



KENAI PENINSULA BOROUGH

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DAVE CAREY
BOROUGH MAYOR

MEMORANDUM

TO: Milli Martin, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: David R. Carey, Borough Mayor *DR Carey*

FROM: Craig Chapman, Finance Director *C Chapman*
Colette Thompson, Borough Attorney *CT*

DATE: May 7, 2009

SUBJECT: Ordinance 2008-19- 59, authorizing \$525,000 intergovernmental loan to the South Kenai Peninsula Hospital Service Area Fund to partially finance a new MRI machine

The current lease of the magnetic resonance imaging machine ("MRI") at South Peninsula Hospital will expire July 1, 2009, and the hospital needs to replace it. After considering several options, it has been determined that purchasing an MRI rather than leasing one would better serve the financial interests of the hospital and borough. On April 22, 2009, the nonprofit corporation adopted South Peninsula Hospital Resolution 09-25 supporting a request from the South Kenai Peninsula Hospital Service Area Board for a loan of up to \$525,000 to be used toward purchasing the MRI. The total expected cost of the machine is \$1.8 million, and South Peninsula Hospital, Inc. has also approved contributing \$400,000 toward this project. The balance remaining of \$875,000 is included in the proposed FY2010 budget.

The loan would be for five years with annual payments plus interest at the prime rate. Payments are subject to the appropriation and availability of funds. Your support of this ordinance would be appreciated.

Introduced by: Administration
Date: April 22, 2009
Action: Adopted
Vote: 8 Yes, 0 No, 0 Absent, 0 Abstain

**SOUTH PENINSULA HOSPITAL
RESOLUTION 09-25**

**A RESOLUTION OF THE SOUTH PENINSULA HOSPITAL BOARD OF DIRECTORS
SUPPORTING SERVICE AREA BOARD REQUEST OF LOAN FOR MRI PURCHASE.**

WHEREAS, the current Magnetic Resonance Imaging (MRI) at South Peninsula Hospital is nearing the end of its useful life; and

WHEREAS, the cost of leasing an MRI is comparable to the monthly payment for owning; and

WHEREAS, the total cost for the replacement MRI is \$1,800,000; and

WHEREAS, the funds applied for to the Denali Commission were not granted; and

WHEREAS, the South Kenai Peninsula Hospital Service Area Board has committed \$875,000 to this project; and

WHEREAS, South Peninsula Hospital will use \$400,000 Operating Funds for this project; and

WHEREAS, the payment of the loan will be funded by the Service Area's Capital Budget over the next five years; and

WHEREAS, this resolution was approved by the Finance Committee on April 16th.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
SOUTH PENINSULA HOSPITAL:**

1. That the South Peninsula Hospital Board of Directors is in support of a South Kenai Peninsula Borough Service Area request for the Kenai Peninsula Borough for a loan in the amount of up to \$525,000; and
2. That this resolution be forwarded to the South Kenai Peninsula Service Area Board for consideration to approve; and
3. That this resolution be forwarded to the Kenai Peninsula Borough Assembly for consideration to approve.

**PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF SOUTH PENINSULA
HOSPITAL THIS 22nd DAY OF APRIL, 2009.**

Barbara Howard, Board President

ATTEST:

Bernadette Wilson, Secretary

Vote:

Yes: Barbara Howard, Kelly Cooper, Nina Allen, Walter Partridge, Matthew North, Bernadette Wilson, Kent Haina, Julie Woodworth

No: None

Abstain: None

Absent: None