



## KENAI PENINSULA BOROUGH

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MIKE NAVARRE  
BOROUGH MAYOR

### MEMORANDUM

**TO:** Linda Murphy, Assembly President  
Members, Kenai Peninsula Borough Assembly

**FROM:** Mike Navarre, Mayor <sup>MN</sup>  
Craig Chapman, Director of Finance *C Chapman*

**DATE:** November 21, 2012

**SUBJECT:** Ordinance 2012-19-41, authorizing the acquisition of two properties and business assets for hospital purposes and appropriating \$3,591,500 from the CPGH, Inc. Plant Replacement and Expansion Fund

Central Peninsula General Hospital, Inc. (CPGH, Inc.) was approached by the owners of Frontier Physical Therapy who proposed to sell their business assets and real property located in Kenai and Soldotna. Central Peninsula Hospital is in need of additional medical office and physical therapy space in Soldotna and additional physical therapy space in Kenai. The parties have reached tentative agreements for the purchase and sale of these assets at fair market value subject to final CPGH, Inc. Board approval and KPB Assembly approval. Additionally, remodeling will be required for the Soldotna property in order to make the space suitable to be leased to additional service providers. The estimated total purchase price is \$2,867,500 for the business assets and properties. An additional \$700,000 is estimated to be necessary to pay for the needed renovations. Funds for the purchase, renovations, and estimated closing costs of \$24,000 will be paid from the CPGH, Inc. plant replacement and expansion fund.

Additionally, if this is approved it is appropriate to amend the CPGH, Inc. lease and operating agreement to include the newly acquired property as being subject to the lease and operating agreement. The borough administration is conducting its own due diligence evaluation of this acquisition and will provide the assembly with any additional information prior to final hearing. Your consideration of this ordinance would be appreciated.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	<u>490-00000-00000-20602</u>
Amount	<u>\$3,591,500.00</u>
By:	<u><i>C Chapman</i></u> Date: <u>11/26/2012</u>