



KENAI PENINSULA BOROUGH

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**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

TO: Gary Knopp, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Mike Navarre, Mayor *MN*

DATE: May 24, 2012

SUBJECT: Resolution 2012-051, approving the Sublease Agreement between Central Peninsula General Hospital, Inc. and RBS Evolution of Alaska, LLC. to provide radiation oncology medical services in the radiation oncology addition to be constructed at Central Peninsula Hospital

Central Peninsula General Hospital, Inc. (CPGHI), RBS Evolution of Alaska, LLC. (RBS), and the borough administration are negotiating a proposed sublease agreement in which RBS subleases a portion of the Central Peninsula Hospital (CPH) campus to provide radiation oncology services. This resolution authorizes the mayor to execute an approval of the sublease agreement substantially in the form of the agreement that will be attached to this resolution. The proposed sublease agreement was not finalized by the packet deadline and will be provided to the assembly members for review prior to the June 5, 2012 assembly meeting.

The sublease agreement is consistent with the terms set out in resolution 2012-016 as it subleases a portion of the CPH campus to RBS as a sublessee for a term of 20 years. RBS is a Delaware corporation and warrants that it will be qualified to provide radiation oncology services at the time the oncology center opens for business. Rental is set at fair market value based on an initial appraisal with annual increases, and a reappraisal at the end of both the tenth year and the fifteenth year to reset the rental rate as may be necessary to ensure it remains at fair rental value.

The CPGHI board is scheduled to consider this at its meeting of May 31st and its recommendation will be forwarded to the assembly. The Central Kenai Peninsula Hospital Service Area Board (SAB) is attempting to reschedule its meeting to consider this sublease before June 5. The SAB's recommendation shall be forwarded to the assembly.

Your approval of this resolution is respectfully requested.