

Introduced by:	Mayor
Date:	06/22/10
Hearing:	08/03/10
Action:	Enacted
Vote:	6 Yes, 0 No, 3 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2010-27**

**AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED
VOTERS OF THE KENAI PENINSULA BOROUGH THE QUESTION OF THE
ISSUANCE OF NOT TO EXCEED SIXTEEN MILLION EIGHT HUNDRED SIXTY-SIX
THOUSAND FIVE HUNDRED DOLLARS (\$16,866,500) OF GENERAL OBLIGATION
BONDS OF THE KENAI PENINSULA BOROUGH TO PAY THE COSTS OF
EDUCATIONAL CAPITAL IMPROVEMENTS IN THE BOROUGH AT AN ELECTION
IN AND FOR THE KENAI PENINSULA BOROUGH ON OCTOBER 5, 2010**

WHEREAS, the Kenai Peninsula Borough hired Klauder Company Architects to conduct an engineering study for the Borough schools resulting in a report dated April 23, 2010, which determined that a number of roofs are nearing the end of their useful lives and are in need of replacement; and

WHEREAS, some of the roofs on Borough school structure are more than 40 years old; and

WHEREAS, it is expected that replacing these roofs would extend the life of the structures and result in a reduction in energy consumption; and

WHEREAS, the roofs that are being recommended for replacement include Chapman School, District-wide warehouse, Homer Middle School, K-Beach Elementary, Kenai Central High School, Kenai Elementary, McNeil Canyon Elementary School, Nikiski Middle/High School, Ninilchik High School, Seward Elementary, and Soldotna High School; and

WHEREAS, it is expected that the estimated cost of these capital improvements will not exceed \$16,866,500; and

WHEREAS, the Kenai Peninsula School District at its June 7, 2010, meeting recommended the Borough issue debt for the replacement of roofs at various schools located in the Borough; and

WHEREAS, the use of bond proceeds to finance the costs of education capital improvements will occur only if, and to the extent that, such project qualifies for at least 70% debt reimbursement under Alaska Statutes 14.11.100; and

WHEREAS, it is estimated that the annual debt service for the school bonds would be approximately \$1,299,019 of which \$860,313 would be received from the State of Alaska under the 70% debt reimbursement program, resulting in a net cost to the Borough of \$368,706; an amount equal to \$5.78 per \$100,000 of assessed real or personal property (based upon the Borough's 2010 taxable assessed valuation);

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, Alaska (the "Borough") to incur general obligation bonded indebtedness in an amount not to exceed Sixteen Million Eight Hundred Sixty-Six Thousand Five Hundred Dollars (\$16,866,500), for the purpose of paying the costs of planning, designing, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects consisting of roof replacements on Chapman School, District-wide warehouse, Homer Middle School, K-Beach Elementary, Kenai Central High School, Kenai Elementary, McNeil Canyon Elementary School, Nikiski Middle/High School, Ninilchik High School, Seward Elementary, and Soldotna High School and similar education capital improvements in the Borough. The use of proceeds of the bonds to finance the costs of education capital improvements will occur only if, and to the extent that, such project qualifies for at least 70% debt service reimbursement under Alaska Statutes 14.11.100, as the same may be amended from time to time.

SECTION 2. The sum of not to exceed Sixteen Million Eight Hundred Sixty-Six Thousand Five Hundred Dollars (\$16,866,500) shall be borrowed by, for and on behalf of the Borough for the education capital improvements described above 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 the Borough is pledged for the payment of the principal of and interest on the bonds, and ad valorem taxes upon all taxable property in the Borough 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 5, 2010, in and for the Kenai Peninsula Borough, for the purpose of submitting a general obligation bond proposition to the qualified voters of the Borough for approval or rejection. The proposition must receive a majority vote of those in the Borough voting on the question to be approved. The proposition shall be substantially in the following form:

PROPOSITION NO. 1

EDUCATIONAL CAPITAL IMPROVEMENT GENERAL OBLIGATION BONDS

Shall the Kenai Peninsula Borough borrow up to \$16,866,500
through the issuance of general obligation bonds?

The general obligation bond proceeds will be used to pay costs of planning, designing, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects consisting of roof replacements on Chapman School, District-wide warehouse, Homer Middle School, K-Beach Elementary, Kenai Central High School, Kenai Elementary, McNeil Canyon Elementary School, Nikiski Middle/High School, Ninilchik High School, Seward Elementary, and Soldotna High School and similar education capital improvements in the Borough.

The debt will be paid from ad valorem taxes on all taxable property levied and collected area wide in the Borough. The Borough will also pledge its full faith and credit for payment of the debt. The approximate annual amount of taxes on \$100,000 of assessed real or personal property value (based on the Borough's 2010 taxable assessed valuation) to retire the debt is \$5.78, assuming 70 percent debt service reimbursement from the State of Alaska or \$19.28 without State reimbursement.

No bonds will be issued, however, unless and until the project qualifies for at least 70% debt service reimbursement from the State of Alaska under existing or new legislation. Receipt of State reimbursement is subject to legislative appropriations.

SECTION 4. The proposition, both for paper ballots and machine ballots, 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 a square provided for marking the ballot or voting by a machine:

PROPOSITION NO. <u>1</u>	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>

SECTION 5. Section 2 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 election on October 5, 2010. The remaining sections of this Ordinance shall become effective upon passage and approval.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 3RD DAY OF AUGUST, 2010.

Pete Sprague, Assembly President

ATTEST:

Johni Blankenship, Borough Clerk

Yes: Haggerty, Knopp, McClure, Smalley, Superman, Sprague

No: None

Absent: Fischer, Pierce, Smith