

Kenai Peninsula Borough

Mayor's Office

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Charlie Pierce, Borough Mayor *CP*

DATE: June 23, 2022

RE: Resolution 2022- 043, Approving an Increase to the Limitation on the Total Cumulative Annual Cost of Real Property Leases in Which CPGH, Inc. is the Sole Lessee (Mayor)

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.

Section 16, Real Property Acquisitions and Leases, Paragraph (b), Leases in which CPGH, Inc. is the Lessee, provides that CPGH, Inc. may enter into leases in which it is the named Lessee without complying with Paragraph (a) so long as "no obligation whatsoever is imposed on the borough... Total cumulative annual cost of such leases shall not exceed \$400,000. Increases to the cumulative annual limitation must be approved by the Borough Assembly by resolution."

The 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

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).

Your consideration of the resolution is appreciated.