Petersburg Borough
Petersburg Medical Center

Meeting Minutes
Hospital Board
Regular Meeting

12 South Nordic Drive
Petersburg, AK 99833

Thursday, June 25, 2026 | **5:30 PM** | **Assembly Chambers**

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 Joe Stratman
Board Member Jim Roberts

ABSENT
Board Member Heather Conn
Board Member Joni Johnson

2. Approval of the Agenda

A. Approval of the June 25, 2026, Hospital Board Meeting Agenda

Motion made by Board Secretary Cushing to approve the June 25, 2026 Hospital Board Meeting Agenda with the amended addition of Foundation report under Committee Reports, Seconded by Board Member Stratman.
Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts.

Board President Cook inquired whether any board members had an actual or potential conflict of interest with respect to any item on the agenda requiring disclosure. No conflicts were reported, and the Board proceeded with the meeting.

3. Approval of Board Minutes

A. Approval of the May 28, 2026, Hospital Board Meeting Minutes

Motion made by Board Member Stratman to approve the May 28, 2026, Hospital Board Meeting Minutes. Seconded by Board Member Roberts. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts.

4. Visitor Comments

Roy Rountree from Bettisworth North commented that their team continues to be happy to work with PMC in designing New Facility and are available to take any questions anyone may have.

Tom Kowalski asked about the hospital's MRI shielding and expressed concern about local public health issues, including cancer rates. He encouraged the hospital board to review available information, investigate potential concerns, and identify opportunities for improvement where appropriate.

Jennifer Bryner expressed gratitude as a family member of someone who needed and received great care at PMC.

5. Board Member Comments

6. Committee Reports

A. Resource Committee

Vice President Cindi Lagoudakis reported seasonal increases in clinic visits, rehabilitation services, home health visits, and emergency room volumes. Long-term care census declined over the past year but is beginning to increase as new patient approvals and re-approvals are processed. The committee noted that Medicare reimbursements for the prior fiscal year remain pending and that depreciation associated with the WERC building will affect future Medicare reimbursements. Stronger-than-expected 340B revenue and increased patient volumes have contributed to a positive fiscal position.

Department heads continue to address unmet patient needs through equipment purchases and expanded testing capabilities. The committee also discussed higher-than-budgeted contract labor, increased maintenance expenses, and higher utility costs associated with the WERC building and MRI, while noting that the MRI is now generating revenue. Cash reserves remain strong, vendor payments are current, and audit work is ongoing, with a trial balance expected by the end of August. The committee also discussed a budget amendment to authorize additional expenditures and noted that total operating revenue has increased by more than 9% since FY2023.

The committee reported that three RHTP grant applications have been submitted, with award decisions anticipated in late July. Grant funding continues to play a significant role in hospital operations, supporting 3.5 full-time equivalent positions across 13 PMC positions in FY2026. The committee also noted that most previously awarded HRSA facility funding and State of Alaska Coronavirus project funding has now been expended.

B. Bylaws Committee
Proposed changes to Article VII (suggested addition "E" in red), and Article VIII (suggested additional language in red). *See attached*
Per Bylaws, suggested changes must be submitted in writing, see attached, and read, prior to being voted on at the next meeting.

Board President Cook read the proposed ByLaws updates that were included in the board packet, aloud. Board Vice President Lagoudakis noted a spelling correction needed in the title of Article XI. Board Member Stratman added that he attended the Bylaws Committee meeting and the meeting took place with our attorney present who suggested these additions and changes. These changes are now submitted to be reviewed and voted on at the next board meeting.

C. LTC Quality Committee

Board Member Stratman reported on the Long-Term Care Quality Committee meeting held on June 17. The committee reviewed and approved the Long-Term Care Facility Assessment. An update was provided that the fall prevention system has been fully installed in the Long-Term Care unit.

The committee also reviewed the facility room maintenance list. A draft list was discussed, and staff will make any necessary revisions; this action item was marked complete.

