

**RESOLUTION 2022-15**

**A RESOLUTION APPROVING THE PURCHASE OF THE SURGERY CENTER OF KENAI**

---

---

- 1. WHEREAS**, the Kenai Peninsula Borough has entered into an Operating Agreement with Central Peninsula General Hospital, Inc. (CPGH, Inc.) for the 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 continued availability to the Service Area residents; and
- 2. WHEREAS**, CPGH, Inc. is a “Rural” entity as that term is defined in 42 CFR §411.351, and the CPGH, Inc. Board of Directors has determined that it is in the best interests of the Hospital and of the patients that it serves to provide Surgical Services to borough residents; and
- 3. WHEREAS**, Central Peninsula Hospital currently provides Surgical Services in four operating rooms within the hospital which are near capacity, and the hospital is unable to expand due to State of Alaska Certificate of Need restrictions; and
- 4. WHEREAS**, the hospital has been presented the opportunity to purchase the Surgery Center of Kenai which will provide the hospital with two additional outpatient operating rooms for the purchase price of \$9,120,000; and
- 5. WHEREAS**, CPGH, Inc. believes it is in the best interest of the hospital and residents of the Kenai Peninsula Borough for the hospital to purchase and operate the Surgery Center; and
- 6. WHEREAS**, CPH Administration engaged Healthcare Appraisers Inc. to conduct a Fair Market Value Appraisal on the surgery center; and
- 7. WHEREAS**, CPH Administration has negotiated an agreement with the Surgery Center of Kenai to purchase one-hundred (100) percent of the shares at a price of \$9,120,000; along with the assumption of approximately \$650,000 of debt; all of which falls within the Fair Market Value ranges calculated by Health Care Appraisers, Inc.; and
- 8. WHEREAS**, CPH Administration has determined that there are sufficient funds available in the Central Peninsula Hospital Plant Replacement and Expansion Fund (PREF) to fund the \$9,120,000 purchase of the surgery center and would like to utilize PREF funds for the purchase; and
- 9. WHEREAS**, under Section 16(b) of the Operating Agreement, neither the Borough or CPGH, Inc. shall obligate or attempt to spend or transfer funds from the PREF without approval and appropriation by the Borough Assembly; and,
- 10. WHEREAS**, under Section 16(b) of the Operating Agreement, any transfer in or out of the PREF shall first be considered by the CPGH, Inc. Board and its recommendation shall be forwarded to the Assembly.

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF CENTRAL PENINSULA GENERAL HOSPITAL, INC., A NOT-FOR-PROFIT ALASKA CORPORATION, THAT:**

- SECTION 1.** The Board of Directors of Central Peninsula General Hospital d/b/a Central Peninsula Hospital (“CPH”) approves the purchase of the Surgery Center of Kenai in order to better serve the residents of the Central Peninsula Hospital Service Area, and authorizes the transfer of funds from the Plant Replacement and Expansion Fund (PREF) in the amount not to exceed \$9,120,000.
- SECTION 2.** The Board of Directors requests the Kenai Peninsula Borough Assembly approve the funding in the amount not to exceed \$9,120,000 and appropriate PREF funds for the project.
- SECTION 3.** This resolution becomes effective immediately upon adoption by the CPGH, Inc. Board of Directors.

I certify that the above resolution was approved by vote of the Board of Directors of Central Peninsula General Hospital, Inc. at the May 26, 2022 Board meeting.

Dated: May 26, 2022

---

Carrie Couey, Secretary/Treasurer  
CPGH, Inc. Board of Directors