experiences and best practices. Although she is unable to attend the February awards ceremony in San Diego due to Kinder Skog responsibilities, her achievement was formally acknowledged. Katie has compiled the planning work into a concise outline document and is available to share it with interested parties.

## 7. Reports

### A. Home Health

Ruby Shumway provided a written report.

Board Vice President Lagoudakis commented on the importance of the home health program. Board Member Conn expressed appreciation for the new hires in the home health department as well.

### B. Human Resources

Cindy Newman provided a written report.

Board Member Johnson inquired whether turnover rates could be categorized by department to improve the usefulness of the data for operational analysis. C. Newman responded that department-level information is available but that only the overall rate was included in the submitted report.

Board President Cook commented to confirm that PMC is currently utilizing 22 apartments and asked whether they are year-round rentals. C. Newman replied that while not all 22 units are year-round, many are. She noted that utilities and internet are generally included when possible, and that some units are leased through realtors while others are contracted directly with landlords.

### C. New Facility

Justin Wetzel provided a written report.

Justin reported that the final revision of the SWPPP plan is in progress and is anticipated to be submitted by the end of the week. He noted this submission is expected to address the remaining questions from ADEC regarding the new hospital facility site.

Regarding the WERC building, contractor and capital project activity has continued. The remaining FF&E items that had experienced delays have now been installed, including items for the Public Health office and other areas of the building. Electrical system upgrades were also completed to support the servers, vaccine refrigerators, and the MRI magnet. The magnet batteries and cabinets have arrived and have been placed in the electrical room. Installation is pending coordination with an Eaton representative and the arrival of the power conditioner so the system can be activated with the new UPS cabinet. The monument sign has been installed, and most remaining items for the MOB are expected to be completed by the end of the week.

With respect to the new hospital design, Bettisworth North conducted a site visit and walkthrough, which included Dawson, to review the site and concept layout. With the

WERC building now complete, a conceptual layout for Phases 3 and 4—representing the broader campus buildout—has been developed. The next steps include advancing the design and pursuing additional funding to move the concept into a more detailed design phase as the project progresses.

D. Quality  
Stephanie Romine provided a written report.

E. Infection Control  
Rachel Kandoll provided a written report.

F. Executive Summary  
CEO, Phil Hofstetter, provided a written report.

CEO, Phil Hofstetter, expressed appreciation for the recent work session between the Hospital Board and the Assembly, thanking those who presented and noting the strong engagement, particularly regarding the Rural Healthcare Transformation Fund update. He acknowledged the time commitment involved and stated the session was a valuable opportunity to review the past year and current organizational status.

He identified follow-up items from the work session, including a housing initiative that was mentioned but not discussed in depth due to time constraints. He suggested this topic may warrant future follow-up with the Borough, potentially through a board committee.

Phil also reported participating in the *Talk of Alaska* radio program alongside Commissioner Hedberg and Dr. Zink. He described the discussion as productive and informative. The Rural Healthcare Transformation Fund remains an evolving matter, and monthly updates will be provided to the board. PMC has identified potential projects and prepared letters of intent; however, he emphasized the importance of careful planning to ensure any awarded funds are used responsibly and within required timelines.

Regarding MRI services, Phil noted that the Certificate of Need public hearing is scheduled for February 4 from 11:30 a.m. to 1:30 p.m. via a state-hosted Zoom platform. This hearing represents the final step in the state regulatory review process. Community letters of support have been collected through the PMC website, coordinated by Public Relations, and may be read into the record during the hearing. He reported strong community engagement, with more than 90 responses submitted to date, including input from Representative Himschoot and other stakeholders.

He added that the WERC building includes a State of Alaska tenant, which is beneficial, and noted that full realization of the building's intended use is closely tied to bringing MRI services online following CON approval.

G. Financial  
CFO, Jason McCormick, provided a written report.  
Shaun Johnson, DZA audit presentation

Jason McCormick reported that total gross patient revenues are \$16.8 million, compared to a budget of \$16.4 million, approximately \$370,000 above budget and 6% higher than the prior year. Inpatient and outpatient volumes are slightly down, while long-term care census has remained strong and has returned to higher levels.

Deductions are trending higher in line with increased revenues. A mid-year correction is anticipated following the interim rate review, which includes additional expenses associated with the WERC building. This adjustment is expected to reduce contractual allowances, improve net revenue performance, and help offset current variances. Net patient revenue is currently approximately \$378,000 below budget.

340B program revenue is exceeding budget and prior-year performance. PERS in-kind revenue is above budget due to WERC building impacts. Grant revenue is tracking as expected, and other revenue categories remain strong.

Operating expenses are above budget, primarily due to higher patient volumes, employee benefits, and utilities. Wages are near budget, while contract labor contributes to total expenses running approximately \$743,000 over budget. A budget amendment is anticipated when the proposed budget is presented in May.

Investments continue to perform well relative to both budget and the prior year. Additional grant revenues related to the building project continue to be recognized.

Year-to-date bottom line reflects \$4.1 million, compared to a \$15 million budget and \$6.7 million at the same time last year, when building-related activity was higher.