Survey readiness was discussed, including confirmation that disposable glove stations, hand sanitizer stations, and sharps containers have been addressed. The committee also discussed the active policy list currently being developed, which is expected to be presented at the next Quality Committee meeting.

Foundation:

Board Secretary Marlene reported on the PMC Foundation meeting held July 22. The primary focus of the meeting was preparation for the Pedal Paddle Battle scheduled for August 8.

The event begins at Scow Bay, with participants able to paddle a paddleboard, kayak, or canoe, or participate by bicycle, and concludes at Sandy Beach, where a picnic and prize drawings will be held. The event serves as the Foundation’s largest fundraiser supporting education scholarships for high school students and staff pursuing continuing education.

Sponsorship and participation opportunities are available through the PMC website.

7. Reports

A. Human Resources
Cindy Newman submitted a written report.

Cindy Newman provided the Human Resources report. Board Secretary Cushing inquired about the reference to “eight travelers on leave of absence,” and Cindy explained that these individuals are travel staff who have expressed an intention to

return to work within a defined timeframe. Rather than being terminated, they are placed on a leave of absence, typically with an expected return within a short period (e.g., 4–8 weeks), rather than an indefinite absence.

Secretary Cushing further clarified that her concern was whether this referred to staff who had experienced emergencies or illnesses; Cindy confirmed this was not the case and noted that travel staff often take brief personal time away and generally return to their assignments.

Board President Cook requested clarification on total employee numbers. Cindy explained that staffing levels fluctuate due to leaves of absence and variable staffing needs, as well as seasonal and as-needed positions. She estimated current staffing at approximately 197 employees, with numbers varying by pay period. She noted that reporting to the Department of Labor is based on a standardized pay period and methodology that results in normal fluctuations in reported totals.

B. New Facility
Justin Wetzel with Arcadis submitted a written report.

C. Quality
Stephanie Romine submitted a written report.

Board Member Stratman commented that a member of the public had great things to say about the Cedar Social Club program.

Board Vice President Lagoudakis requested additional information regarding the public quality dashboard referenced in the report. Stephanie explained that the dashboard is in the early stages of development, with the goal of providing monthly safety and overall quality metrics for the hospital. She noted there is potential for the information to be made available to the public once fully developed.

D. Infection Prevention
Rachel Kandoll submitted a written report.

E. Executive Summary
CEO Phil Hofstetter submitted a written report
K. Bryson submitted grants report
WERC Open House Flyer
Thank you Letter to Senator Murkowski

CEO, Phil Hofstetter, submitted his report and highlighted several key updates.

He noted a major milestone with the MRI service, which is now operational and has begun seeing patients this week. He explained that the MRI suite is a highly controlled environment, including a copper-lined, room-within-a-room design, with strict safety and workflow procedures required due to the magnetized equipment and regulated environment.

An open house for the WERC building is planned for July 14 from 3:00–6:00 p.m. to introduce the community to the new services and facilities. The event will showcase the MRI, education spaces including the public-facing computer lab and telehealth

pod, and conference rooms. The CEO will also provide a presentation outlining future planning and next phases of development.

He provided updates on capital projects, including the implementation of the Pyxis medication dispensing system in the Emergency Department and Acute Care units, which supports medication safety initiatives. A new chemistry analyzer is also being installed in the laboratory, improving testing capability and turnaround times, with additional in-house testing becoming available following required regulatory and pathology approvals.

The Direct Primary Care program is preparing for launch, offering a subscription-based primary care model to improve affordability and access for community members not covered by Medicare or Medicaid, in compliance with regulatory requirements.

He reported continued progress in facility improvements following the transition to the new campus, including the development of a second physical therapy and rehabilitation gym, made possible through repurposed space and facility support.

The CEO also noted a recent visit from Senator Lisa Murkowski, who toured the WERC building. He expressed appreciation for prior funding support that contributed to the development of the campus.

Youth programs are expanding under Katie Holmlund's leadership, with a focus on outdoor health and wellness programming and youth engagement beyond traditional childcare models.

