

Introduced by:	Mayor
Date:	08/21/12
Action:	Adopted as Amended
Vote:	9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2012-071**

**A RESOLUTION AUTHORIZING THE BOROUGH, ON BEHALF OF THE SOUTH
KENAI PENINSULA HOSPITAL SERVICE AREA, TO ENTER INTO A LEASE
AGREEMENT WITH SOUTH PENINSULA PROFESSIONAL SERVICES, LLC FOR
PEDIATRIC CLINIC SPACE LOCATED IN HOMER, ALASKA, AND AUTHORIZING
AN AMENDMENT TO THE SUBLEASE AND OPERATING AGREEMENT WITH
SOUTH PENINSULA HOSPITAL, INC. TO INCLUDE THE LEASE SPACE**

- 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 SPH, Inc. administration has identified office space for lease in close proximity to the South Peninsula Hospital campus that is available and suitable for pediatric clinic use to support operations of the hospital; and
- WHEREAS,** the proposed lease is for 3,225 square feet of building space for a 10-year term with two 5-year renewal options and a first right of refusal and option to purchase the land and building; and
- WHEREAS,** this resolution does not authorize the purchase of the leased property, nor does the execution of the lease obligate KPB to purchase the leased property; and
- WHEREAS,** pursuant to the SLOA the Kenai Peninsula Borough (KPB) may enter into the lease on behalf of the South Kenai Peninsula Hospital Service Area (SKPHSA) and subsequently sublease it to SPH, Inc.; and
- WHEREAS,** paragraph 31 of the SLOA authorizes the assembly to approve amendments to the SLOA by resolution; 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 July 25, 2012, requested assembly approval of the lease by Board Resolution 2012-12; and
- WHEREAS,** the SKPHSA board at its special meeting of July 12, 2012, recommended approval of this lease; and

WHEREAS, the KPB Planning Commission at its regularly scheduled meeting of August 13, 2012, recommended adoption by unanimous consent;

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

SECTION 1. That the borough is authorized to lease from South Peninsula Professional Services, LLC, 3,225 sq. ft. of space located at Suite 101 (Basement), 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 lease term shall be ten years with two five-year renewal options. Rental cost shall be \$3,870.00 per month (\$46,440.00 per year) during the first five years of the lease and shall be \$4,837.50 per month (\$58,050.50 per year) during the 6th through 10th years of the lease. Rental rates for renewal terms shall be negotiated based on a real estate broker's opinion of value or appraisal as set forth in the lease.

SECTION 3. That the lease shall contain separate authorizations of a right of first refusal and option to purchase subject to the appropriation and availability of funds.

SECTION 4. The purpose of this acquisition is to provide pediatric clinic space and other hospital related uses.

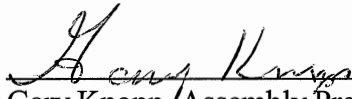
SECTION 5. That pursuant to KPB 17.10.080 (C), no land classification is proposed for this rental property.

SECTION 6. That the mayor is authorized to execute a lease agreement as described in this resolution, and an amendment to the Sublease and Operating Agreement (SLOA) with South Peninsula Hospital, Inc. substantially in the form of the agreements attached hereto and incorporated herein by reference, 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 KPB 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 Sublease and Operating Agreement, 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 21ST DAY OF AUGUST, 2012.

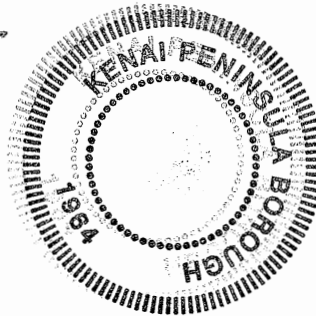


Gary Knopp/Assembly President

ATTEST:



Johni Blankenship, MMC, Borough Clerk



Yes: Haggerty, Johnson, McClure, Murphy, Pierce, Smalley, Smith, Tauriainen, Knopp
No: None
Absent: None

THIRD AMENDMENT TO THE SUBLEASE AND OPERATING AGREEMENT FOR SOUTH PENINSULA HOSPITAL

This agreement is by and between South Peninsula Hospital, Inc. (hereinafter referred to as "SPH, Inc."), an Alaska nonprofit corporation, of 4300 Bartlett Street, Homer, Alaska, and the Kenai Peninsula Borough (hereinafter referred to as "KPB"), an Alaska municipal corporation of 144 N. Binkley, Soldotna, Alaska 99669, collectively referred to as the parties.

