

SOLDOTNA PHYSICAL MEDICINE ADDITIONAL SPACE LEASE

THIS LEASE is made and entered into on the last signature date set forth below between G & G DEVELOPMENT COMPANY, a partnership hereinafter referred to as LESSOR and CENTRAL PENINSULA GENERAL HOSPITAL, INC., an Alaska corporation, whose address is 250 Hospital Place, Soldotna, Alaska, 99669, hereinafter referred to as LESSEE.

WHEREAS, the Lessor, G & G DEVELOPMENT COMPANY, a Partnership, will lease to CENTRAL PENINSULA GENERAL HOSPITAL, INC., as LESSEE, a portion of the real property situated at 35551 Kenai Spur Highway, Soldotna, Alaska, 99669, and described in Section 1 below; and

WHEREAS, said Lease is executed on April 1, 2005; and

WHEREAS the term of said Lease is for a term of three (3) years beginning on April 1, 2005 and ending on March 31, 2008 and

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

1. DEMISE. LESSOR hereby leases the real property and all improvements located thereon to LESSEE, the real property being described as follows:

Approximately 3,100 square feet located at 35551 Kenai Spur Highway, Soldotna, Alaska, 99669, located in the Kenai Recording District, Third Judicial District, State of Alaska.

2. TERM. The premises are leased for a term of three (3) years, commencing April 1, 2005 and ending at midnight on March 31, 2008.

3. BOROUGH AGREEMENT; RIGHT OF ASSIGNMENT. LESSOR understands and acknowledges that LESSEE has entered into a Lease and Operating Agreement ("Borough Agreement") with Kenai Peninsula Borough, for the lease and operation of Central Peninsula General Hospital, and for the provision of other health care services and facilities, including Soldotna Physical Medicine. LESSOR understands and acknowledges that the present term of the LESSEE's Borough Agreement ends on December 31, 2007; that the Borough has certain rights that allow the Borough to terminate the Borough Agreement with LESSEE on an earlier date; and that the Borough and LESSEE may extend the Borough Agreement for an additional term of three (3) years, by mutual agreement.

In the unlikely event that the Borough terminates its Lease and Operating Agreement with CPGH, Inc. on a date earlier than December 31, 2007, or if the Borough does not extend, renew, or enter into a replacement Borough Agreement with LESSEE, then LESSEE will provide LESSOR with notice of termination of LESSEE'S Borough Agreement, and LESSEE shall have the right to assign this Lease to the Borough, or to the successor operator of the Hospital or the operators of any of its programs or facilities, including Soldotna Physical Medicine, ("the Assignee Lessee"). The Assignee Lessee shall assume LESSEE's interest in this Lease in writing, and shall be liable for all of LESSEE's obligations under this Lease for the balance of the term of this Lease. Notice of assignment and an original of Assignee Lessee's assignment, with assumption of LESSEE's obligations and liability under this Lease, shall be provided to LESSOR before Assignee Lessee takes possession of the premises. The written consent of the LESSOR is not required to such assignment of this Lease by LESSEE.

4. RENT. LESSEE shall pay to LESSOR rent in advance without demand in the amount of \$1.15 per square foot base rent (On 3100 square feet of renovated space) per month and an additional

\$1,000.00 per month until the cost of renovations is paid off. Base lease amount plus monthly payment for renovation cost will be \$4,565.00 per month until such time as cost for renovation is paid. The LESSOR agrees not to charge interest on the renovation cost. Rental payments being due and payable on the first day of every month during the term of this lease. All payments shall be made to the LESSOR at LESSOR's address, or in any other manner that is mutually acceptable to both LESSOR and LESSEE.

If LESSEE defaults in payment of rent to LESSOR, or in any other obligation owed by LESSEE to LESSOR, and LESSEE has to remedy or cure such default, LESSEE shall be liable to LESSOR for all delinquent rent, any penalties and interest thereon, all expenses to cure and remedy any other default, and all damages, costs and expenses caused thereby or resulting therefrom, including actual attorney's fees and costs.

5. USE. The premises shall be used exclusively for LESSEE'S business purpose of providing health care services. LESSEE shall not use said premises or any part thereof for any illegal purpose. LESSEE agrees to conform to municipal and state statutes or codes, ordinances, and regulations concerning the use and occupation of said premises.

6. UTILITIES. LESSEE agrees to be responsible for and to pay for the costs of heat, electric, telephone utility services and janitorial services commencing April 1, 2005. LESSOR remains responsible for and liable to pay for all such costs prior to that date.

7. LESSEE'S OTHER OBLIGATIONS AND MAINTENANCE OF PREMISES. LESSEE shall keep said premises in a clean and sanitary condition; shall promptly dispose of rubbish, garbage and waste; shall properly use and operate all electrical, gas, heating, and plumbing facilities, fixtures and appliances; shall not intentionally or negligently destroy, deface, damage, or remove any part of the premises, their appurtenances, facilities, equipment, furnishings, and appliances, nor permit anyone else to do so.

