

Introduced by: Mayor
Date: 7/21/92
Postponed to: 8/18/92
Adopted: 8/18/92
Vote: Unanimous

**KENAI PENINSULA BOROUGH
RESOLUTION 92-90**

**A RESOLUTION APPROVING THE CONCEPT OF A LEASE/OPERATING
ARRANGEMENT WITH A NONPROFIT CORPORATION FOR THE CENTRAL
PENINSULA GENERAL HOSPITAL AND AUTHORIZING THE MAYOR TO
PROCEED WITH THE PREPARATION OF APPROPRIATE AGREEMENTS**

WHEREAS, the Central Peninsula General Hospital has been operated by LHS Management Company under a lease and operating agreement for a number of years; and

WHEREAS, that agreement will be ending December 31, 1992; and

WHEREAS, proposals for management or lease of the hospital resulted in proposals only for management and not to serve as the actual operator of the facility; and

WHEREAS, the Borough, after examining the options, deems it in the best interest of the service area to continue the operation of this facility through a lessee/operator nonprofit corporation; and

WHEREAS, this approach will require the formation of a new nonprofit corporation with whom the Borough would execute a lease and operating agreement; and

WHEREAS, the Central Peninsula Hospital Service Area Board and a special committee of the Assembly have examined this matter and recommended the formation of a nonprofit corporation with whom the Borough would enter into a lease and operating agreement for a period of up to ten years; and

WHEREAS, the current provisions for capital subsidy and subsidy of operations through tax revenues would continue under this arrangement;

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

SECTION 1. That the Assembly of the Kenai Peninsula Borough approves the concept and approach of developing a new lease and operating agreement with a newly-formed nonprofit corporation for the lease and operation of the Central Peninsula General Hospital with provisions for capital improvements to be borne directly by the

service area taxes subject to assembly approval and with subsidy of operating costs as necessary from tax funds of the service area.

SECTION 2. That the Assembly, in accordance with this approval, authorizes the Mayor to take steps to form a new nonprofit corporation, to apply for tax exempt status for that corporation (for the purpose of operating the Central Peninsula General Hospital) and to prepare a lease and operating agreement to be executed by the Borough on behalf of the service area with that nonprofit corporation and submit it to the assembly for approval. Further, that the Mayor shall develop and submit for consideration by the service area board and the Assembly any management contracts that would be executed between that corporation and LHS Management Company pursuant to LHS Management Company's proposal for management of the facility.

SECTION 3. That this approval includes approval for the formation of the corporation with the initial board of directors to be the existing hospital service area board until February 28, 1993.

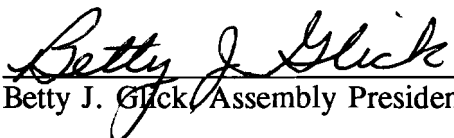
SECTION 4. That the Assembly approves the concept that there exists no need for two local boards responsible for directing hospital operations and that an ordinance would be introduced to abolish the Central Peninsula Hospital service area board, although the service area would continue in existence. This ordinance would provide that the service area board would cease to exist as a board on January 1, 1993.

SECTION 5. That the intent and purpose of formation of a new entity is to take over the existing operation with all of its employees and policies as they exist on January 1, 1993.

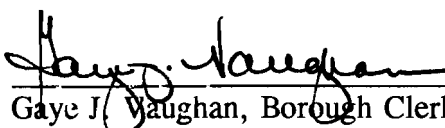
SECTION 6. That all leases and operating agreements and subsidiary agreements to that agreement would be submitted to the Assembly for approval before becoming effective.

SECTION 7. That this resolution shall take effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 18th DAY OF AUGUST, 1992.


Betty J. Glick, Assembly President

ATTEST:


Gaye J. Vaughan, Borough Clerk