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**RESOLUTION 2020-xx**

**A RESOLUTION REQUESTING AN EXCEPTION TO THE OPERATING AGREEMENT BETWEEN THE KENAI PENINSULA BOROUGH AND CENTRAL PENINSULA GENERAL HOSPITAL, INC. TO ALLOW CASH IN EXCESS OF 90 DAYS TO BE RETAINED BY CENTRAL PENINSULA HOSPITAL, INC. UNTIL THE CENTERS FOR MEDICAID AND MEDICARE ADVANCED PAYMENT LOAN IS REPAID**

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1. **WHEREAS**, the current operating agreement requires cash, at each quarters end, in excess of 90 days operating cash on hand be transferred to the Borough for deposit into the Central Peninsula Hospital Plant Replacement and Expansion Fund; and,
2. **WHEREAS**, Central Peninsula General Hospital, Inc. (CPGH Inc.) estimates it will have cash exceeding 90 days of cash on hand beyond December 31, 2020 due to the receipt of Medicare payments from the Advance and Accelerated Payment Program administered by the Centers for Medicare and Medicare Services (CMS) in the amount of \$17,958,796; and
3. **WHEREAS**, the Kenai Peninsula Borough Assembly passed ordinance 2020-26 on June 2, 2020, providing an exception to the operating agreement authorizing CPGH Inc. to retain 135 days of cash on hand to repay the loan from CMS; and
4. **WHEREAS**, the additional 45 days authorized in Ordinance 2020-26 is approximately equal to the amount of the nearly \$18 million loan; and
5. **WHEREAS**, the terms of the loan stated CMS would begin withholding fee-for-service reimbursement of Medicare claims to CPGH, Inc. 120 days after disbursement of the loan funds; and
6. **WHEREAS**, the 120 deadline has now passed and CMS is not withholding reimbursements of claims resulting in approximately \$18 million continuing to be held in reserve on the CPGH, Inc. balance sheet; and
7. **WHEREAS**, if an exception to the Operating Agreement authorizing CPGH, Inc. to retain 135 days of cash on hand is not authorized before September 30, 2020, the entire amount of the loan held in reserve will be deposited into the Plant Replacement and Expansion Fund (PREF); and
8. **WHEREAS**, if an exception is not authorized, it will require several ordinances to be approved by the Kenai Peninsula Borough Assembly over time to appropriate funds to repay the loan to CMS; and
9. **WHEREAS**, CPGH, Inc. requests an exception to the current Operating Agreement that would allow the hospital to retain 135 days of cash on hand until the entire \$18 million loan from CMS is repaid in full or official action taken by CMS converts the loan into a grant;

**THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF CENTRAL PENINSULA GENERAL HOSPITAL, INC., A NOT-FOR-PROFIT ALASKA CORPORATION, THAT:**

**SECTION 1.** The CPGH, Inc., Board of Directors supports and authorizes this resolution requesting Kenai Peninsula Borough to pass an ordinance granting an exception to the Operating Agreement that allows CPGH, Inc. to retain 135 days of cash on until the CMS loan is repaid in full or the loan is officially converted to a grant by CMS not requiring repayment.

**SECTION 2.** The administration of Central Peninsula Hospital is directed to notify the Kenai Peninsula Borough Mayor immediately following the final payment of the CMS loan or upon being officially informed by CMS that it is converted to a grant.

**SECTION 2.** Approval by the Kenai Peninsula Borough Assembly will be requested.

**SECTION 3.** This resolution takes effect immediately upon its adoption.

I certify that the above resolution was approved by vote of the Central Peninsula General Hospital, Inc. Board of Directors at the [REDACTED] meeting.

Date: [REDACTED]

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Irv Carlisle, Secretary/Treasurer  
CPGH, Inc. Board of Directors