Cash balances include approximately \$2 million in operating accounts, \$2 million in short-term investments, and \$4.7 million in long-term investments. Days cash on hand is approximately 122 days, providing a strong position to manage potential cash flow disruptions common in the healthcare industry.

The cost report has been submitted, and budget development for the upcoming fiscal year will begin next month. Projects remain on schedule. Jason concluded by introducing Shaun Johnson with DZA, whose team prepared the financial statements.

Shaun Johnson, CPA, presented the audited financial statements for the fiscal year ended June 30, 2025. He explained that the financial statements and the compliance reports were issued under separate covers this year due to delays in the federal approval of the compliance supplement. He reviewed both reports at a high level.

The independent auditor's report on the financial statements reflects an unmodified (clean) opinion, indicating the financial statements are fairly presented in all material respects. Management is responsible for preparation of the financial statements, and the auditor's role is to express an opinion based on the audit.

There were no significant audit adjustments. The primary adjustment made during the audit related to the accounting treatment of the organization's participation in the Alaska PERS pension and other post-employment benefit plans.

Net patient service revenue increased significantly from FY24 to FY25, driving an overall increase in operating revenues of approximately 19%. On the expense side,

the most notable change was in employee benefits, largely due to PERS-related accounting impacts. Total expenses increased approximately 31%, resulting in an operating loss of approximately \$159,000 compared to operating income of \$2.2 million in the prior year.

Non-operating items included recognition of the CARES Act Employee Retention Credit, recorded as revenue when the organization determined eligibility and submitted the application. Capital grants totaled approximately \$13.3 million, primarily related to the work building project. Overall change in net position was approximately \$15.5 million; however, it was noted that capital grants significantly influence this figure, and operating income is a more meaningful measure of performance.

Cash flow from operating activities was positive at approximately \$2.6 million, an improvement over the prior year. Cash increased by approximately \$2.3 million year over year.

The auditor also issued a report on internal controls over financial reporting, which contained no material weaknesses or significant deficiencies.

Financial indicator trends showed improvement in operating margin (when excluding PERS impacts), days cash on hand (113 days at year-end), and current ratio. Accounts receivable days and bad debt percentages remain stable and within healthy ranges. Capital equipment replacement has been below depreciation in recent years but is expected to increase with the work building coming into service.

A separate compliance audit report on federal awards also resulted in a clean opinion. The largest federal program audited was the Coronavirus Capital Projects Fund related to the WERC building. The organization was found to be in compliance with grant requirements. One minor advisory recommendation was made to strengthen documentation of vendor debarment checks; no debarred vendors were identified.

The auditor's required communication letter noted implementation of a new accounting standard requiring recognition of a liability for accumulated sick leave benefits (approximately \$277,000). No audit difficulties, disagreements with management, or material audit adjustments were reported. Monthly financial statements provided to the board were noted as reliable.

Risk assessment procedures focused on management override of controls, accounting estimates, the employee retention credit, and implementation of the new accounting standard. No issues were identified.

Advisory comments included recommendations to formalize written policies and procedures related to federal grants management, review of manual journal entries, key accounting estimates, and preparation of the Schedule of Expenditures of Federal Awards.

Shaun concluded that the audit results were positive overall.

Jason concluded the financial report by noting that the recommended policies and procedures identified during the audit process will be implemented in the near future.

## 8. Old Business

None

## 9. New Business

### A. Petersburg Medical Center, Petersburg Alaska, Resolution #2026-01

A resolution affirming continued support for the phased development of a new hospital facility in Petersburg, including the certificate of need process.

Board President Cook read the Petersburg Medical Center, Petersburg, Alaska Resolution #2026-01 aloud in its entirety.

Motion made by Board Vice President Lagoudakis to approve Petersburg Medical Center, Petersburg Alaska, Resolution #2026-01. Seconded by Board Member Roberts.

Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Conn, Board Member Roberts, and Board Member Johnson.

Petersburg Medical Center, Petersburg Alaska, Resolution #2026-01, approved.

## 10. Next Meeting

### A. Currently scheduled for **Wednesday, February 25th, 2026**, at 5:30pm.

Confirmed for **Wednesday, February 25th, 2026**, at 5:30pm in Borough Chambers.

## 11. Executive Session

### A. Executive Session

*By motion the Board will enter into Executive Session to consider medical staff appointments/reappointments, and any legal concerns.*

Motion made by Board Member Roberts to enter into Executive Session to consider medical appointments/reappointments and discuss legal matters. Seconded by Board Member Johnson. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Conn, Board Member Roberts, and Board Member Johnson.

Motion made by Board Secretary Cushing to come out of Executive Session. Seconded by Board Member Roberts. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Conn, Board Member Roberts, and Board Member Johnson.

Motion made by Board Secretary Cushing to appoint Harrison, Victor, MD; William, S. Winn, FNP; and Husitha Reddy, Vangura, MBBS, to medical staff. Seconded by Board Member Roberts. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Conn, Board Member Roberts, and Board Member Johnson.

**12. Adjournment**

Meeting adjourned at 6:52pm.