

Introduced by: Mayor  
Date: 12/03/19  
Action: Adopted as Amended  
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH  
RESOLUTION 2019-069**

**A RESOLUTION AUTHORIZING THE BOROUGH, ON BEHALF OF THE SOUTH  
KENAI PENINSULA HOSPITAL SERVICE AREA, TO ENTER INTO A LONG-TERM  
LEASE AGREEMENT FOR A PROFESSIONAL OFFICE BUILDING 4201 BARTLETT  
STREET, HOMER, ALASKA**

**WHEREAS,** South Peninsula Hospital is subleased and operated by South Peninsula Hospital, Inc. (“SPH, Inc.”) under the Operating Agreement for South Peninsula Hospital effective January 1, 2020; and

**WHEREAS,** the borough, on behalf of the South Kenai Peninsula Hospital Service Area, holds two leases within the building located at 4201 Bartlett Street, known as the Kachemak Bay Professional Building; and

**WHEREAS,** the remaining space of this building has become available for rent and the parties are interested in renting the newly available space along with consolidating all existing leases into a single long-term lease agreement; and

**WHEREAS,** the proposed new leased area contains 11,000 square feet of building space for a 10-year initial term with two 10-year renewal options and a first right-of-refusal to purchase the land and building; and

**WHEREAS,** this resolution does not authorize the purchase of the leased property, nor does the execution of the lease obligate the borough to purchase the leased property; and

**WHEREAS,** pursuant to the Operating Agreement the borough may enter into the leases on behalf of the South Kenai Peninsula Hospital Service Area and subsequently sublease them to SPH, Inc.; and

**WHEREAS,** pursuant to KPB 17.10.040, assembly approval of the acquisition of interests in lands shall be by resolution upon receipt of the planning commission’s recommendation; and

**WHEREAS,** the SPH, Inc. Board at its regularly scheduled meeting of October 23, 2019, recommended assembly approval of the lease; and

**WHEREAS,** the South Kenai Peninsula Hospital Service Area Board at its regularly scheduled meeting of November 14, 2019, recommended approval of this resolution; and

**WHEREAS**, the Kenai Peninsula Borough Planning Commission at its regularly scheduled meeting of November 25, 2019, recommended approval by unanimous consent;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That the borough is authorized to lease from Prodigy Development, the approximately 11,000 sq. ft. Kachemak Bay Professional Building, 4201 Bartlett Street, Homer, Alaska 99603, situated within the property described as follows:

Lot 1-A, Block 9, Fairview Subdivision 2003 Addition, as shown on Plat No. 2004-101, Homer Recording District, Third Judicial District, State of Alaska.

**SECTION 2.** That the lease term shall be 10-years with two 10-year renewal options. Initial rental rate shall be \$22,000 per month (\$264,000.00 per year) during the first two years of the lease and shall be annually adjusted by 2 percent in years three through 10, and adjusted 1 percent in years 11-30.

**SECTION 3.** That the lease shall contain a first right-of-refusal to purchase, subject to separate authorizations, including those required under KPB 17.10 and the appropriation and availability of funds.

**SECTION 4.** The purpose of this acquisition is to provide hospital office space and other hospital related uses.

**SECTION 5.** That pursuant to KPB 17.10.080(C), no land classification is proposed for this rental property.

**SECTION 6.** That the mayor is authorized to execute a lease agreement as described in this resolution and substantially in the form of the lease agreement presented herewith, and to make any other agreements deemed necessary in accordance with this resolution. If the Operating Agreement terminates during the term of the lease without a new similar agreement in place, then the borough may sublet the property to another entity subject to approval of the owner. Additionally, the lease term shall be subject to the appropriation and availability of funds.

**SECTION 7.** That expenditures for the lease will be paid by SPH, Inc. for the term of the Operating Agreement, including any extension or renewal thereof and any subsequent similar agreement with the borough, or until the lease is terminated, whichever occurs first.

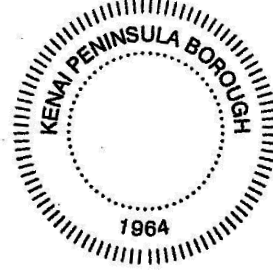
**SECTION 8.** That this resolution takes effect immediately upon its adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 3RD DAY OF DECEMBER, 2019.**

  
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Kelly Cooper, Assembly President

ATTEST:

  
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Johni Blankenship, MMC, Borough Clerk



Yes: Bjorkman, Blakeley, Carpenter, Cox, Dunne, Hibbert, Johnson, Smalley, Cooper  
No: None  
Absent: None