

E. NEW BUSINESS

- 1. Ordinance 2025-19-44: Authorizing the acquisition of real property in Soldotna, AK on behalf to Central Kenai Peninsula Hospital Service area, appropriating funds from the Central Kenai Peninsula Hospital Service Area Plant Replacement & Expansion Fund, and authorizing an amendment to the Operating Agreement with Central Peninsula General Hospital, Inc.**

Kenai Peninsula Borough

Planning Department – Land Management Division

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*
Brandi Harbaugh, Finance Director *BH*
Robert Ruffner, Planning Director *RR*
Aaron Hughes, Land Management Officer *AH*

FROM: Jennifer Shields, Land Management Agent *JS*

DATE: May 20, 2026

RE: Ordinance 2026-19- 44, Authorizing the Acquisition of Real Property in Soldotna, Alaska, on Behalf of Central Kenai Peninsula Hospital Service Area, Appropriating Funds from the Central Kenai Peninsula Hospital Service Area Plant Replacement and Expansion Fund, and Authorizing an Amendment to the Operating Agreement with Central Peninsula General Hospital, Inc. (Mayor)

The Kenai Peninsula Borough (KPB) owns and provides for the operation of Central Peninsula Hospital, related medical facilities, and campus (CPH) under an Operating Agreement with Central Peninsula General Hospital, Inc. (CPGH, Inc). Real property located immediately adjacent to the main CPH campus and under common, private ownership has now become available for purchase. Specifically, the property consists of two platted lots: one vacant lot (0.87 acres) and one developed lot (0.99 acres) with a 5,980 square foot commercial building. The strategic acquisition of the subject lots will help to secure additional flexibility and longevity for the CPH campus.

The total negotiated purchase amount for both lots is \$1,980,000.00, based upon appraisal values submitted by the seller of \$230,000.00 for the vacant lot and \$1,750,000.00 for the developed lot. An additional \$50,000.00 is being proposed to cover due diligence costs and closing fees related to the acquisition. The subject properties are located within the City of Soldotna’s Limited Commercial (LC) Zoning District. Medical and public service offices are principally permitted uses in the City’s LC Zoning District. The ordinance also provides for the classification of the subject parcel as “Government”.

The ordinance authorizes the purchase of the subject parcel and appropriates \$2,030,000.00 from the Central Kenai Peninsula Hospital Service Area Plant Replacement and Expansion Fund to cover costs associated with the purchase.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No. <u>490.20602</u>	Amount: <u>\$2,030,000</u>
By: <u><i>CS</i></u>	Date: <u>5/20/2026</u>

Your consideration is appreciated.

Introduced by: Mayor
Date: 06/02/26
Hearing: 06/16/26
Action:
Vote:

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-19-44**

AN ORDINANCE AUTHORIZING THE ACQUISITION OF REAL PROPERTY IN SOLDOTNA, ALASKA, ON BEHALF OF CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA, APPROPRIATING FUNDS FROM THE CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA PLANT REPLACEMENT AND EXPANSION FUND, AND AUTHORIZING AN AMENDMENT TO THE OPERATING AGREEMENT WITH CENTRAL PENINSULA GENERAL HOSPITAL, INC.

WHEREAS, the Kenai Peninsula Borough (KPB) Central Kenai Peninsula Hospital Service Area owns and provides for the operation of Central Peninsula Hospital related medical facilities, and campus (CPH) medical facilities for the Operating Agreement with Central Peninsula General Hospital, Inc. (CPGH, Inc.) for the operation of CPH on behalf of the service area; and

WHEREAS, this ordinance will authorize the purchase of two parcels of property to address immediate and long-term needs of the service area, the property proposed for purchase consists of two platted lots under common ownership, specifically one vacant lot (0.87 acres) and one developed lot (0.99 acres) with a 5,980 square foot commercial building located immediately adjacent to the main CPH campus property; and

WHEREAS, the CPGH, Inc. Board of Directors, at its regularly scheduled meeting held on _____, 2026, adopted Board Resolution 2026-____ approving the purchase of the Property; and

WHEREAS, the KPB Planning Commission, at its regularly scheduled meeting held on _____, 2026, recommended _____;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this is a non-code ordinance.