Regarding operations, he reported stable census trends overall, with lower long-term care inpatient census, typical seasonal increases in Emergency Department volume, stable clinic activity, and a recent increase in home health encounters. Hofstetter also highlighted the successful continuation of the scope clinic this week, providing colonoscopy and endoscopy services locally, improving access to preventive care and reducing the need for patients to travel outside the community.

Board Secretary Cushing asked where a person should go if they want to sign up for Direct Primary Care or if they wanted more information about it. Hofstetter replied that both the business office and the clinic office were locations to get information.

Board Vice President Lagoudakis commented that the new rehabilitation space is much better, with more room to spread out and space to use equipment which is very exciting.

CEO, Phil Hofstetter, also noted that Katie Bryson has been working diligently on the proposals for the RHTP grants and as of right now we know of four that will be making it to the next step. Katie is keeping us updated as changes occur. Hofstetter commented on the hard work and effort involved in getting the proposals submitted.

Katie Bryson responded thanking the Petersburg Medical team as a whole for combined efforts from every department.

F. Financial
Jason McCormick submitted a written report.

CFO, Jason McCormick presented the monthly financial and statistical report. He noted that seasonal increases in activity are typical during the summer months, with clinic visits, rehabilitation services, home health, and emergency department volumes remaining strong. Radiology and laboratory services also continued to perform well, with laboratory volumes benefiting from the recent community health fair. Long-term care census increased slightly, while acute care and swing bed volumes remained consistent with expectations.

Financially, gross patient revenues were slightly below the monthly budget; however, net patient revenues exceeded budget due in part to favorable contractual allowance adjustments and strong 340B pharmacy revenues. Operating expenses were above budget, primarily due to contract labor, employee benefits, purchased services, and increased utility costs associated with the new facility. Despite these higher expenses, the organization reported positive monthly net income, supported by strong 340B performance, investment gains, and favorable reimbursement adjustments.

Year-to-date, gross patient revenues, net patient revenues, and total revenues remained above budget. Although operating expenses exceeded budget, overall net income remained close to budget, and investment income significantly outperformed expectations. Non-operating revenues also remained strong due to grant funding associated with the new facility.

CFO, McCormick, reported that management continues to strategically allocate funds between operating and investment accounts to maximize returns while maintaining adequate liquidity. Financial indicators remained favorable, including reduced accounts receivable days, timely payment of accounts payable, and approximately 133 days cash on hand, reflecting the organization's strong financial position and ability to meet operational obligations.

8. Old Business

A. Housing Update

Cindy Newman reported that PMC currently rents 21 apartments throughout town, and we are continuing to look at alternative housing options.

9. New Business

A. Revised Budget Fiscal Year 2026
Action required.

Mr. McCormick reported that year-end expenditures are projected to total approximately $31.1 million, exceeding the approved budget of $30.1 million by approximately $1.0 million. The variance is primarily due to increased contract labor, employee benefits associated with bringing the business office in-house, higher repairs and maintenance costs, and other operating expenses.

He noted that these additional costs are more than offset by increased operating revenues, which are projected to exceed budget by approximately $1.5 million. Additional positive financial factors include a favorable Medicare cost report

settlement, improved long-term care volumes, recovery of approximately $360,000 in bad debt, stronger-than-expected 340B revenues, and increased grant funding.

Motion made by Board Member Stratman to amend the fiscal year 2026 budget by an additional $1.3 million dollars, Seconded by Board Secretary Cushing.
Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts.

B. Budget Presentation

CFO, Jason McCormick presented Operating and Capital Budget for Fiscal Year 2027.

C. Operating Budget
Action Required: Approval

Mr. McCormick presented the proposed FY2027 operating budget, noting that budget projections were developed using estimated FY2026 year-end results and input from department managers.

