

Introduced by: Cox
Date: 09/05/23
Hearing: 10/10/23
Action: Enacted as Amended
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2023-21**

**AN ORDINANCE AMENDING BOROUGH CODE KPB 5.08.025 REGARDING LOANS
FROM THE BOROUGH’S GENERAL FUND TO BOROUGH SERVICE AREAS**

WHEREAS, current KPB 5.08.025 provides that loans from the general fund to service areas must be in accordance with specific loan terms and conditions “unless otherwise approved by ordinance”;

WHEREAS, since enacting KPB 5.08.025 none of the loans approved by the assembly have matched the specific terms and conditions set out in KPB 5.08.025; and

WHEREAS, this ordinance repeals the specific terms and conditions and replaces them with loan requirements that will be adhered to when setting the terms and conditions for the specific loan and set of circumstances being considered;

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

SECTION 1. That KPB 5.08.025 is hereby amended to read as follows:

5.08.025. Authorization and standards for lending money to service areas [FOR LAND AND CAPITAL IMPROVEMENTS]from the borough general fund.

Service areas may borrow money from the general fund [ONLY] in accordance with the [FOLLOWING] loan terms and conditions [UNLESS OTHERWISE] approved by ordinance. The following requirements will be specifically addressed within the ordinance:

1. Loans shall only be for the purpose of financing [THE] start-up costs, acquisitions [OF LAND] or [CAPITAL] improvements that the Assembly finds are in the best interest of the borough and service area after consideration of the service area board’s recommendation;
2. The term[S] of the loan [SHALL BE FOR NO MORE THAN FIVE YEARS] must be approved for a fixed period of time of not more than five years and allow early payoff;

3. The fixed or variable rate of interest [SHALL BE THE PRIME RATE IN EFFECT ON THE DATE OF ORDINANCE APPROVAL PLUS 2 PERCENT] must be established pursuant to a published indexed rate. The rate may not be less than the expected rate of return to be earned by existing borough general fund investment accounts over the same period of time as the loan;
4. The total amount borrowed by a service area pursuant to this section [MAY NOT EXCEED \$150,000 AT ANY TIME] must be stated in the title of the ordinance and fixed by the terms of the ordinance. This amount may be amended by ordinance;
5. [PAYMENTS SHALL BE PAID IN EQUAL ANNUAL INSTALLMENTS UPON ADOPTION OF EACH YEAR'S ANNUAL BUDGET UNTIL THE LOAN IS PAID IN FULL] The ordinance must provide the frequency and amount of installment payments, and whether the installments include required lump sum balloon payments; and
6. [ALL SUCH LOANS MUST BE APPROVED BY THE ASSEMBLY BY ORDINANCE, AND THE ASSEMBLY MAY ADD SUCH ADDITIONAL TERMS AND CONDITIONS AS IT FINDS IN THE BEST INTERESTS OF THE BOROUGH] The ordinance will state whether or not an increase in the service area mill levy will be needed for loan repayment.

SECTION 2. That this ordinance shall be effective immediately.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 10TH DAY OF OCTOBER, 2023.

Brent Johnson

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