

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *CP*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: April 3, 2020

RE: Emergency Ordinance 2020-13, Providing for an Exception to the Operating Agreement between the Kenai Peninsula Borough and South Peninsula Hospital, Inc. to Allow Cash in Excess of 90 days to be Retained by South Peninsula Hospital, Inc. as of March 31, 2020 and Allow the Mayor to Provide for Certain Additional Exceptions to the Operating Agreement During the Covid-19 Pandemic. (Mayor)

On March 20, 2020, the Borough Administration received a request from South Peninsula Hospital, Inc. ("SPHI") to allow a temporary deviation from the current operating agreement, to allow South Peninsula Hospital Inc. to retain cash in excess of 90 days operating cash on hand for the March 31, 2020 quarter end to support anticipated cash outflow that the Hospital anticipates experiencing during the next three months. SPHI estimates there will be four days' cash in excess of 90 days' cash on hand as of March 31, 2020. The current operating agreement between the Borough and South Peninsula Hospital Inc., requires cash in excess of 90 days operating cash on hand be transferred to the Borough for deposit into the South Peninsula Hospital Plant Replacement and Expansion Fund.

Given the current Covid-19 situation the Administration proposes that South Peninsula Hospital, Inc. be allowed to retain the cash in excess of 90 days operating cash on hand on March 31, 2020 and that the Mayor may approve similar requests after thorough review while the Covid-19 pandemic remains in effect.