LESSEE is not responsible or liable to maintain the structural condition of the Premises, including roof, walls, and foundation, and is not responsible or liable for major repairs to the electrical, plumbing and heating systems.

LESSEE agrees to keep the walks surrounding said premises free and clear of all man-made obstructions. However, LESSEE is not responsible to provide snow and ice removal.

8. INSURANCE. LESSEE agrees to obtain, carry and maintain premises liability insurance covering claims against LESSEE by persons on the premises, and fire and casualty insurance for LESSEE's business personal property and contents, with coverage at a minimum in the amounts required by law. LESSEE agrees to provide proof of such insurance at the request of LESSOR. LESSEE is not responsible to provide insurance coverage for claims against LESSOR, or for loss or destruction of the building due to fire or other casualty.

9. TAXES. LESSEE is responsible only for payment of taxes, if any, on LESSEE's business operations. LESSEE is not responsible for payment of real property taxes on the premises, or for any other tax related to either LESSOR'S businesses or property.

10. ACCESS. LESSOR, LESSEE or their respective agents shall have reasonable access to said premises at all reasonable hours for the purpose of making inspection, repairs, alterations or improvements; to supply services; or to exhibit or display the premises to prospective purchasers, mortgagors, tenants, workmen or contractors.

11. DEFAULT. If the LESSEE is in default in the payment of rent or any part thereof for more than ten (10) days after it is due, or if there shall be default in the performance of any other covenant, agreement, condition, rule, or regulation herein contained or thereafter established on the part of the LESSEE for more than ten (10) days after written notice of such default by the LESSEE, this Lease (if

LESSEE so elects) shall thereon be terminated, and the LESSEE shall have the right to re-enter or possess and remove therefrom the LESSEE or other occupants thereof, and their effects, without being liable to any prosecution therefore; or, if such cannot be done peaceably, LESSEE shall be entitled to possession upon entry of an order for eviction by the court. LESSEE will be liable for all costs incurred by including actual attorney's fees.

12. SURRENDER OF PREMISES. At the expiration of said term of this lease, LESSEE will quit and surrender the premises to LESSOR in as good condition as at the commencement of the lease, except for ordinary, reasonable wear and tear.

13. MISCELLANEOUS PROVISIONS.

A. ENTIRE AGREEMENT.

This lease constitutes the whole agreement between the parties. No warranties, agreements or representatives have been made or shall be binding upon either party unless set forth in this lease.

No oral statements or prior written material not specifically incorporated herein shall be recognized unless incorporated herein by amendment(s) or other addenda, such amendment(s) or addenda to become effective on the date stipulated in such amendment(s) or addenda. Both parties specifically acknowledge that in entering into and executing this lease, they rely solely upon the representations and agreements contained in those documents and no others.

B. ASSIGNMENT AND DELEGATION. Except as otherwise provided in Section 3 above, neither this lease, nor any interest, rights or duties herein, may be assigned, transferred, delegated or conveyed by either party, either voluntarily, or involuntarily, by operation of law, or otherwise, without the written consent of the other party during the term of this lease.

C. BINDING EFFECT. This lease shall be binding upon and inure to the benefit of the respective successors, heirs, assigns, or personal representatives of the parties hereto, but nothing contained in this paragraph shall be construed as a consent by either party to any specific assignment, delegation, sale, transfer or conveyance.

D. APPLICABLE LAW. This lease is made under and shall be interpreted and construed in accordance with the laws of the State of Alaska.

E. WAIVER OF BREACH. The waiver by either party of a breach or violation of any provision of this lease shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.

F. SEVERABILITY. In the event any provision of this lease is held to be unenforceable for any reason, such lack of enforceability shall not affect the remainder of this Agreement, which shall remain in full force and effect and enforceable in accordance with its terms or as otherwise may be provided by law or equity.

G. HEADINGS. The headings contained in this lease are for reference purposes only and shall not affect in any way the meaning or interpretation of this lease.

H. AMENDMENTS. This lease may be amended by mutual agreement of both parties in writing.

I. AGREEMENT NOT TO BE CONSTRUED AGAINST DRAFTER. Both parties to this lease have had a full opportunity to obtain legal advice concerning this lease or have declined to obtain such advice. The fact that this lease may be drafted by an attorney for one of the parties or by one of the parties is a matter of convenience to all parties. Accordingly, the parties agree that the rule of

Introduced by: CEO, 11/24/04
Committee: Finance
Action: Forward to Board with recommendation for approval
Action by Board: Approved 12/9/04
Vote: 9 Yes, 0 No, 1 Absent



Central Peninsula General Hospital, Inc.
250 Hospital Place, Soldotna, AK 99669
(907) 714-4404

RESOLUTION 2004-117
A RESOLUTION AUTHORIZING LEASE OF SPACE WITH G & G DEVELOPMENT COMPANY

WHEREAS, Central Peninsula General Hospital has an immediate need to obtain off site office space to relocate current Physical Medicine offices located in the north wing of the hospital to allow contractors to perform work in conjunction with Phase II of the Expansion Project; and,