SECTION 2. That the Assembly approves the purchase of the following-described real property as it furthers the purposes of the Central Kenai Peninsula Hospital Service Area as it secures additional area for future management and potential expansion:

LOTS 1A AND 2A, BUXTON SUBDIVISION, BICUSPID ADDITION NO. 2, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED UNDER PLAT NUMBER 2002-78, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.
(PARCEL NO'S. 05910066 AND 05910067) (the "Property")

SECTION 3. That the terms and conditions substantially in the form of the Purchase Agreement accompanying this ordinance are hereby approved. The purchase price will be \$1,980,000 for the Property, plus closing and due diligence costs not to exceed \$50,000, for a total cost of \$2,030,000.

SECTION 4. That \$2,030,000 is appropriated from the Central Kenai Peninsula Hospital Service Area Plant Replacement and Expansion Fund to Account No. 490.81110.26CHA.49999 for the purchase, estimated closing costs of the Property and admin service fee.

SECTION 5. That revenues derived from any future lease of the real property described in Section 2 must be deposited monthly, within 10 days of receipt, into the Central Kenai Peninsula Hospital Service Area Plant Replacement and Expansion Fund Account No. 490.20602 until which time the Central Kenai Peninsula Hospital Service Area Plant Replacement and Expansion Fund recovers the cost of the property acquisition approved by this ordinance.

SECTION 6. That the Property is zoned "Limited Commercial", pursuant to the City of Soldotna zoning code, and will be classified by KPB as "Government" for KPB management purposes, pursuant to KPB 17.10.080.

SECTION 7. That the terms and conditions substantially in the form of the Purchase Agreement accompanying this ordinance are hereby approved, and the Mayor is authorized to execute any and all documents necessary to purchase the Property.

SECTION 8. That upon closing on the Property, the Mayor is authorized to execute an amendment to the Operating Agreement with CPGH, Inc. to incorporate into Exhibit A of the Operating Agreement the real property described above and approved for purchase by this ordinance.

SECTION 9. That appropriations made in this ordinance are project length in nature and as such do not lapse at the end of any particular fiscal year.

SECTION 10. That if any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 11. That this ordinance shall be effective immediately.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF *, 2026.

Ryan Tunseth, Assembly President

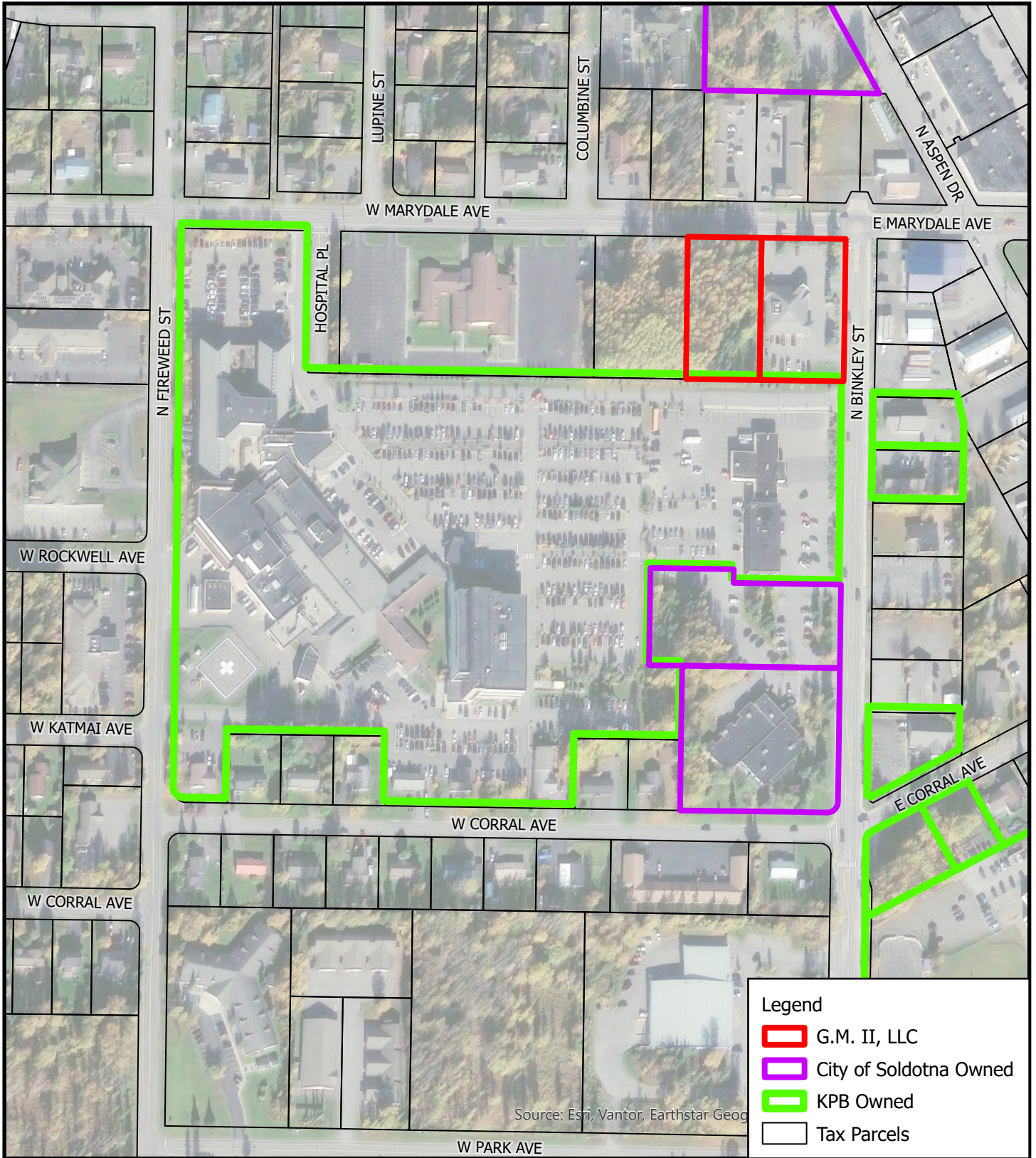
ATTEST:

Michele Turner, MMC, Borough Clerk

Yes:

No:

Absent:



0 330 660 990 ft

LMD 26-13
Parcel No.'s 05910066 & 05910067

The information depicted hereon is for a graphical representation only of best available sources. The Kenai Peninsula Borough assumes no responsibility for any errors on this map.

PURCHASE AGREEMENT

This Purchase Agreement (Agreement) is made by and between G.M. II, LLC, as seller, whose address is P.O. Box 1781, Soldotna, AK 99669, (Seller) and the Kenai Peninsula Borough, an Alaska municipal corporation, as buyer, whose address is 144 North Binkley Street, Soldotna, Alaska 99669 (KPB) (together, the Parties).

WHEREAS, Seller is the owner of that real property located in the Kenai Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

LOTS 1A AND 2A, BUXTON SUBDIVISION, BICUSPID ADDITION NO. 2, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED UNDER PLAT NUMBER 2002-78, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. (PARCEL NO'S. 05910066 AND 05910067) (the Property); and

WHEREAS, KPB has offered to buy, and Seller is willing to sell the Property as evidenced by this Agreement;

NOW THEREFORE, in consideration of the conditional promises herein contained, Seller hereby agrees to sell to KPB, and KPB hereby agrees to buy from Seller, the Property on the terms and conditions as set forth below:

1. PURCHASE PRICE

The purchase price of the Property is ONE MILLION NINE-HUNDRED EIGHTY THOUSAND DOLLARS (\$1,980,000.00). The purchase price must be paid by KPB at time of closing. The purchase of the Property and appropriation of funding for the purchase are subject to approval by the KPB Assembly.

2. EXPIRATION OF OFFER

Sellers must sign and return this Agreement to KPB on or before **May 12, 2026, at 4:00pm;** otherwise, this offer will terminate.

3. TITLE

Title must be delivered at time of closing by statutory warranty deed, which must be issued to KPB. Seller warrants and covenants that at the time of closing there will be no liens or judgments recorded against Seller in the same recording district in which the Property subject to this Agreement is situated. Title must be clear of liens and encumbrances except title is subject to reservations, easements, rights-of-way, covenants, conditions and restrictions of record as agreed to by KPB.

4. ESCROW AND CLOSING COSTS

KPB agrees to pay for all buyer-related closing costs not otherwise addressed in this Agreement to include buyer closing and recording fees. Seller agrees to pay for seller-related closing costs, not otherwise addressed in this Agreement to include the ALTA Standard Owners Title Insurance policy, and seller closing and recording fees. Property taxes for the current year, if any, will be prorated to the date of closing. Seller is responsible for realtor's commission, and Seller's legal fees, if any; all unpaid taxes for prior years, if any; and all unpaid outstanding assessments, if any. All costs will be paid in full at the time of closing.

