

Introduced by: Mayor
Date: 08/09/16
Hearing: 08/23/16
Action: Enacted as Amended
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2016-19-02**

AN ORDINANCE AUTHORIZING A \$2,800,000 INTERGOVERNMENTAL LOAN FROM THE GENERAL FUND AND APPROPRIATING FUNDS TO THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA TO PROVIDE INTERIM FINANCING FOR EXPANSION OF THE HOMER MEDICAL CENTER AND DECLARING THE OFFICIAL INTENT TO ISSUE BONDS

WHEREAS, the Homer Medical Center was purchased by the Kenai Peninsula Borough on behalf of the South Kenai Peninsula Hospital Service Area (SKPHSA) through Ordinance 2015-19-12; and

WHEREAS, Ordinance 2015-19-12 also appropriated funds for the design of a 3,700 square foot addition; and

WHEREAS, during the design process, a steering committee made up of users of the Homer Medical Center determined that a facility of 5,700 square feet was necessary to address operational needs of the facility; and

WHEREAS, Ordinance 2016-15 authorized a ballot proposition at the October 4, 2016 borough election for the issuance of not-to-exceed \$4,800,000 of General Obligation Bonds for capital improvements at South Peninsula Hospital of which approximately \$2,800,000 is for the proposed addition to the Homer Medical Center; and

WHEREAS, in order to allow for construction to start this fall, the borough administration is requesting that an intergovernmental loan of \$2,800,000 be provided to SKPHSA; and

WHEREAS, the intergovernmental loan would be paid off from bond proceeds if the issuance of SKPHSA General Obligation Bonds are approved by the service area voters at the October 4, 2016 borough election; and

WHEREAS, if the SKPHSA General Obligation Bonds are not approved by the service area voters at the October 4, 2016 borough election, annual debt service payments to the borough's General Fund would be approximately \$333,000; and

WHEREAS, at its meeting of August 16, 2016, the South Peninsula Hospital, Inc. board of directors recommended approval through adoption of their Resolution 2016-12; and

WHEREAS, at its meeting of August 11, 2016, the SKPHSA Board recommended approval by majority consent;

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

SECTION 1. That a \$2,800,000 intergovernmental loan is authorized for the South Kenai Peninsula Hospital Service Area and shall be accounted for in the General Fund, account 100.00000.00000.14121.

SECTION 2. That the SKPHSA intergovernmental loan from the General Fund shall be reimbursed from bond proceeds if the issuance of bonds are approved by the voters of the South Kenai Peninsula Hospital Service Area at the October 4, 2016 borough election, and if not approved by the voters, then SKPHSA shall pay the outstanding balance of the loan in ten (10) equal installments due on the anniversary of the transaction date subject to the annual appropriation and availability of funds. Each payment shall include principle and interest computed at the annual rate equal to the prime rate in effect on the date of transaction. The loan is due in full on before ten years from the date of the loan. All payments are subject to the appropriation and availability of funds.

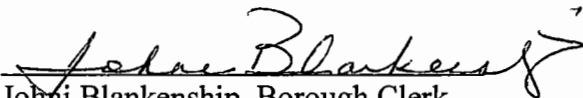
SECTION 3. Official Intent. This ordinance is adopted to satisfy the "official intent" requirements of Section 1.150-2 of the regulations adopted under the authority of the Internal Revenue Code of 1986, as amended, (the "Code") with respect to the Project, as described above. The Borough reasonably expects to issue up to \$2,800,000 principal amount of tax-exempt bonds in one or more series (the "Bonds") for costs of the Project. The Borough intends to use all or a portion of the proceeds of the Bonds to finance costs of the Project, and certain other costs, which are eligible under the Code for financing with proceeds of tax-exempt bonds. Such costs incurred up to 60 days before the effective date of this ordinance will be eligible for reimbursement with proceeds of the Bonds. As of the date set forth below, the Borough reasonably expects that it will issue the Bonds and use the proceeds of the Bonds as described in this section. That eligible costs incurred prior to the appropriation date will be charged to the projects.

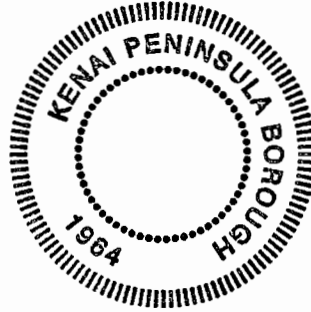
SECTION 4. That this ordinance takes effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS
23RD DAY OF AUGUST, 2016.


Blaine Gilman, Assembly President

ATTEST:


John Blankenship, Borough Clerk



Yes: Bagley, Cooper, Dunne, Holmdahl, Johnson, Knopp, Ogle, Gilman
No: None
Absent: Welles