The proposed budget assumes stable reimbursement rates for Critical Access Hospital and Medicaid programs, as no confirmed reimbursement changes have been announced. A 3% Medicaid rate increase was included based on current guidance. The budget also incorporates a 5% Chargemaster increase, approximately $2 million in additional revenue from the new MRI service line, market-based wage adjustments, increased contract labor for MRI staffing, and approximately $1 million in known grant revenue. Grant funding related to the Rural Healthcare Transformation Program was not included and will be addressed through a future budget amendment if awarded.

Mr. McCormick reported that the proposed operating budget projects approximately $31 million in operating expenses and a positive net income of approximately $753,000. He noted that appropriations were budgeted approximately 2% above anticipated expenditures to provide operational flexibility while maintaining fiscal responsibility. He submitted the FY2027 Operating Budget for Board approval.

Motion made by Board Member Stratman to approve the FY2027 Operating Budget as presented, Seconded by Board Vice President Lagoudakis. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts.

Roll Call Vote:
Board President Jerod Cook-Yes
Board Vice President Cindi Lagoudakis-Yes
Board Secretary Marlene Cushing-Yes
Board Member Joe Stratman-Yes
Board Member Jim Roberts-Yes

ABSENT
Board Member Heather Conn
Board Member Joni Johnson

Motion passes.

D. Capital Budget
Action Required: Approval

CFO, Jason McCormick, presented the proposed FY2027 capital budget totaling approximately $1.85 million. Major planned purchases include a replacement CT scanner (budgeted at $700,000), hospital beds and related equipment (approximately $700,000 combined), information technology upgrades, replacement vehicles, and other equipment needs.

He explained that administration intends to seek Board approval at a later date to finance up to $1.4 million for the CT scanner and hospital bed purchases through a capital lease rather than using cash reserves. Financing is expected to provide a more favorable long-term financial outcome while preserving capital reserves for future needs.

During Board discussion, staff clarified that the vaccine refrigerator and colonoscope had already been purchased and were therefore removed from the capital budget.

In closing, Mr. McCormick highlighted the hospital's improved financial position, noting that cash on hand has increased from 62 days three years ago to approximately 133 days, reflecting improved patient volumes, operational efficiencies, and continued positive financial performance. He submitted the FY2027 Capital Budget for Board approval.

Motion made by Board Secretary Cushing to approve the FY2027 Capital Budget as presented, Seconded by Board Member Stratman. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts

Roll Call Vote:
Board President Jerod Cook-Yes
Board Vice President Cindi Lagoudakis-Yes
Board Secretary Marlene Cushing-Yes
Board Member Joe Stratman-Yes
Board Member Jim Roberts-Yes

ABSENT
Board Member Heather Conn
Board Member Joni Johnson

Motion passes.

10. Next Meeting

A. Currently scheduled for July 30th, 2026, at 5:30pm.

11. Executive Session

A. By motion the Board will enter into Executive Session to consider medical staff appointment or reappointments, and to discuss any legal and financial concerns.

Motion made by Board Secretary Cushing to enter into Executive Session to consider medical staff appointment or reappointments, and to discuss any legal and financial concerns, seconded by Board Member Stratman. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts.

Motion made by Board Member Roberts to exit Executive Session, Seconded by Board Secretary Cushing. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts.

Motion made by Board Secretary Cushing to reappoint Claire Creutzfeldt, MD, Arielle Davis, MD, Jonathan Jo, MD, Rizwan Kalani, MD, Sandeep Khot, MD, Ryan Kiser, MD, George Leonard, MD, Hope Opara, MD, Corey Orton, MD, Brandon Roller, MD, Alison Seitz, MD, Breana Taylor, MD, David Tirschwell, MD, Natalie Weathered, MD, Jonathan Weinstein, PHD, and Vivian Yang, MD, to medical staff. Seconded by Board Member Stratman. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts.

12. Adjournment

Motion made by Board Member Roberts to adjourn, seconded by Board Member Stratman. Voting Yea: Board President Cook, Board Vice President Lagoudakis, Board Secretary Cushing, Board Member Stratman, and Board Member Roberts. Meeting adjourned.