

# Kenai Peninsula Borough

## Mayor's Office

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### MEMORANDUM

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

**FROM:** Charlie Pierce, Borough Mayor *CP*

**DATE:** June 23, 2022

**RE:** **Amendment to Ordinance 2022-19- 04**, Approving the Purchase of the Surgery Center of Kenai and Appropriating \$9,120,000 from the Central Peninsula Hospital Plant Replacement and Expansion Fund to Support the Purchase (Mayor)

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These amendments increase the total purchase price to include debt payoff, update the property ownership information, and correct a typo in the ordinance.

[Please note the bold underlined language is new and the bracketed language is to be deleted.]

- Amend the title, as follows:

APPROVING THE PURCHASE OF THE SURGERY CENTER OF KENAI AND APPROPRIATING [\$9,120,000] **\$9,770,000** FROM THE CENTRAL PENINSULA HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND TO SUPPORT THE PURCHASE (MAYOR)

- Amend the eighth whereas clause, as follows:

**WHEREAS**, CPH 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] **\$9,770,000**; and

- Amend the tenth whereas clause, as follows:

**WHEREAS**, CPGH Inc. administration has negotiated an agreement with the Surgery Center of Kenai to purchase one-hundred (100) percent of the shares, **while retiring all associated debt**, at a **total** price of **\$9,770,000** [\$9,120,000, ALONG WITH THE ASSUMPTION OF APPROXIMATELY \$650,000 OF DEBT], all of which falls within the Fair

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Market Value ranges calculated by Health Care Appraisers, Inc.;  
and

- Amend the eleventh whereas clause, as follows:

**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] **\$9,770,000** purchase of the surgery center and would like to utilize PREF funds for the purchase; and

- Amend the thirteenth whereas clause, as follows:

**WHEREAS**, the CPGH, Inc. board, at its May 26, 2022, meeting requested approval from the Borough Assembly to approve the purchase of the Kenai Surgery Center utilizing [\$9,120,000 IN] PREF Funds; [AND]

- Amend Section 2, as follows:

**SECTION 2.** The purchase price not to exceed [\$9,120,000 WITH] **\$9,770,000, which includes paying off** [THE ASSUMPTION OF] approximately \$650,000 in debt, is hereby approved.

- Amend Section 5, as follows:

**SECTION 5.** Funds in the amount up to [\$9,120,000] **\$9,770,000** are appropriated from the Central Peninsula Hospital Unobligated portion of the Plant Replacement and Expansion Fund account number 490.20602 to account 490.81110.22SUR.49999 for the Kenai Surgery Center Acquisition Project.

- Amend Section 7, as follows:

**SECTION 7.** Upon closing on the property described in Section 1, the mayor is authorized to execute an amendment to the Central Peninsula Hospital Operating Agreement with CPGH, Inc., amending Exhibit A to include the Surgery Center of Kenai on the list of Medical Facilities covered under the Operating Agreement. The

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understanding is that this is a business and asset-only purchase, which includes operation of the facility, and that the Borough will not own the real property [WHICH IS CURRENTLY OWNED BY THE CITY OF KENAI]. **The building and real property are owned by Schilling Rentals, an Alaska partnership.**

Your consideration of the requested amendments is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>490.20602</u>
Amount	<u>\$9,770,000</u>
By: <u>CJ</u>	Date: <u>6/23/2022</u>
By: <u>BA</u>	