

**SOUTH KENAI PENINSULA HOSPITAL
SERVICE AREA BOARD**

RESOLUTION 2023-04

**A Resolution of the South Kenai Peninsula Hospital Service Area Board
Recommending Approval to Increase the Limitation on the Total Cumulative
Annual Cost of Real Property Leases in which the South Peninsula Hospital,
Inc. is the Sole Lessee and Requesting Amendments to the Operating
Agreement Regarding Leases for Contract Labor Housing**

WHEREAS the Kenai Peninsula Borough (Borough) owns and provides for the operation of South Peninsula Hospital (SPH) through the South Kenai Peninsula Hospital (SKPH) Service Area; and

WHEREAS the Borough has entered into an operating agreement with South Peninsula Hospital, Inc. (SPHI) for the lease and operation of SPH and other medical facilities, to operate these medical facilities on a nonprofit basis in order to ensure the continued availability of the medical services to the service area residents and visitors; and

WHEREAS under the Operating Agreement, Section 14, Paragraph (b), the total cumulative annual cost of such leases shall not exceed \$400,000 without prior approval of the Borough Assembly by resolution of any increases above that limitation; and

WHEREAS the total cumulative annual costs for leases where SPHI is the sole lessee is \$358,000; and

WHEREAS SPHI intends to enter into a new lease for approximately \$40,000 per year to meet current SPH needs, which will bring the total annual costs for leases to the edge of the \$400,000 limitation under the operating agreement; and

WHEREAS SPHI also enters into temporary leases not to exceed one year to assist with traveling and new hire employee housing, and SPHI considers these leases separate from conducting standard operations; and

WHEREAS SPHI would like to further clarify to the SPH and the Borough that these leases are excluded from the aggregate lease total; and

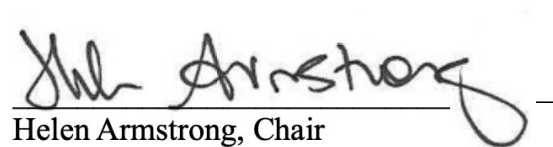
WHEREAS the SPH Board of Directors approved SPH Resolution 23-03 on January 25, 2023, which approved an increase to the limitation of the total cumulative annual cost of real property leases in which SPH, Inc. is the sole lessee and requests amendments to the operative agreement regarding leases for contract labor housing.

NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD:

1. That it is in the best interest of the SKPH Service Area and the residents that SPH serves to approve an increase in the total cumulative annual cost of real property leases in which the SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).
2. That the South Peninsula Hospital Board of Directors approved an increase of the total cumulative annual cost to the revised limitation of \$550,000 for real property leases in which SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).
3. That the South Peninsula Hospital Board of Directors approved amendments to Section 10(d) and 14(b) of the Operating Agreement, to state that the annual reported Property Lease List will include a category of contract labor housing leases, but that those leases will not count toward the annual cap under 14(b).

PASSED AND ADOPTED BY THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA BOARD AT ITS MEETING HELD ON THIS 9TH DAY OF FEBRUARY 2023.

ATTEST:

A handwritten signature in dark ink, appearing to read "Helen Armstrong", is written over a horizontal line. The signature is fluid and cursive.

Helen Armstrong, Chair

South Kenai Peninsula Hospital Service Area Board