WHEREAS, effective March 3, 2008, the parties entered into a sublease and operating agreement for South Peninsula Hospital; and

WHEREAS, the lease and operating agreement in Section 2 lists the subleased facilities; and

WHEREAS, in Resolution 2012-___ the KPB assembly authorized the lease of certain real property for hospital uses; and

WHEREAS, it would be appropriate to list the acquired property in the sublease and operating agreement to clarify that it is also subleased to and will be operated by SPH, Inc.; and

WHEREAS, in Resolution 2012-___ the KPB assembly authorized the mayor to amend the sublease and operating agreement to include this additional property;

NOW THEREFORE, in consideration of the mutual covenants contained herein the parties agree as follows:

1. That Section 2 of the Sublease and Operating Agreement is hereby amended to read as follows:
2. DESCRIPTION OF LEASED FACILITIES. Lessor leases the following described property to the Lessee/Operator (the Medical Facilities) for the term of this agreement and any extension thereof:
 - a. The South Peninsula Hospital and its grounds, located at 4300 Bartlett Street, Homer, Alaska, owned by the City of Homer, more particularly described as:

Tract A-1, South Peninsula Hospital Subdivision 2005 Addition, filed under Plat No. 2006-38 Homer Recording District, Third Judicial District, State of Alaska.
 - b. The following property and buildings owned by the Borough, more particularly described as:

Lots 3, 4, 5 and 6, Block 7; Lot 4, Block 8, Lot 6, Block 9, Fairview Subdivision Plat No. HM 56-2936 Volume 8, Page 196, Homer Recording District, Third Judicial District, State of Alaska.

- c. The following leased property located at 4251 Bartlett Street, Homer, Alaska, owned by Mark Halpin and B. Isabel Halpin subject to the terms and conditions of the lease, more particularly described as:

L2-A Block 8 Fairview Subdivision Halpin Addition, according to Plat No. 2009-43, Homer Recording District, Third Judicial District, State of Alaska

- d. 4,904 sq. ft. of office space located at 4136 Bartlett Street, Homer, Alaska 99603 subject to the terms and conditions of the lease, more particularly described as:

Lot 2-A, Block 5, Fairview Subdivision No. 11, as shown on Plat No. 85-28, Homer Recording District, Third Judicial District, State of Alaska.

- e. approximately 1,500 square feet of the office space located at 4117 Bartlett Street, Homer, Alaska 99603 subject to the terms and conditions of the lease, more particularly described as:

Lot 4, Block 10, Fairview Subdivision, as shown on Plat No. 56-2936, Homer Recording District, Third Judicial District, State of Alaska.

- f. office space located at 309 W. Fairview, Homer, Alaska 99603 subject to the terms and conditions of the lease, more particularly described as:

Lot 14 Block 4, Fairview Subdivision, as shown on Plat No. 56-2936, Homer Recording District, Third Judicial District, State of Alaska.

- g. 3,225 square feet of office space located at Suite 101 (Basement) Kachemak Bay Professional Building, 4201 Bartlett Street, Homer, Alaska 99603 subject to the terms and conditions of the lease more particularly described as:

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.

- h. Such other Borough-owned or leased facilities, if any, as are authorized by the Borough pursuant to this Agreement for SPHI to lease and operate pursuant to this Agreement.

The Medical Facilities include all fixtures and appurtenances thereto as of the effective date of this Agreement or which may be added pursuant to this Agreement. The Parties acknowledge that the sublease of the portion of property owned by the City of Homer, described in subparagraph (a) above, to SPHI is subject to consent by the City of Homer, which consent may not be unreasonably withheld. The parties agree to cooperate in seeking such consent upon execution of this Agreement.

2. All remaining terms and conditions of the Sublease and Operating Agreement shall remain in full force and effect.

KENAI PENINSULA BOROUGH

SOUTH PENINSULA HOSPITAL, INC.

Mike Navarre
Borough Mayor

Julie Woodworth
President, SPH, Inc. Board of Directors

Dated: _____

Dated: _____

ATTEST:

ATTEST:

Johni Blankenship
Borough Clerk

Bernadette Wilson
SPH, Inc., Board Secretary

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012 by Mike Navarre, Mayor of Kenai Peninsula Borough, an Alaska municipal corporation, on behalf of the corporation.

Notary Public in and for Alaska
My Commission Expires: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012 by Julie Woodworth, President, South Peninsula Hospital, Inc., an Alaska nonprofit corporation, on behalf of the corporation.

Notary Public in and for Alaska
My Commission Expires: _____