
RESOLUTION 2023-02

**A RESOLUTION APPROVING A SUBLEASE AGREEMENT WITH AURORA INTEGRATED ONCOLOGY FOUNDATION
FOR A CANCER TREATMENT CENTER ON THE CAMPUS OF CENTRAL PENINSULA HOSPITAL**

1. WHEREAS, the Kenai Peninsula Borough has entered into an Operating Agreement with CPGH, Inc., for the management and operation of Central Peninsula Hospital and other Medical Facilities, and to provide other healthcare programs and services, on a nonprofit basis to ensure continued availability to the Service Area residents; and,
2. WHEREAS, in Resolution 2012-45, the CPGH, Inc. Board of Directors approved and authorized a Sublease Agreement with RBS Evolution Of Alaska, LLC (“RBS”), a radiation oncology services provider, doing business as Peninsula Radiation Oncology Center, for the sublease of approximately 4,570 square feet of the CPH Campus for Providing Cancer Treatment located at 250 Hospital Place, Soldotna, Alaska (“CPH Campus”) until April 30, 2033; and
3. WHEREAS, Kenai Peninsula Borough (“Borough”), at Paragraph 2(b)(ii) in the Operating Agreement, authorized CPGH, Inc. to continue to sublease the approximately 4,570 square feet of the CPH Campus for Providing Cancer Treatment pursuant to the Sublease Agreement with RBS until April 30, 2033; and,
4. WHEREAS, Aurora Integrated Oncology Foundation (“AIOF”) is a Delaware nonprofit corporation formed and created for the purpose of improving patient care and access by combining multiple radiation oncology facilities and physician practices serving patients, including combining the Peninsula Radiation Oncology Center in AIOF; and,
5. WHEREAS, in order to finance the acquisition of such facilities and physician practices, AIOF intends to enter into a tax-exempt bond financing transaction, and has requested that a new Sublease Agreement be negotiated and entered into between CPGH and AIOF for the same medical office space, with monthly rental payments at fair market value, with a term ending December 31, 2053; and,
6. WHEREAS, the Borough, at Paragraph 15 of the Operating Agreement, authorizes CPGH, Inc. to negotiate the subleases of Medical Facilities leased to CPGH, Inc. by the Borough under several conditions, with any sublease valued at more than \$250,000 per year to be approved by the Contract Administrator (the Mayor) on behalf of the Borough; and,
7. WHEREAS, CPGH, Inc. Administration and legal counsel have negotiated a new Sublease Agreement with AIOF, doing business as Peninsula Radiation Oncology Center, as the Subtenant, to continue to operate a cancer treatment center providing radiation services to patients, and for such other lawful purposes as may be incidental thereto, in the same premises on the CPH Campus; and the new Sublease Agreement replaces the original Sublease Agreement; and,
8. WHEREAS, the new Sublease Agreement between CPGH, Inc. as the Sublandlord, and AIOF, doing business as Peninsula Radiation Oncology Center, as the Subtenant, is for a term of years ending on December 31, 2053, with terms that comply with the conditions specified in Paragraph 15 of the Operating Agreement, including that the

Sublease Agreement is for fair market value and on such terms and conditions that are commercially reasonable in the medical industry, and is in furtherance of the purposes of the Operating Agreement, is in compliance with all applicable laws, is within the powers of the Service Area, and complies with all requirements associated with tax-exempt bond financing when applicable; and,

9. WHEREAS, CPGH, Inc. Administration and legal counsel have kept the Borough's Contract Administrator informed, and on December 9, 2022, CPGH, Inc.'s Chief Executive Officer provided timely written notice to the Borough's Contract Administrator and Finance Director of CPGH, Inc.'s intent to enter into this new Sublease Agreement with AIOF, valued at more than \$250,000 per year; and,

10. WHEREAS, at Paragraph 15(e) of the Operating Agreement, the Contract Administrator shall not unreasonably withhold his or her approval of the Sublease Agreement; and the Sublease Agreement is deemed to be approved by the Contract Administrator if the Contract Administrator does not respond to CPGH, Inc. within twenty-one (21) days of CPGH, Inc.'s written notice of intent to enter into this Sublease Agreement; and,

11. WHEREAS, legal counsel approves the new Sublease as to legal form and content, and advises the Board of Directors that the new Sublease includes terms that comply with the conditions specified in Paragraph 15 of the Operating Agreement, including that the Sublease Agreement is for fair market value and on such terms and conditions that are commercially reasonable in the medical industry; is in furtherance of the purposes of the Operating Agreement; is in compliance with all applicable laws; is within the powers of the Service Area; and complies with all requirements associated with tax-exempt bond financing when applicable; and,


12. WHEREAS, CPGH, Inc. Administration recommends that the Board of Directors approve the form and content of the new Sublease Agreement between CPGH, Inc. as the Sublandlord, and AIOF, doing business as Peninsula Radiation Oncology Center, as the Subtenant; and authorize the Chief Executive Officer to execute the New Sublease Agreement and to obtain the Borough Administration's execution of Exhibit D, Consent to Sublease, included in the new Sublease Agreement.

