

Introduced by: Mayor  
Date: 11/05/19  
Action: Adopted  
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH  
RESOLUTION 2019-062**

**A RESOLUTION AUTHORIZING THE BOROUGH, ON BEHALF OF THE SOUTH  
KENAI PENINSULA HOSPITAL SERVICE AREA, TO AMEND THE EXISTING  
LEASE AGREEMENT FOR 4201 BARTLETT STREET, HOMER, ALASKA, TO ADD  
AN OFFICE SPACE ON A TEMPORARY BASIS, AND AUTHORIZING AN  
AMENDMENT TO THE SUBLEASE AND OPERATING AGREEMENT WITH SOUTH  
PENINSULA HOSPITAL, INC.**

- WHEREAS**, South Peninsula Hospital is subleased and operated by South Peninsula Hospital, Inc. (“SPH, Inc.”) under the Sublease and Operating Agreement (“SLOA”) for South Peninsula Hospital dated March 3, 2008; and
- WHEREAS**, the borough, on behalf of the South Kenai Peninsula Hospital Service Area, holds two leases within the building located at 4201 Bartlett St; and
- WHEREAS**, a medical office operating in Suite 202 of the building is relocating; and
- WHEREAS**, SPH, Inc. desires to keep the space operational for medical office use; and
- WHEREAS**, the borough is currently working with SPH and the building owner to reach a new lease that would include this space beginning January 1, if approved; and
- WHEREAS**, SPH, Inc. desires to maintain, to the best of its ability, continuity of operations at this location; and
- WHEREAS**, adding the space to the existing lease on a temporary basis would be responsive to the business needs of SPH, while maintaining appropriate procedural controls for the long term arrangements; and
- WHEREAS**, pursuant to KPB 17.10.040, assembly approval of the acquisition of interests in lands shall be by resolution upon receipt of a planning commission recommendation; and
- WHEREAS**, the SPH, Inc. board at its regularly scheduled meeting of October 23, 2019, recommended assembly approval of a long term lease of this space; and
- WHEREAS**, the South Kenai Peninsula Hospital Service Area Board has not reviewed this proposal; and

**WHEREAS,** the Planning Commission has not reviewed this proposal;

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

**SECTION 1.** That the borough is authorized to amend the existing Medical Clinic Lease Agreement dated May 23, 2011 to add 3,596 sq. ft, Suite 202, at the 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 term for the lease amendment shall be two-months. Rental rate shall be \$8,070 per month (\$16,140.00 for the two- month term).

**SECTION 3.** The purpose of this acquisition is to provide hospital office space and other hospital related uses.

**SECTION 4.** That pursuant to KPB 17.10.080 (C), no land classification is proposed for this rental property.

**SECTION 5.** That an exception to KPB 17.10.040, requiring a planning commission recommendation prior to approval of a lease, is hereby authorized based on the following findings, pursuant to KPB 17.10.230:

1. No Planning Commission meetings were scheduled in the timeframe available to consider the lease amendment;
2. Time is of the essence in considering this hospital property need; and
3. The authorization is for a short term lease that only extends long enough for full consideration by the South Kenai Peninsula Hospital Service Area Board and the Planning Commission for the longer term proposal to lease the space for hospital purposes.

**SECTION 6.** That the mayor is authorized to execute a lease amendment as described in this resolution, and an amendment to the SLOA with SPH, Inc. substantially in the form of the agreements presented herewith, and to make any other agreements deemed necessary in accordance with this resolution. The amendment revises Section 2 of the SLOA to provide a description of the property listed in this resolution as subleased property subject to the terms and conditions of the lease and the remaining provisions of the SLOA. If the SLOA terminates during the term of the lease 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.

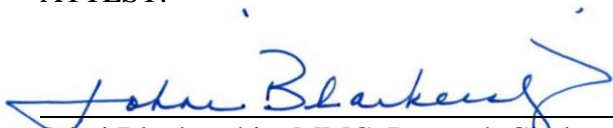
**SECTION 7.** That expenditures for the lease will be paid by SPH, Inc. for the term of the SLOA, including any extension or renewal thereof, or until the lease is terminated, whichever occurs first.

