

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

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Dale Bagley, Assembly President
Sue McClure, Vice President

MEMORANDUM

TO: Dale Bagley, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Blaine Gilman, Assembly member *B for B.H.*

DATE: September 1, 2015

SUBJECT: Amendment to Ordinance 2015-19-09, Appropriating \$3,050,000 from the CPH Plant Replacement and Expansion Fund

CPGH, Inc. currently has bonded indebtedness of approximately \$57,220,000 and the plant replacement and expansion fund has a current unobligated balance of \$13,862,887. To avoid incurring additional debt I propose that ordinance 2015-19-09 be amended to just appropriate the funds needed for this equipment. Following are my proposed amendments. Additions are in **bold and underlined**, and deletions are bracketed in [BOLD AND SMALL CAPS].

➤ Amend the title as follows:

AN ORDINANCE APPROPRIATING \$3,050,000 FROM THE CENTRAL PENINSULA HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND [AND DECLARING THE OFFICIAL INTENT TO ISSUE REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,050,000] TO PAY THE COST OF MEDICAL EQUIPMENT FOR THE SPECIALTY CLINIC BUILDING AT CENTRAL PENINSULA HOSPITAL

➤ Delete the first and second Whereas clauses as follows:

[WHEREAS, RESOLUTION 2013-072 AUTHORIZED THE ISSUANCE OF NOT TO EXCEED \$43,000,000 SPECIALTY CLINIC BUILDING REVENUE BONDS FOR THE PURPOSE OF PROVIDING AMOUNTS TO ENGINEER, DESIGN, CONSTRUCT, AND EQUIP A SPECIALTY CLINIC BUILDING ("SCB") IN THE CENTRAL KENAI PENINSULA HOSPITAL SERVICE AREA AND PROVIDING FOR THE DETAILS OF THE BONDS; AND]

[WHEREAS, THE BOROUGH ELECTED TO ISSUE THE DEBT IN MULTIPLE PHASES WITH PHASE I ISSUED IN FEBRUARY 2014 IN AN AMOUNT OF \$34,999,563 AND PHASE II IN JUNE 2015 IN THE AMOUNT OF \$3,200,000; AND]

- Insert a new fourth Whereas clause as follows:

WHEREAS, CPGH, Inc. currently has bonded indebtedness of \$57,220,000 and an unobligated balance of \$13,862,887 in the Plant Replacement and Expansion Fund, which is more than the \$3,050,000 needed to pay for the equipment; and

- Insert a new fifth Whereas clause as follows:

WHEREAS, rather than issuing bonds for this purchase, which would cause the borough and hospital to incur costs for the issuance and interest payments, and increase the bonded debt to more than \$60,270,000, the borough's best interests would be served by purchasing the equipment using funds from the Plant Replacement and Expansion Fund;

- Delete the original fourth and fifth Whereas clauses as follows:

[WHEREAS, BECAUSE THE BOND PROCEEDS WILL NOT BECOME AVAILABLE UNTIL AT LEAST NOVEMBER 2015, THE HOSPITAL HAS REQUESTED THAT THE MEDICAL EQUIPMENT BE PURCHASED USING FUNDING FROM THE CENTRAL PENINSULA HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND, WHICH WOULD BE REIMBURSED AFTER THE BONDS ARE SOLD; AND]

[WHEREAS, THE BOROUGH PLANS TO ISSUE TAX-EXEMPT BONDS TO FINANCE THE EQUIPMENT PURCHASE;]

- Delete Section 3 and renumber Section 4 to Section 3.

Your approval would be appreciated.