



KENAI PENINSULA BOROUGH

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BOROUGH ASSEMBLY

MEMORANDUM

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

FROM:  Pete Sprague, Assembly President
Charlie Pierce, Assembly Member

DATE: August 26, 2010

SUBJECT: Ordinance 2010-35, Authorizing Central Peninsula General Hospital, Inc. to enter into a Letter of Intent with LHP Hospital Group Inc.

The Kenai Peninsula Borough currently has a Lease and Operating Agreement with Central Peninsula General Hospital, Inc. ("CPGH, Inc.") for the lease and operation of Central Peninsula Hospital ("CPH"), the Kenai Health Center, Heritage Place, Serenity House and other medical facilities.

In March 2010, after two years of preliminary discussion, the Board of Directors of Central Peninsula General Hospital Inc. initiated a deliberative process that they believed would identify an ownership and governance structure that would permit Central Peninsula Hospital (CPH) to continue providing high quality healthcare and enhance health care services available in the service area on a self-supporting basis in the future. The CPGH Inc. Board has determined that the preferred structure for the future of CPH is a "whole hospital joint venture" transaction, and identified LHP Hospital Group, Inc. (LHP) as the preferred strategic partner.

CPGH Inc. is now requesting authorization to enter into a Letter of Intent with LHP for the purpose of negotiating the terms and conditions of a proposed whole hospital joint venture involving CPH, the Medical Facilities and other healthcare facilities and operations presently overseen by CPGH, Inc.

With this request before us, we believe that this ordinance will give the assembly, and the public, the ability to review and discuss this proposal in the context of governance, ownership, and the future of health care in the Kenai Peninsula Borough. Your thoughtful consideration is appreciated