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 CPGH, Inc. Board of Directors approves the form and content of the Sublease between CPGH, Inc. as the Sublandlord, and AIOF, doing business as Peninsula Radiation Oncology Center, as the Subtenant.
- SECTION 2. The CPGH, Inc. Board of Directors authorizes the Chief Executive Officer or designee to execute a Sublease between CPGH, Inc. as the Sublandlord, and AIOF, doing business as Peninsula Radiation Oncology Center, as the Subtenant, and to obtain the Borough Administration's execution of to Exhibit D, Consent to Sublease, included in the new Sublease Agreement.
- SECTION 3. This resolution takes effect immediately upon its adoption.

I certify that the above resolution was approved by vote of the Board of Directors of Central Peninsula General Hospital, Inc. at the 01/26/23 Board meeting.

Dated: 1/26/23



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

RESOLUTION 2023-01

**A RESOLUTION APPROVING FIRST AMENDMENT
TO OPERATING AGREEMENT**

1. **WHEREAS**, the Kenai Peninsula Borough has entered into an Operating Agreement with Central Peninsula General Hospital Inc. ("CPGH, Inc") for the management and operation of Central Peninsula Hospital and other Medical Facilities, and to provide other healthcare programs and services, on a nonprofit basis to ensure continued availability to the Service Area residents; and,
2. **WHEREAS**, in Ordinance 2022-19-04 the Kenai Peninsula Borough Assembly authorized the purchase of the Surgery Center of Kenai and authorized the Mayor to amend the operating agreement to include this acquisition as an additional Medical Facility that CPGH, Inc. operates and manages under the Agreement; and
3. **WHEREAS**, on September 15, 2022, CPGH, Inc. closed on the purchase of the assets of the Surgery Center of Kenai, LLC on behalf of the Borough, and then executed a Bill of Sale which transferred title to the assets to the Borough; and
4. **WHEREAS**, the real property where the outpatient surgery center is located is leased by CPGH, Inc., and the Borough is not obligated on this lease; and,
5. **WHEREAS**, Exhibit A of the Operating Agreement describes the property leased to CPGH, Inc. and/or Medical Facilities that CPGH, Inc. operates and manages under the Agreement; and
6. **WHEREAS**, it is necessary to amend the Operating Agreement by listing the above referenced acquisition in the Operating Agreement at Exhibit A, in order to provide that the assets of the Surgery Center of Kenai, LLC have been purchased by the Borough and that the acquired assets will be operated and managed by CPGH, Inc. as an outpatient surgery center for the benefit of the Borough; and,
7. **WHEREAS**, **WHEREAS**, CPGH, Inc. intends to execute a new Sublease Agreement for the CPH radiation oncology building space between CPGH, Inc. and Aurora Integrated Oncology Foundation (AIOF) (d/b/a Peninsula Radiation Oncology Center) that will require an amendment to Paragraph 2(b)(ii) of the Operating Agreement between the Borough and CPGH, Inc. to account for a new Sublease Agreement, lease term and lessee reference; and,
8. **WHEREAS**, the First Amendment to the Operating Agreement for Central Peninsula Hospital, Heritage Place, Kenai Health Center, and Other Medical Facilities accomplishes both tasks by: (1) adding the freestanding ambulatory surgery center located at 100 Trading Bay Road, Kenai, Alaska, subject to Ordinance 2022-19-04 and the terms and conditions of the lease between CPGH, Inc. (Lessee) and Schillings Rentals, LLC, (Lessor) to Exhibit A of the Operating Agreement; and (2) amending Paragraph 2(b)(ii) of the Operating Agreement between the Borough and CPGH, Inc. to account for the new Sublease Agreement, lease term and lessee reference; and,
9. **WHEREAS**, CPGH, Inc. Administration has recommended that the Board of Directors approve the First Amendment to the Operating Agreement for Central Peninsula Hospital, Heritage Place, Kenai Health Center, and Other Medical Facilities; and,
10. **WHEREAS**, legal counsel has no objection to the form and content of the First Amendment;

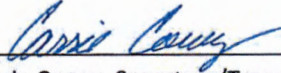
NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF CENTRAL PENINSULA GENERAL HOSPITAL, INC., A NOT-FOR-PROFIT ALASKA CORPORATION, THAT:

SECTION 1. The CPGH, Inc. Board of Directors approves the First Amendment to the Operating Agreement for Central Peninsula Hospital, Heritage Place, Kenai Health Center, and Other Medical Facilities.

SECTION 2. The CPGH, Inc. Board of Directors authorizes the Chief Executive Officer to execute the First Amendment on behalf of the Corporation.

I certify that the above resolution was approved by vote of the Board of Directors of Central Peninsula General Hospital, Inc. at the 1/26/23 Board meeting.

Dated: 1/26/23



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