



KENAI PENINSULA BOROUGH

Planning Department • Land Management Division
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DAVID R. CAREY
BOROUGH MAYOR

MEMORANDUM

TO: Pete Sprague, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: David R. Carey, Mayor *DR Carey*
Craig Chapman, Finance Director *C Chapman*
Max Best, Planning Director *MB*

FROM: Marcus A. Mueller, Land Management Officer *MA Mueller*

DATE: June 21, 2010

SUBJECT: Ordinance 2010-19-*06*, Authorizing the Acquisition of Three Properties at Fair Market Value Adjoining the Central Peninsula Hospital for Hospital Purposes, Appropriating \$2,312,650 from the CPGH, Inc. Plant Replacement and Expansion Fund for the Purchase and Associated Costs, and Authorizing an Amendment to the CPGH, Inc. Lease and Operating Agreement

Three properties adjoining the Central Peninsula Hospital have been identified which would support the hospital campus and would provide medical office space for hospital operations. The owners, Earl and Alice Mundell, have provided the borough and CPGH, Inc. the opportunity to conduct due diligence investigations on the properties. The properties were independently appraised by Derry and Associates providing the basis for the purchase price.

If approved by the assembly the administration will enter into a purchase agreement for the three properties and, upon purchase, lease the properties to CPGH, Inc. through an amendment to the lease and operating agreement. There are a number of existing tenant leases on these properties which CPGH, Inc. is prepared to manage and would be transferred along with the properties. A summary of the terms of these leases is included in the packet.

If the acquisition is approved and subject to CPGH, Inc.'s budget process, a subsequent ordinance will be brought forward to the assembly to appropriate funds for anticipated improvements to the properties.

Attached for your consideration is an ordinance authorizing the purchase, appropriating funds for the purchase and estimated closing costs, and authorizing amendment of the lease and operating agreement with CPGH, Inc.

FINANCE DEPARTMENT FUNDS VERIFIED \$ 2,312,650.-	
ACT # <u>490.00000.00000.20602</u>	
BY: <u>MA</u>	DATE: <u>6/24/10</u>