5. EXISTING LEASEHOLD

Seller has made KPB aware of an existing month to month leasehold interested in and to the subject property. As a condition of this agreement, Seller must appropriately notify the current tenant of the contemplated sale, and terminate the existing lease as of the date of closing. Any and all costs associated with terminating the lease will be the responsibility of the Seller.

6. CLOSING

Unless otherwise agreed to in writing, closing will occur on or before **July 31, 2026**, or as specifically agreed to by the Parties. At closing, KPB will pay the balance of the purchase price, subject to authorization by the KPB Assembly and appropriation of funds. Both Parties will execute all documents required to complete the Agreement and, if applicable, establish an escrow account.

7. POSSESSION

Possession will be delivered to KPB at time of recording unless otherwise agreed to in writing by the Parties.

8. KENAI PENINSULA BOROUGH ASSEMBLY APPROVAL

Purchase of the Property by KPB is subject to authorization by the KPB Assembly and appropriation of funds. If the KPB Assembly fails to authorize the purchase of the Property and appropriate funds, this Agreement will terminate without penalty.

9. EXCHANGE

If Seller intends for this transaction to be part of a Section 1031 like-kind exchange, KPB agrees to cooperate in the completion of the like-kind exchange provided KPB does not incur any additional liability or cost in doing so. If Seller intends for this transaction to be part of a Section 1031 like-kind exchange, Seller may assign its rights under this Agreement to a qualified intermediary or any entity expressly created for the purposes of completing a Section 1031 like-kind exchange.

10. DISCLOSURES

Seller hereby agrees to provide written property disclosures including any and all information regarding known defects, deficiencies, legal matters, environmental issues or hazards that may

be personally known by the Seller. If said written disclosures present a matter unsatisfactory to KPB, KPB may terminate this Agreement without penalty.

11. CONTINGENT ON INSPECTION / REVIEW

Closing of the contemplated purchase is contingent upon the satisfactory completion of a property inspection and environmental review of the Property satisfactory to KPB for its use and at KPB's expense. Seller must, upon reasonable notice, provide access to the Property for inspection purposes to KPB and its representatives. Any invasive inspection procedures require Seller's expressed permission and must promptly be repaired by KPB in a workman-like manner. Unless otherwise provided in writing, KPB will have 45 days from the date of full execution of this Agreement to complete its property inspection.

12. HAZARDOUS MATERIAL

Seller covenants to the best of Seller's knowledge that, as of the date of this Agreement, except as specifically identified herein, the Property is free of all contamination from petroleum products or any hazardous substance or hazardous waste, as defined by applicable state or federal law, and there are no underground storage tanks or associated piping on the Property. Seller agrees that no hazardous substances or wastes will be located on, nor stored on the Property or any adjacent property owned or leased by the Seller, owner, or contractors, nor will any such substance be owned, stored, used, or disposed of on the Property or any adjacent property by Seller, its agents, employees, contractors, or invitees, prior to KPB's ownership, possession, or control of the Property.

13. ENVIRONMENTAL CONTINGENCY

If, during the course of KPB's due diligence inspection of the Property pursuant to Section 11, "Contingent on Inspection/Review", KPB discovers the presence of environmental hazards on or released from the Property in any quantity or concentration exceeding the limits allowed by applicable law, or that is deemed undesirable by KPB, KPB will have the right to give notice to Seller accompanied by a copy or copies of the third-party report(s) disclosing and confirming the presence of such hazardous materials. The notice and accompanying third-party report must be given no later than 60 days from receipt of said report. The notice under this Section must state:

- (i) that KPB is terminating this Agreement due to the presence of such hazardous materials on or adversely affecting the Property; OR
- (ii) provide Seller 30 days from notice to provide a mitigation plan outlining steps taken by Seller to remedy said hazards to KPB's satisfaction at Seller's expense.

Following the notice and report described in this Section, the Parties may negotiate other resolutions as may be agreeable to the Parties in writing to be included as a part of this Agreement. In the event the Parties cannot agree in writing on a resolution to remedy any environmental concerns within 90 days of the notice, this Agreement will automatically terminate.