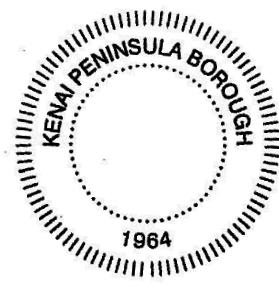
**SECTION 8.** That this resolution takes effect immediately upon its adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 5TH DAY OF NOVEMBER, 2019.**

  
\_\_\_\_\_  
Kelly Cooper, Assembly President

ATTEST:

  
\_\_\_\_\_  
Johni Blankenship, MMC, Borough Clerk



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



## **AMENDMENT TO MEDICAL CLINIC LEASE AGREEMENT**

WHEREAS, On May 23, 2011, LESSOR and LESSEE entered into a lease agreement on a 10-year term for Suites 201 and 203 of the Kachemak Bay Professional Building; and

WHEREAS, on a temporary basis, LESSEE desires to additionally lease Suite 202;

NOW THEREFORE:

THIS AGREEMENT AMENDS that certain lease of office space at 4201 Bartlett Street, Homer, Alaska 99603, dated May 23, 2011, by and between PRODIGY DEVELOPMENT, LLC, an Alaska limited liability company, whose address is PO Box 2483, Homer, AK 99603 ("Lessor"), and KENAI PENINSULA BOROUGH, an Alaska Municipal Corporation, whose address is 144 N. Binkley St., Soldotna, AK 99669, on behalf of SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA ("SKPHSA"), hereinafter referred to as either "KPB" or "Lessee," and SOUTH PENINSULA HOSPITAL, INC., whose address is 4300 Bartlett St., Homer, Alaska 99603, a not-for-profit Alaska corporation, hereinafter referred to as "Sublessee", as follows:

1. **Temporary Lease of Suite 202.** The lease is hereby amended, for the part of the lease term being the two months, November 2019 and December, 2019, to include:

Suite 202, Kachemak Bay Professional Building, Approx. 3,596 sq. ft.

4201 Bartlett Street

Homer, Alaska, 99603

2. **Additional Rent.** Rent for Suite 202 shall be \$8,070 monthly (\$16,140 for the two month term), which may be prorated at a daily rate for a term of less than one month by mutual agreement of the parties.
3. **Original Lease.** The provisions of this amendment are made in accordance with, and subject to, the terms and condition of the original lease. The provisions of this amendment are temporary and do not alter the terms of the original lease beyond the scope stated herein.
4. **All other Terms and Conditions** All other terms and conditions of the original lease remain in full force and effect.

IT IS SO UNDERSTOOD AND AGREED.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

PRODIGY DEVELOPMENT, LLC.  
LESSOR

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By: MARK D. HALPIN, Member

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2019, by MARK D. HALPIN, Member of PRODIGY DEVELOPMENT, LLC, an Alaska Limited Liability Company, on behalf of the LLC.

\_\_\_\_\_  
Notary Public in and for State of Alaska  
My Commission Expires: \_\_\_\_\_

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

PRODIGY DEVELOPMENT, LLC.  
LESSOR

\_\_\_\_\_  
By: B. ISABEL HALPIN, Member

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2019, by B. ISABEL HALPIN, Member of PRODIGY DEVELOPMENT, LLC, an Alaska Limited Liability Company, on behalf of the LLC.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

KENAI PENINSULA BOROUGH  
LESSEE

\_\_\_\_\_  
By: CHARLIE PIERCE, Mayor

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_ day of \_\_\_\_\_, 2019, by CHARLIE PIERCE, Mayor of KENAI PENINSULA BOROUGH, an Alaska municipal

corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public in and for State of Alaska  
My Commission Expires:\_\_\_\_\_

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
JOHNI BLANKENSHIP, Borough Clerk

\_\_\_\_\_  
Colette G. Thompson, Borough Attorney

DRAFT

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

SOUTH PENINSULA HOSPITAL, INC.,  
SUBLESSEE

\_\_\_\_\_  
By: RYAN SMITH, Chief Executive Officer

STATE OF ALASKA            )  
  ) ss.  
THIRD JUDICIAL DISTRICT    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2019, by RYAN SMITH, Chief Executive Officer of SOUTH PENINSULA HOSPITAL, INC., an Alaska nonprofit corporation, on behalf of the Corporation.

\_\_\_\_\_  
Notary Public in and for State of Alaska  
My Commission Expires: \_\_\_\_\_