

Introduced by:	Mayor
Date:	05/17/16
Hearing:	06/07/16
Action:	Enacted
Vote:	7 Yes, 1 No, 1 Absent
Election Date:	10/04/16
Certified Date:	10/11/16
Ratified by the Voters:	58.32%, 41.68%

**KENAI PENINSULA BOROUGH
ORDINANCE 2016-15**

**AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED
VOTERS OF SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA THE
QUESTION OF THE ISSUANCE OF NOT-TO-EXCEED FOUR MILLION EIGHT
HUNDRED THOUSAND DOLLARS (\$4,800,000) OF GENERAL OBLIGATION
BONDS OF THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA TO
PAY COSTS OF PLANNING, DESIGN, CONSTRUCTION, AND EQUIPPING OF
FACILITIES AT THE SOUTH PENINSULA HOSPITAL AND HOMER MEDICAL
CENTER AT AN ELECTION IN AND FOR THE KENAI PENINSULA BOROUGH
ON OCTOBER 4, 2016**

WHEREAS, the Kenai Peninsula Borough ("Borough") owns and provides for the operation of a 22-bed acute care and 25-bed long-term care hospital ("South Peninsula Hospital") and for other health services and medical facilities, through the South Kenai Peninsula Hospital Service Area ("SKPHSA"); and

WHEREAS, the Borough has entered into a Sublease and Operating Agreement ("SL&OA") with South Peninsula Hospital, Inc. ("SPHI") for the sublease and operation of the hospital and other medical facilities, to operate these medical facilities on a nonprofit basis in order to ensure the continued availability of the medical services to the service area residents and visitors; and

WHEREAS, the SL&OA provides that the Borough may make capital improvements to the hospital and other medical facilities; and

WHEREAS, the South Peninsula Hospital is located in the South Kenai Peninsula Hospital Service Area ("Service Area"); and

WHEREAS, SPHI continues to expand its health services to meet community needs; and

WHEREAS, there has been identified a need to expand the Homer Medical Center, which is the Service Area's main primary care facility providing family practice, obstetrics/gynecology, midwifery, nurse practitioners and other services; and

WHEREAS, the Borough's capital projects department has estimated the proposed addition will cost between \$2,800,000 and \$3,000,000 including project management and administrative costs; and

WHEREAS, there has been identified an immediate need to replace the heating, ventilation and air conditioning ("HVAC") units for the South Peninsula Hospital's operating rooms; and

WHEREAS, the Borough's capital project department has estimated the additional funding needed to replace the HVAC units is \$1,800,000 including project management and administrative costs; 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 capital improvements mentioned above are necessary and beneficial to the 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 that the South Kenai Peninsula Hospital Service Area incur general obligation bonded indebtedness in an amount not to exceed Four Million Eight Hundred Thousand Dollars (\$4,800,000), for the purpose of paying the cost of planning, designing, site preparation, constructing, acquiring, renovating, installing and equipping facilities of the South Peninsula Hospital and Homer Medical Center (the Project).

SECTION 2. The sum of not to exceed Four Million Eight Hundred Thousand Dollars (\$4,800,000) shall be borrowed by, for, and on behalf of the Borough for the Project and shall be evidenced by the issuance of general obligation bonds of the Borough. The bond proceeds shall be used only for capital improvements and costs of issuance of the bonds. The full faith and credit of only the Service Area is pledged for the payment of the principal of and interest on the bonds; and ad valorem taxes upon all taxable property in the Service Area shall be levied without limitation as to rate or amount to pay the principal of and interest on the bonds when due.

SECTION 3. An election is to be held on October 4, 2016, in and for the Borough 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 of those 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 \$4,800,000 through the issuance of South Kenai Peninsula Hospital Service Area general obligation bonds?

The bond proceeds of \$4,800,000 will be used for the purpose of paying the cost of planning, designing, site preparation, constructing, acquiring, renovating, installing and equipping facilities of the South Peninsula Hospital, including the Homer Medical Center, located within the South Kenai Peninsula Hospital Service Area.

The general obligation bond debt shall be paid from operating revenues generated by the South Peninsula Hospital and from ad valorem taxes on all property levied and collected within the South Kenai Peninsula Hospital Service Area. The South Kenai Peninsula Hospital Service Area will pledge its full faith and credit for payment of the general obligation debt.

Voter approval of this bond proposition authorizes for each \$100,000 of assessed taxable property value in the South Kenai Peninsula Hospital Service Area (based on the estimated total FY2017 assessed valuation) an annual tax of approximately \$21.10 (an amount equal to .21 mills) to retire the proposed debt.


SECTION 4. 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 5. 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 the Kenai Peninsula Borough.

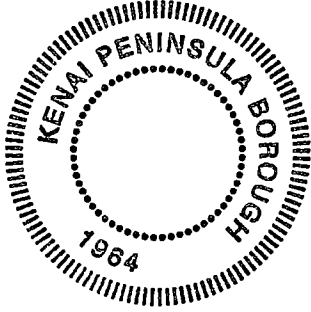
SECTION 6. Section 2 and 5 of this ordinance shall become effective only if the proposition described in Section 3 is approved by a majority of the qualified voters voting on the proposition at the regular borough election on October 4, 2016. The remaining sections of this ordinance shall become effective upon enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 7TH DAY OF JUNE, 2016.


Blaine Gilman, Assembly President

ATTEST:


John Blankenship, MMC, Borough Clerk



- Yes: Bagley, Cooper, Dunne, Holmdahl, Johnson, Knopp, Ogle
- No: Welles
- Absent: Gilman