

Introduced by: Mayor, Johnson, Chesley  
Date: 08/01/23  
Hearing: 08/15/23  
Action: Enacted  
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2023-19-11**

**AN ORDINANCE AUTHORIZING AND APPROPRIATING A \$7,000,000 INTERFUND  
LOAN FROM THE GENERAL FUND TO THE SOUTH KENAI PENINSULA  
HOSPITAL SERVICE AREA FOR CAPITAL IMPROVEMENT PURPOSES**

**WHEREAS,** the Kenai Peninsula Borough (“Borough”) has entered into an Operating Agreement with South Peninsula Hospital, Inc. (“SPHI”) for operation of the South Peninsula Hospital and other medical facilities, and to provide other healthcare programs and services, on a nonprofit basis in order to ensure the continued availability to the South Kenai Peninsula Hospital Service Area (“SKPHSA”) residents; and

**WHEREAS,** KPB 5.08.025 authorizes the General Fund to provide loans to service areas on terms and conditions set in the code unless otherwise approved by ordinance; and

**WHEREAS,** South Peninsula Hospital’s (“SPH”) current Electronic Medical Record (“EMR”) Software is 20+ years old and has reached end-of-life; and

**WHEREAS,** replacement of the EMR software will increase patient access and transferability to medical records as well as provide hospital employees with additional tools for better serving patients; and

**WHEREAS,** exhausting the existing Plant Replacement and Expansion Fund (“PREF”) for this expenditure is not in the best interests of the service area because it would put the hospital in a vulnerable financial position and could inhibit the hospital’s ability to respond to unforeseen capital needs over the next year; and

**WHEREAS,** the Borough’s General Fund will provide a five-year loan with a fixed interest rate of 4.81 percent that compounds daily based on the current Alaska Industrial Development and Export Authority (“AIDEA”) five-year lending rate, interest will begin accruing on the date of the first reimbursement draw and payments will be due quarterly starting 90 days after the first draw; and

**WHEREAS,** providing the loan to SKPHSA will allow SPH to purchase the much needed EMR Software and retain adequate funding in operations and PREF to provide for operations and capital needs in the immediate future; and

**WHEREAS,** providing the interfund loan to SKPHSA will have no external overhead and no long-term cost to the Borough General Fund as it is an internally handled process; and

**WHEREAS,** the SPHI Board, at its June 28, 2023 meeting, adopted a resolution supporting the interfund loan to SKPHSA and authorizing repayment of loan funds from SPHI operating funds; and

**WHEREAS,** the South Kenai Peninsula Hospital Service Area Board, at its August 10, 2023 meeting, recommended approval through the adoption of SKPHSA Resolution 2023-09;

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

**SECTION 1.** That pursuant to KPB 5.08.025 it is in the best interests of the Borough and the South Kenai Peninsula Hospital Service Area taxpayers to approve a loan to the Service Area from the General Fund. The loan will not require an increase in the mill levy for repayment purposes due to the fact that SPHI will repay the loan from operating funds. The loan is hereby approved upon the following terms and conditions:

1. Loan amount: \$7,000,000;
2. Purpose: purchase of electronic medical records software and project implementation costs for capital improvement purposes;
3. Term of the loan: 60 months from each date of reimbursement draw, no draws beyond 5 years from date of first draw;
4. Rate of interest: 4.81 percent; and
5. Installment payment frequency: Quarterly, starting 90 days after the first draw.

**SECTION 2.** That the amount of \$7,000,000 is appropriated from the General Fund fund balance to be transferred and representing a loan from the General Fund to the South Kenai Peninsula Hospital Service Area to account 491.81210.24EMR.49999 for the purchase of Electronic Medical Records Software project and related costs.

**SECTION 3.** That the Mayor is authorized to execute any agreements, instruments, other documents that may be needed to effectuate this ordinance and such documents may include additional terms or conditions so long as the substantive terms set forth in Section 1 remain in place unless or until the Assembly approves, by ordinance, an adjustment to the substantive terms and conditions.

**SECTION 4.** That this ordinance shall be effective immediately upon enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 15TH DAY OF AUGUST, 2023.**

*Brent Johnson*  
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Brent Johnson, Assembly President

ATTEST:

*Michele Turner*  
\_\_\_\_\_  
Michele Turner, CMC, Borough Clerk



Yes: Chesley, Cox, Derkevorkian, Ecklund, Elam, Hibbert, Ribbens, Tupper, Johnson  
No: None  
Absent: None