

Introduced by: Mayor
Date: 04/05/22
Hearing: 04/19/22
Action: Enacted
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2021-19-42**

**AN ORDINANCE APPROPRIATING FUNDING FROM THE SOUTH PENINSULA
HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND TO REPLENISH
SOUTH PENINSULA HOSPITAL'S OPERATING CASH**

- WHEREAS,** the Kenai Peninsula Borough (“Borough”) has entered into an Operating Agreement 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 service area residents; and
- WHEREAS,** Section 16, Finances, Paragraph (a) Operating Revenue, requires that, on a quarterly basis, SPHI "shall transfer all cash on hand in excess of the operating reserve amount to the Borough for deposit into the South Peninsula Hospital Plant Replacement and Expansion Fund (PREF)”; and
- WHEREAS,** Section 16, Finances, Paragraph (a) Operating Revenue, also allows that, "If the cash on hand is less than ninety (90) days at any time, then SPHI may request that the Borough authorize the transfer of an amount from the PREF to its operating reserve to maintain the operating reserve amount, by SPHI Board action"; and
- WHEREAS,** SPHI has determined that the operating reserve as of February 28, 2022 is less than 90 days with 70 day “cash on hand,” and in order to reach 90 days, SPHI may request up to \$5,161,198 (20 days); and
- WHEREAS,** the South Peninsula Hospital PREF currently has an unobligated balance of \$10,441,195.95; and
- WHEREAS,** Section 16, Finances, Paragraph (b), Plant Replacement and Expansion Fund, requires that any transfer in or out of the PREF shall first be considered by the SPHI board and its recommendation shall be forwarded to the assembly; and
- WHEREAS,** Paragraph 1, Exhibit C, Memorandum of Agreement, requires SPHI to notify the Borough finance director or designee of the date, method, and other necessary information to effectuate any deposit into or withdrawal from the PREF; however, the date of transfer and deposit cannot occur until after the date of assembly approval; and

WHEREAS, the South Kenai Peninsula Hospital Service Area Board, at its March 10, 2022 meeting, recommended the transfer of funds in the amount of \$5,161,198 from the PREF to SPHI to bring its “cash on hand” to 90 days, this recommendation was condition on the anticipated request approval from the SPHI Finance Committee and SPHI Board; and

WHEREAS, the SPHI Board, at its March 23, 2022 meeting, recommended approval by the passage of SPH Resolution 2022-06;

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

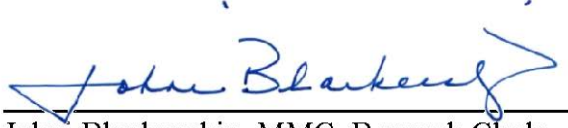
SECTION 1. Funds in the amount up to \$5,161,198 are appropriated from the South Peninsula Hospital Unobligated portion of the Plant Replacement and Expansion Fund from account number 491.20602 to be transferred to South Peninsula Hospital, Inc. (SPHI) for the purpose of replenishment of SPHI’s operating cash to 90 days “cash on hand”.

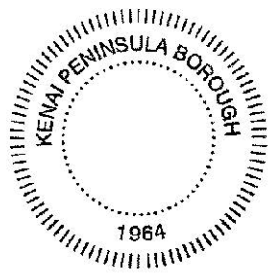
SECTION 2. SPHI is to provide a follow-up report to the assembly shortly after June 30, 2022, providing an update on the cash reserve status for SPHI.

SECTION 3. This ordinance shall be effective immediately upon enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 19TH DAY OF APRIL, 2022.


Brent Johnson, Assembly President

ATTEST:

John Blankenship, MMC, Borough Clerk



Yes: Bjorkman, Chesley, Cox, Derkevorkian, Ecklund, Hibbert, Tupper, Johnson
No: None
Absent: Elam