

Introduced by: Mayor
Date: 06/04/24
Hearing: 06/18/24
Action: Enacted
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2024-12**

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA THE QUESTION OF THE ISSUANCE OF NOT-TO-EXCEED THIRTY EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS (\$38,500,000) OF GENERAL OBLIGATION BONDS OF THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA TO PAY THE COSTS OF PLANNING, DESIGNING, ACQUIRING PROPERTY FOR RENOVATING, CONSTRUCTING AND EQUIPPING OF FACILITIES AT THE SOUTH PENINSULA HOSPITAL AND CAMPUS LOCATED IN THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA AT THE REGULAR ELECTION IN AND FOR THE KENAI PENINSULA BOROUGH ON OCTOBER 1, 2024

WHEREAS, the Kenai Peninsula Borough ("KPB") owns and provides for the management and operation of, the South Peninsula Hospital and campus ("South Peninsula Hospital" or "Hospital") located in KPB's South Kenai Peninsula Hospital Service Area ("Service Area"); and

WHEREAS, KPB has entered into a management and operating agreement with South Peninsula Hospital, Inc., a nonprofit organization organized and existing under the laws of the state of Alaska ("SPHI") for the management and operation of the Hospital located in the Service Area; and

WHEREAS, KPB and SPHI have identified the need to plan, design, acquire property for, renovate, construct, and equip capital improvements for, and in connection with the Hospital (collectively, "Projects"); and

WHEREAS, the Service Area does not have sufficient funds available to pay the costs of the Projects and has determined it advisable to finance such costs through the issuance of general obligation bonds of the Service Area, in the principal amount not-to-exceed Thirty-Eight Million Five Hundred Thousand Dollars (\$38,500,000); and

WHEREAS, voter approval of the Service Area general obligation bonds authorizes for each \$100,000 of assessed taxable property value in the Service Area (based on an estimated total FY 2025 assessed valuation) an annual tax increase of approximately \$67.00 (an amount equal to 0.67 mills) to retire the proposed bond debt in the principal amount of \$38,500,000; and

WHEREAS, under provisions of AS 29.47.190 a municipality may incur general obligation debt only after a bond authorization ordinance is approved by a majority of those voting on the question at a regular or special election; and

WHEREAS, the Hospital capital improvements mentioned above are necessary and beneficial to the Service Area and the KPB community;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. It is hereby determined to be for a public purpose and in the public interest of the Kenai Peninsula Borough ("KPB") that the South Kenai Peninsula Hospital Service Area ("Service Area") incur general obligation bonded indebtedness in the principal amount not-to-exceed Thirty-Eight Million Five Hundred Thousand Dollars (\$38,500,000), for the purpose of paying the costs of planning, designing, acquiring property, renovating, constructing, and equipping capital improvements to, and for, the South Peninsula Hospital and campus (collectively, the "Projects"), all located in the Service Area,

SECTION 2. The sum of not-to-exceed \$38,500,000 shall be borrowed by KPB for, and on behalf of, the Service Area to finance costs of the Projects and shall be evidenced by the issuance of general obligation bonds by the KPB. The bond proceeds shall be used only for capital improvements, costs of issuance of the bonds, and reimbursement expenses for the Projects in accordance with Treasury Regulation 26 § CFR 1.150-2. The full faith and credit of the Service Area is pledged for the payment of the principal of and interest of bonds, and ad valorem taxes upon all taxable property in the Service Area shall be levied without limitation as to the rate or amount to pay principal of and interest on the bonds when due.

SECTION 3. An election is to be held on October 1, 2024, in and for the Service Area, for the purpose of submitting a general obligation bond proposition to the qualified voters of the Service Area for approval or rejection. The proposition must receive a majority vote in the Service Area voting on the question to be approved. The proposition shall be substantially in the following form:

PROPOSITION NO. __

SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA GENERAL OBLIGATION BONDS

Shall Kenai Peninsula Borough borrow up to \$38,500,000 through the issuance of South Kenai Peninsula Hospital Service Area general obligation bonds?

The bond proceeds, in the amount not-to-exceed \$38,500,000, will be used to pay the costs of planning, designing, acquiring property for, renovating, constructing, and equipping the South Peninsula Hospital and campus, located within the South Kenai Peninsula Hospital Service Area.

The indebtedness will be repaid from ad valorem taxes levied on all taxable property located within the South Kenai Peninsula Hospital Service Area. The South Kenai Peninsula Hospital Service Area will pledge its full faith and credit for repayment of the indebtedness.

Voter approval for this proposition authorizes for each \$100,000 of assessed real and personal property value in the South Kenai Peninsula Hospital Service Area (based on the estimated FY2025 assessed valuation) an annual tax increase of approximately \$67 to retire the debt.

The proposition set forth in Section 3 shall be printed on a ballot which may set forth other general obligation bond propositions, and the following words shall be added as appropriate and next to an area provided for marking the ballot for voting:

PROPOSITION NO. ____ YES ____ NO ____

SECTION 4. The bonds shall be issued upon such terms and conditions and in such form as the Finance Director finds to be in the best interests of KP.B.

SECTION 5. Sections 2 and 4 of this ordinance shall be effective only if and when the proposition described in Section 3 is approved by a majority of the qualified voters of the Service Area voting on the proposition at the regular election held on October 1, 2024.

SECTION 6. Sections 1 and 3 of this ordinance shall be effective immediately.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 18TH DAY OF JUNE, 2024.

Brent Johnson

Brent Johnson, Assembly President

ATTEST:

Michele Turner

Michele Turner, CMC, Borough Clerk



Yes: Cooper, Cox, Ecklund, Elam, Hibbert, Ribbens, Tunseth, Tupper, Johnson

No: None

Absent: None