

Introduced by: Mayor  
Date: 07/05/22  
Action: Adopted  
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH  
RESOLUTION 2022-043**

**A RESOLUTION APPROVING AN INCREASE TO THE LIMITATION  
ON THE TOTAL CUMULATIVE ANNUAL COST OF REAL PROPERTY LEASES  
IN WHICH CPGH, INC. IS THE SOLE LESSEE**

- WHEREAS,** 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 (CPH) 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,** CPGH, Inc. has been presented the opportunity to purchase the assets of the Surgery Center of Kenai on behalf of the Borough, which transaction will provide a Medical Facility with two additional outpatient operating rooms for CPGH, Inc. to manage and operate for the Borough under the Operating Agreement, in order to ensure continued and expanded availability of Surgical Services to the Service Area residents on a nonprofit basis; and
- WHEREAS,** the Surgery Center's Medical Facility is under a lease with Schilling Rentals, LLC, as Lessor, at the address of 100 Trading Bay Drive, Suite 9, Kenai, AK 99611; and, subject to the Borough Assembly's appropriation of funds, the lease of the Medical Facility will be assigned to CPGH, Inc. as the sole Lessee, and the Borough will be under no obligation whatsoever regarding this lease; and
- WHEREAS,** under the Operating Agreement, Section 14, Paragraph (b), the total cumulative annual cost of such leases shall not exceed \$400,000 without prior approval of the Borough Assembly by resolution of any increases above that limitation; and
- WHEREAS,** at present, CPGH, Inc. is the sole lessee under seven (7) current real property leases; and
- WHEREAS,** the annual cost of the lease of this Medical Facility, along with increased costs of other current leases, would bring the cumulative annual total to \$609,609 in Fiscal Year 2023, therefore Borough Assembly approval by resolution of the increase in the total cumulative annual cost of such real property leases is required under the Operating Agreement Section 14, Paragraph (b); and

**WHEREAS,** CPGH, Inc. Administration has recommended that an increase of \$250,000 to the limitation on the total cumulative annual cost of real property leases in which CPGH, Inc. is the sole lessee, to the revised limitation of \$650,000 under the Operating Agreement, Section 14, Paragraph (b), is in the best interest of the Borough's Service Area and the residents that CPGH, Inc. serves; and

**WHEREAS,** the CPGH Inc. board, at its June 30, 2022 meeting, approved the recommendation of CPGH, Inc. Administration; and requested that the Borough Assembly, in the best interest of the Borough's Service Area and the residents that CPGH, Inc. serves, approve by resolution an increase of the total cumulative annual cost to the revised limitation of \$650,000 for real property leases in which CPGH, Inc. is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).

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

**SECTION 1.** That the assembly finds that it is the best interest of the Borough's Service Area and the residents that CPGH, Inc. serves to approve an increase in the total cumulative annual cost of real property leases in which CPGH, Inc. is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).

**SECTION 2.** That the assembly approves an increase of the total cumulative annual cost to the revised limitation of \$650,000 for real property leases in which CPGH, Inc. is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).

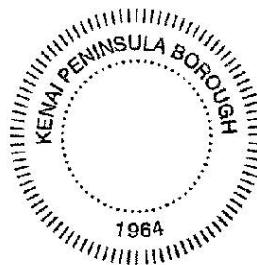
**SECTION 3.** That this resolution shall be effective immediately upon adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 5TH DAY OF JULY 2022.**

  
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Brent Johnson, Assembly President

ATTEST:

  
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John Blankenship, MMC, Borough Clerk



Yes: Bjorkman, Chesley, Cox, Ecklund, Elam, Hibbert, Tupper, Johnson

No: None

Absent: Derkevorkian