

Introduced by:	Mayor
Date:	09/19/23
Action:	Adopted
Vote:	8 Yes, 0 No, 0 Absent, 1 Abstention

**KENAI PENINSULA BOROUGH
RESOLUTION 2023-058**

**A RESOLUTION APPROVING AN INCREASE TO THE LIMITATION
ON THE TOTAL CUMULATIVE ANNUAL COST OF REAL PROPERTY LEASES
IN WHICH SOUTH PENINSULA HOSPITAL, INC. IS THE SOLE LESSEE,
APPROVING EXHIBIT A UPDATES, AND APPROVING A THIRD AMENDMENT TO
THE OPERATING AGREEMENT**

WHEREAS, the Kenai Peninsula Borough (“Borough”) has entered into an Operating Agreement with South Peninsula Hospital, Inc. (“SPHI”) for operation of South Peninsula Hospital (“SPH”) 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; and

WHEREAS, under the Operating Agreement, Section 14, Paragraph (b), the total cumulative annual cost of such leases cannot exceed \$400,000 without prior approval by the Assembly, or Assembly approval of an increase, by resolution, above that limitation; and

WHEREAS, Resolution 2023-019 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); and

WHEREAS, Resolution 2023-019 approved an amendment to the operating agreement amending 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);

WHEREAS, SPHI administration has recommended that an increase to the limitation on the total cumulative annual cost of real property leases in which SPH, Inc. is the sole lessee to \$650,000, due to continued growth and anticipated additional space needs in FY24, which will likely bring the total annual costs for leases near the maximum limitation under the operating agreement; and

WHEREAS, the SPHI administration and Borough administration have also identified a need to update Exhibit A of the Operating Agreement which identifies medical facilities that are managed and operated by SPHI pursuant to the Operating Agreement; and

WHEREAS, Exhibit A updates are clerical in nature to correct square footage and identify properties that have changed or been added since the Operating Agreement was signed; and

WHEREAS, the SPHI Board of Directors, at its June 28, 2023, meeting, approved the recommendation of SPHI administration; and requested that the Borough Assembly, in the best interest of the Borough's Service Area and the residents that SPHI serves, approve the Exhibit A updates and approve by resolution an increase of the total cumulative annual cost to the revised limitation of \$650,000 for real property leases in which SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b); and

WHEREAS, at its meeting on September 14, 2023, the South Kenai Peninsula Hospital Service Area Board recommended approval of this resolution by the passage of SKHSAB Resolution 2023-11;

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

SECTION 1. That the Assembly finds that it is the best interest of the Borough's Service Area and the residents that SPHI serves to approve an increase in the total cumulative annual cost of real property leases in which SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).

SECTION 2. That the Assembly approves an increase of the total cumulative annual cost to the revised limitation of \$650,000 for real property leases in which SPHI is the sole lessee under the Operating Agreement, Section 14, Paragraph (b).

SECTION 3. That the Assembly approves an amendment to the operating agreement amending 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).

SECTION 4. That the Assembly approves an amendment to the operating agreement to update Exhibit A to Operating Agreement in a form substantively similar to the accompanying Third Amendment to the Operating Agreement.

SECTION 5. That this resolution takes effect immediately upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 19TH DAY OF SEPTEMBER, 2023.

Brent Johnson

Brent Johnson, Assembly President

ATTEST:

Michele Turner

Michele Turner, CME, Borough Clerk



Yes:	Cox, Derkevorkian, Ecklund, Elam, Hibbert, Ribbens, Tupper, Johnson
No:	None
Absent:	None
Abstention:	Chesley