It is expressly understood that by execution of this Agreement, Seller hereby indemnifies KPBP for any and all CERCLA-related claims, liabilities, or matters, unless otherwise provided for in this Agreement. Said indemnification will survive closing and termination of this Agreement. Upon successful close of escrow said indemnification will continue for a period of not less than 12 months, from the date of closing unless otherwise provided for in this Agreement.

If this Agreement is terminated pursuant to any report detailing environmental conditions that may or may not exist on the Property, such report(s) will remain confidential and proprietary. The report(s) will be marked as confidential and will not be released to a private individual, entity, or non-profit without express agreement of the Parties. Notwithstanding, the report will be released pursuant to a valid court order and may be released to the State of Alaska upon request.

14. DEFENSE AND INDEMNIFICATION

Seller must indemnify, defend, save, and hold KPBP, its elected and appointed officers, agents, and employees, harmless from any and all claims, demands, suits, or liability of any nature, kind, or character including costs, expenses, and attorney's fees resulting from Seller's performance or failure to perform in accord with the terms of this Agreement in any way whatsoever. Seller will be responsible under this clause for any and all claims of any character resulting from Seller's or Seller's officers', agents', employees', partners', attorneys', suppliers', and subcontractors' performance or failure to perform this Agreement in any way whatsoever. This defense and indemnification responsibility includes claims alleging acts or omissions by KPBP or its agents, which are said to have contributed to the losses, failure, violations, or damage. However, Seller will not be responsible for any damages or claims arising from the sole negligence or willful misconduct of KPBP, its agents, or employees.

15. ENTIRE AGREEMENT

This Agreement and the documents referred to herein contain the entire agreement of the Parties with respect to the subject matter hereof. Any changes, additions, or deletions hereto must be made in writing and signed by both KPBP and Seller or their respective successors in interest. Provisions of this Agreement, unless inapplicable on their face, will be covenants constituting terms and conditions of the sale, and will continue in full force and effect until the purchase price is paid in full or this Agreement is earlier terminated.

16. BREACH REMEDY

Prior to closing of the sale, in the event that KPBP or Seller fail to make any payment required, or fail to submit or execute any and all documents and papers necessary for closing and transfer of title within the time period specified in this Agreement, the Seller or KPBP may:


- A. Demand the delinquent Party specifically perform on all of the duties and obligations under this Agreement; or
- B. Terminate this Agreement.

17. MISCELLANEOUS

- A. Time. Time is of the essence in performance of this Agreement.
- B. Cancellation. This Agreement, while in good standing, may be canceled in whole or in part, at any time, upon mutual written agreement by Seller and the KPB Mayor. This Agreement is subject to cancellation in whole or in part if improperly issued through error in procedure or with respect to material facts. KPB may cancel this Agreement without penalty in the event additional contracts required of this project are not secured.
- C. Notice. Any notice or demand which, under the terms of this Agreement or under any statute must be given or made by the Parties, must be in writing, and be given or made by registered or certified mail, addressed to the other party at the address shown on the Agreement. However, either party may designate in writing such other address to which such notice of demand may thereafter be so given, made or mailed. A notice given hereunder will be deemed received when deposited in a U.S. general or branch post office by the addressor.
- D. Interpretation. This Agreement will be deemed to have been jointly drafted by the Parties. It will be construed according to the fair intent of the language as a whole, not for or against either Party. The interpretation and enforcement of this Agreement will be governed by the laws of the State of Alaska. Any lawsuit brought arising from this Agreement must be filed in the superior court of the Third Judicial District, State of Alaska, located in the City of Kenai, Alaska. The titles of sections in this Agreement are not to be construed as limitations of definitions but are for identification purposes only.
- E. Condition of Property. Seller will deliver the Property in its as-is condition.
- F. Counterparts. This Agreement may be executed in counterpart, and may be executed by way of copy, facsimile or verified electronic signature in compliance with AS 09.80, and if so, each of which will be deemed an original but all of which together will constitute one and the same instrument.
- G. This Agreement may only be amended in writing, which amendment document must be signed by the Parties.

KENAI PENINSULA BOROUGH:

SELLER: G.M. II, LLC


Peter A. Midciche, Mayor (Date) 05/15/26


Thomas Hodel (Date) 5/12/26


Jarlyn Hodel (Date) 5-12-26

ATTEST:

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:



Michele Turner, MMC
Borough Clerk



Wayne Cary
Deputy Borough Attorney

