

KENAI PENINSULA BOROUGH

Finance Department

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MN*

FROM: Craig Chapman, Finance Director *C Chapman*

DATE: December 22, 2017

SUBJECT: Ordinance 2016-19-19, Authorizing a \$2,000,000 Intergovernmental Loan from the General Fund and Appropriating Funds to the South Peninsula Hospital Service Area to Provide Interim Financing for Improvements to the Heating, Ventilating and Air Conditioning System at South Peninsula Hospital (Mayor)

At the October 4, 2016 borough election, the South Kenai Peninsula Hospital Service Area voters approved the issuance of general obligation bonds for improvements at South Peninsula Hospital (SPH) in the amount of \$4.8 million. These bonds are scheduled to be sold through the Alaska Bond Bank. Based upon preliminary discussion with the Alaska Bond Bank, the bonds are not expected to be issued until sometime in the spring.

Through ordinance 2016-19-02, the assembly authorized a \$2.8 million intergovernmental loan to provide interim financing for the expansion of the Homer Medical Center that was included as part of the planned improvements at SPH, which is allowing the project to go out to bid this winter. The remaining portion of the SPH improvement project is for replacement of the 40-year-old heating, ventilating and air conditioning system at the hospital.

The administration is requesting that an additional intergovernmental loan of \$2.0 million to provide interim financing for replacement of the HVAC system be authorized, allowing for this project to be awarded prior to the issuance and appropriation of the bond proceeds.

The South Peninsula Hospital, Inc. board's next scheduled meeting is after the proposed hearing date of January 17, 2017. However, its Finance Committee will meet on January 12th and consider this ordinance. Its recommendation, along with the service area board's recommendation, will be provided before the January 17, 2017 meeting.

In addition, this ordinance would appropriate the loan proceeds of \$4.8 million in the SPH Capital Project Fund for the authorized improvements.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>100.27900 (FB)</u>
Amount: \$	<u>2,000,000.⁰⁰</u>
By: <u>pp</u>	Date: <u>12/20/16</u>