

**Second Amendment to Sublease and Operating Agreement
for South Peninsula Hospital**

The Kenai Peninsula Borough, in conjunction with and through the South Kenai Peninsula Hospital Service Area Board, and South Peninsula Hospitals, Inc., entered a Sublease and Operating Agreement for South Peninsula Hospital effective April 8, 2003, which was amended May 7, 2007. For good and valuable consideration, the parties agree to amend Paragraph 1 as follows, with deletions shown as stricken out and additions underlined, and all changes shown in bold:

1. Duration

This Agreement shall be effective for five years from the date of execution unless extended or terminated in accordance with all Borough requirements and provisions of this Agreement. By mutual agreement of the parties, this lease/operating agreement may be extended for an additional period of five years. If no action has been taken to extend or terminate this agreement **on or before January 25, 2008** ~~within 180 days of the expiration of the initial five-year term~~, the five-year extension shall be deemed to have been agreed upon. The terms of the lease/operating agreement for the additional five-year period shall be the same as this lease, unless the parties negotiate new terms before the effective date of the renewal. If any of the parties to this agreement intend not to extend or renew the Agreement, written notice of that intent must be provided to the other parties **on or before January 25, 2008 at least 180 days prior to the expiration date of the contract**. If for any unusual and sufficient reason the notice to terminate can not be provided **on or before January 25, 2008 at least 180 days prior to the expiration of the contract**, it is understood by all parties that the expiration date shall be extended to allow for ~~the~~ **a** 180-day transition period.

All remaining terms and conditions of the original agreement remain in full force and effect.

KENAI PENINSULA BOROUGH

ATTEST:

John J. Williams, Borough Mayor

Dated: _____

Borough Clerk

SOUTH PENINSULA HOSPITALS, INC.

ATTEST:

Walter Partridge, President
Dated: _____

Secretary

ACKNOWLEDGMENT

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.

The foregoing instrument was acknowledged before me on this _____ day of _____ 2007, by John J. Williams, Borough Mayor, for the Kenai Peninsula Borough, an Alaska municipal corporation, on behalf of the corporation and the South Kenai Peninsula Hospital Service Area, a service area of the Kenai Peninsula Borough.

Notary Public for State of Alaska
My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.

The foregoing instrument was acknowledged before me on this _____ day of _____, 2007, by Walter Partridge, President, for South Peninsula Hospitals, Inc., an Alaska nonprofit corporation, on behalf of the corporation.

Notary Public for State of Alaska
My Commission Expires: _____