Memorandum

TO: Ron Long, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: John J. Williams, Borough Mayor

FROM: Craig Chapman, Finance Director

DATE: June 5, 2007

SUBJECT: Resolution 2007-043, South Kenai Peninsula Hospital Service Area Bond Sale

The attached resolution authorizes the issuance of $14,700,000 in service area general obligation bonds through the Alaska Municipal Bond Bank Authority. A majority of borough residents voting in the May 8, 2007, special election approved the issuance of these bonds. As described in the proposition, the total amount authorized is to be used for the cost of planning, acquisition, designing, site preparation, constructing, renovating, installing, and equipping the South Peninsula Hospital.

This resolution authorizes the Borough Mayor, Finance Director and Clerk to execute the documents and agreements necessary to complete the sale of the bonds. The resolution limits the term of the bonds to 20 years and the interest rate to no more than 5.5 percent. Based on current interest rates for tax-exempt municipal debt, it is anticipated that the true interest rate of the bonds will be 4.5 and 5.0 percent. The actual rate of interest is subject to market conditions as of the actual sale date. I will keep the assembly informed as we progress through the bond issuance process.