

**SECOND AMENDMENT TO THE OPERATING AGREEMENT FOR CENTRAL  
PENINSULA HOSPITAL, HERITAGE PLACE, KENAI HEALTH CENTER, AND OTHER  
HEALTH FACILITIES**

This amendment to the Operating Agreement ("Operating Agreement") is by and between Central Peninsula General Hospital, Inc., an Alaska nonprofit corporation, of 250 Hospital Place, Soldotna, Alaska 99669, (referred to as "CPGH, Inc." or "Operator") and the Kenai Peninsula Borough (hereinafter referred to as "KPB", "Borough" or "Owner"), an Alaska municipal corporation of 144 N. Binkley, Soldotna, Alaska 99669, collectively referred to as the Parties.

WHEREAS, effective January 1, 2018, the Parties entered into an Operating Agreement for CPGH, Inc. to operate and manage Central Peninsula Hospital, Heritage Place, Kenai Health Center and Other Health Facilities; and

WHEREAS, at present Central Peninsula Hospital 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, Central Peninsula Hospital will continue to have space needs as it expands the Physician Clinic service lines over the next several years; and

WHEREAS, at its regular meeting on October 10, 2023, the Borough Assembly [adopted] Resolution 2023-\_\_\_ approving the requested cumulative lease total increase to \$850,000 and authorized this amendment to Paragraph 14(b) of the operating Agreement to account for the approved increase;

NOW THEREFORE, in consideration of the mutual covenants contained herein the parties agree as follows:

1. That Paragraph 14.b. of the Operating Agreement is hereby amended to read as follows:

b. Leases in which CPGH, Inc. is the Lessee. Leases in the name of CPGH, Inc., in which CPGH, Inc. is the Lessee and no obligation whatsoever is imposed upon the

Borough, either express or implied, are not subject to the requirements in subparagraph 14.a. of this agreement. Under no circumstances shall such leases obligate the Borough in any way whatsoever without advance Borough Assembly approval. All such leases shall contain a clause stating: "In the event that the Operating Agreement between CPGH, Inc. and the Kenai Peninsula Borough is terminated and not renewed or extended, and the Kenai Peninsula Borough either assumes operation of the Medical Facilities or contracts with another entity to continue such operation, the continuation of this lease with the Borough or a subsequent operator is subject to Borough Assembly approval and the availability and appropriation of funds." In any event, written approval by the Borough contract Administrator is required for all such leases costing \$100,000 or more annually. Total cumulative annual costs of such leases shall not exceed \$850,000. This total annual cost ceiling for leases does not include leases entered into by CPGH, Inc. for the purposes of providing contract labor housing. Increases to the cumulative annual limitation must be approved by the Borough Assembly by resolution.

2. All remaining terms and conditions of the Operating Agreement shall remain in full force and effect.

KENAI PENINSULA BOROUGH

CENTRAL PENINSULA GENERAL  
HOSPITAL, INC.

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Peter A. Micciche  
Borough Mayor

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Shaun Keef  
Chief Executive Officer

ATTEST:

ATTEST:

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Michele Turner, CMC  
Borough Clerk

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Carrie Couey  
Board Secretary/Treasurer

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY

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Sean Kelley  
Borough Attorney