



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Blaine Gilman, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Mike Navarre, Kenai Peninsula Borough Mayor *mn*
Paul Ostrander, Chief of Staff *PO*

FROM: Colette Thompson, Borough Attorney *CT*
Craig Chapman, Finance Director *C Chapman*

DATE: September 29, 2016

SUBJECT: Resolution 2016-054, Authorizing the Administration to Amend the Lease and Operating Agreement with Central Peninsula General Hospital, Inc. for Central Peninsula Hospital, Heritage Place, Kenai Health Center, and Other Health Facilities to Change the Date Notice of Termination Shall be Given

The existing Lease and Operating Agreement ("agreement") with Central Peninsula General Hospital, Inc. ("CPGH, Inc.") requires that a notice of termination be given by December 31, 2016, or the contract will be automatically renewed for ten years. This resolution would allow an additional three months for the borough and CPGH, Inc. to negotiate a new agreement before a notice of termination must be given to avoid an automatic ten year renewal.

Members of the borough administration and the CPGH, Inc. administration have met to begin discussions regarding possible amendments to the agreement. The two administrations are working to develop a revised agreement for consideration by the CPGH, Inc. board for their comments and approval. Upon receiving their recommendations, the administration intends to present the revised agreement to the borough assembly for approval by ordinance. To accomplish this in a timely manner under the current deadlines, the ordinance would have to be introduced for presentation to the assembly on November 22, 2016, at the latest, with a hearing at the December 6, 2016, meeting. The administration does not believe this is reasonably doable. After discussing this matter with the CPGH, Inc. administration, it is believed that a new agreement may be ready to present to the assembly on or before the second meeting in February 2017 for final hearing during the meeting in March 2017.

For this reason, the administration requests approval by the assembly to amend the agreement accordingly.