WHEREAS, G & G Development Company, located at 35551 Kenai Spur Highway, has 3,100 sq. ft. of space CPGH wishes to lease for relocation of Diabetes Education, Speech Therapy, and Occupational Therapy services; and,

WHEREAS, in accordance with corporate policy CP-101, Contract Authority and Review, ¶15, Review and Approval, CPGH has received approval from legal counsel and the compliance officer as to content of the lease agreement between G & G Development Company and CPGH, Inc.; and,

WHEREAS, in accordance with corporate Policy CP-101, Contract Authority and Review, ¶14, Board Authority, (b) (iii), Board approval is required to enter into leases or rental agreements, to rent land or buildings or office space; and,

WHEREAS, in accordance with the Lease and Operating Agreement with the Kenai Peninsula Borough, Section 13, Finances, ¶(e) Debt Service, review by the Service Area Board and approval by the Borough Assembly, or its designee, will be obtained prior to entering into this lease agreement;

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF CENTRAL PENINSULA GENERAL HOSPITAL, INC., A NOT-FOR-PROFIT ALASKA CORPORATION, THAT:

- SECTION 1.** The CPGH, Inc. Board of Directors authorizes the Chief Executive Officer to execute the Lease Agreement between G & G Development Company and CPGH, Inc. for 3,100 sq. ft. of space at 35551 Kenai Spur Highway, Soldotna upon review by the Service Area Board and approval by the Borough Assembly.
- SECTION 2.** Maximum cost per month not to exceed \$4,565.
- SECTION 3.** The term of the lease is for three (3) years, commencing on April 1, 2005 and ending on March 31, 2008.
- SECTION 4.** This resolution takes effect immediately upon its adoption.

I certify that the above resolution was approved by vote of the Board of Directors of Central Peninsula General Hospital, Inc. at the 12/09/04 Board meeting.

DATED: 12/09/04

Thomas R. Boedeker, Secretary/Treasurer
CPGH, Inc. Board of Directors

To: CPGH, Inc. Board of Directors
 Through: David Gilbreath, CEO
 By: Aaron Kotzin, Support Services Director
 Originator: Aaron Kotzin, Support Services Director
 Date: 11/18/04

Item Description:

Lease Agreement with
 G & G Development Company
 For space at 35551 Kenai Spur
 Highway, Soldotna, Alaska

Summary: Phase II construction of the Hospital Expansion Project will force the occupants of the Physical Medicine, Oncology, and Administrative departments to relocate their operations, in order to allow the Contractor to perform work in the existing north wing of the hospital. For this reason, some staff must be moved offsite, while others will be accommodated onsite.

Administration's Recommendation: To authorize CEO to execute a lease agreement with G & G Development Company for 3,100 square feet, located at 35551 Kenai Spur Highway, Soldotna, Alaska, to be used for Physical Medicine.

Issue(s): Renting additional offsite space is necessary to accommodate the loss of existing hospital space for Diabetes Education, Speech Therapy and Occupational Therapy.

Impact on operations if not approved: Phase II construction in the existing Hospital will be negatively impacted, creating time delays and additional costs, if not approved.

Alternate Considerations: All available space in the Hospital is being utilized. There were no other realistic alternatives for space that provided close proximity to the Hospital at a reasonable price.

Background and/or pertinent information: The expansion of the Soldotna Physical Medicine facility is a long-term solution to patient convenience issues, as well as the highest and best use of onsite space utilization.

Budgeted		Patient Care			Health/Safety			Revenue		Expenses		Dollars Budgeted	vs	Current Estimate	+/-
Yes	No	Urgent	Essential	Necessity	Urgent	Essential	Necessity	Increase	Decrease	Increase	Decrease			\$4,565/ month	
	X		X				X			X					
Substitution? N/A		Description: N/A										Vender: Blazy Construction			
Check off applicable policies:												Routing:		Date	Initials
CP-101, Contract Authority and Review								X	Reviewed and approved by Department Director				11/02/04	AJK	
CP-133, Purchasing Policy								X	Reviewed by compliance Officer (if required)				11/18/04	DR	
OP-504, Purchasing Equipment, Goods, Supplies and Services									Reviewed by Legal Counsel (if required)				11/18/04	DR	
CP-124, Prohibition against Doing Business with any Ineligible Person									Reviewed and approved by C.F.O.						
Lease & Operating Agreement									Reviewed and approved by C.E.O.				11/18/04	DG	
Request not approved due to:									Reviewed and recommended for approval by Finance Committee				11/24/04		
									Approved by the CPGH, Inc. Board of Directors					(Committee Chair)	
Distribution upon approval by the Board of Directors (if appropriate): <input type="checkbox"/> Signed original to Materials Management for ordering/follow-up <input type="checkbox"/> Copy to Department Director									Authorized by:					(Board Secretary)	