

Executive Summary

To: CPGH, Inc. Board of Directors
From: Rick Davis, CEO
Date: 7/7/2014
Re: Jonas Ridge, LLC Medical Clinic Building

CPH Administration is looking for authorization by the Board of Directors to purchase the Jonas Ridge Medical Clinic Building located at 262 N. Binkley St., Soldotna from Jonas Ridge, LLC, 203 West Pioneer Street, Homer AK 99603, owner of the building and property. This building has been occupied for the past several years by Gary Shoenrock, Urologist, who is retiring on September 30. We have recruited and hired Urologist, Robert Cadoff, to take over Dr. Shoenrock's practice in October. Dr. Cadoff desires to move into this building in order to provide uninterrupted Urology Services to our community.

CPH has the option to lease the building from the current owner or to purchase it outright. A purchase would provide the security of knowing that the space will not be sold out from under us as the present owner has plans to sell the building. Additionally, as the attached Fair Market Valuation Analysis provided by Derry & Associates shows, a purchase price of \$600,000 makes good financial sense, providing a capitalization rate of 7.5% return on investment compared against a conservative lease cost of \$2.15 per square foot per month (page 62 of attached FMV).

The attached resolution asks for approval to purchase the property using funds from the CPGH Plant Replacement and Expansion Fund, subject to Borough Assembly approval, for a price of \$600,000.

Attached is Resolution 2014-____, as well as Derry & Associates Fair Market Valuation (Business Analysis on page 62) for the proposed purchase.

Thank you,

Rick Davis, CEO