

Introduced by: Mayor
Date: 10/10/23
Action: Adopted
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2023-063**

**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 AND AUTHORIZING AN
AMENDMENT TO THE OPERATING AGREEMENT**

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, under the Operating Agreement, Section 14, Paragraph(b), the total cumulative annual cost of such leases shall not exceed \$650,000 without prior approval of by the Borough Assembly by resolution of any increases above that limitation; and

WHEREAS, at present CPH is seeking to lease space for the new Central Peninsula Mental Health Clinic, which when combined with CPGH Inc’s current leases of \$646,572, would exceed the annual lease limit of \$650,000; and

WHEREAS, CPH will continue to have space needs as it expands the Physician Clinic service lines over the next several years; and

WHEREAS, the CPGH, Inc. board, at its August 31, 2023, 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 for real property leases in which CPGH, Inc. is the sole lessee under the Operating Agreement, Paragraph (b); and

WHEREAS, CPGH, Inc. administration and Borough administration discussed the requested increase based on current needs and future CPH plans or expansion agreements and agreed that an increase to a total of \$850,000 for the cumulative annual cost limitation of real property leases in which CPGH, Inc. is the sole lessee is in the best interest of the service area at this time;

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, Paragraph 14(b).

SECTION 2. That the Assembly approves an increase of the total cumulative annual cost to the revised limitation of \$850,000 for real property leases in which CPGH, Inc. is the sole lessee under the Operating Agreement, Paragraph 14(b).

SECTION 3. That the Mayor, or his designee, is authorized to execute a second amendment to the Operating Agreement with CPGH, Inc substantially in the form of the Second Amendment to the Operating Agreement attached hereto and incorporated herein by reference.

SECTION 4. That this resolution shall be effective immediately upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 10TH DAY OF OCTOBER, 2023.

Brent Johnson

Brent Johnson, Assembly President

ATTEST:

Michele Turner

Michele Turner, CMC, Borough Clerk



Yes: Chesley, Cox, Derkevorkian, Ecklund, Elam, Hibbert, Ribbens, Tupper, Johnson

No: None

Absent: None