

Kenai Peninsula Borough

Office of the Borough Mayor

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Peter A. Micciche, Mayor *PM*

DATE: September 28, 2023

RE: Resolution 2023-*063*, Approving an Increase to the Limitation on the Total Cumulative Annual Cost of Real Property Leases in Which CPGH, Inc. is the Sole Lessee and Authorizing an Amendment to the Operating Agreement (Mayor)

The Kenai Peninsula Borough ("Borough") has entered into an Operating Agreement with Central Peninsula General Hospital, Inc. ("CPGH, Inc.") for operation of Central 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.

Resolution 2022-043, approved an increase of the total cumulative annual cost of leases in which CPGH, Inc. is the lessee, to the revised not to exceed amount of \$650,000. CPGH, Inc. is seeking to lease additional Physician Clinic space to meet the growing demands of the community. With CPGH, Inc.'s current leases, the FY24 annual total lease spend to date is \$646,572.

Additionally, CPGH, Inc. is considering properties in Soldotna and Kenai to lease in its continued expansion of the Physician Clinic service lines over the next several years. CPGH, Inc. anticipates continued space needs until Master Planning is complete and construction begins on additional medical office space.

In anticipation of additional future increases, this resolution would increase the Operating Agreement's limit on cumulative annual cost of leases where CPGH, Inc. is the lessee from \$650,000 to \$850,000 and authorize a second amendment to the Operating Agreement to reflect the increase.

Your consideration is appreciated.