

Introduced by: Mayor
Date of Introduction: January 7, 1975
Hearing: January 21, 1975
Action: Enacted
Vote: 117 "Yes" to 9 "No"

KENAI PENINSULA BOROUGH

ORDINANCE 75-2

AN ORDINANCE OF THE KENAI PENINSULA BOROUGH CONFIRMING THE RESULTS OF THE SPECIAL ELECTION HELD IN THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA ON JUNE 5, 1973 AUTHORIZING THE KENAI PENINSULA BOROUGH TO INCUR INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$1,500,000 FOR ACQUIRING A SITE AND CONSTRUCTING AND EQUIPPING A HOSPITAL AND RELATED FACILITIES TO BE LOCATED IN THE SOUTH KENAI PENINSULA HOSPITAL SERVICE AREA; PROVIDING THE ISSUANCE AND SALE OF \$708,000 OF GENERAL OBLIGATION BONDS; FIXING THE DATE, FORM, TERM AND MATURITIES AND COVENANTS OF SUCH BONDS; PLEDGING THE ANNUAL LEVY OF AD VALOREM TAXES WITHIN THE SOUTH KENAI PENINSULA HOSPITAL AREA, AND SUCH OTHER REVENUES ATTRIBUTABLE TO THE OPERATION OF THE HOSPITAL AS MAY BE PROPERLY PLEDGED FOR SUCH PAYMENT TO PAY THE PRINCIPAL THEREOF AND THE INTEREST THEREON.

WHEREAS, at a special election held in the South Kenai Peninsula Hospital Service Area in the Kenai Peninsula Borough, Alaska (hereinafter designated "Borough") on the 5th day of June, 1973, pursuant to Ordinance 73-14 of the Borough, adopted April 17, 1973, placing the proposition on the ballot, the qualified electors of the South Kenai Peninsula Hospital Service Area (hereinafter designated "Service Area") authorized the issuance of general obligation bonds in an amount not to exceed \$1,500,000 to be used for acquiring a site and constructing and equipping a hospital and related facilities to be located in the South Kenai Peninsula Hospital Service Area, as the Assembly of the Borough may find to be necessary from time to time; and

WHEREAS, the Borough has not heretofore issued or sold any of such bonds; and

WHEREAS, the Assembly of the Borough has, for the purpose of meeting certain costs and requirements in connection with the construction and equipping of the hospital and

related facilities and the financing thereof, determined now to sell its Kenai Peninsula Borough, South Kenai Peninsula Hospital Service Area General Obligation Hospital Bonds, 1975, in the aggregate principal amount of \$708,000 ("the Bonds"), to the Secretary of Health, Education and Welfare of the United States of America (hereinafter called the "Secretary");

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

Section 1. The results of the special election held on June 5, 1973 pursuant to Ordinance 73-14 of the Borough, adopted on April 17, 1973, and the statutes of the State of Alaska and the ordinances of the Borough, at which special election the qualified electors of the South Kenai Peninsula Hospital Service Area authorized the issuance of general obligation bonds in the principal sum of not to exceed \$1,500,000 to be used for acquiring a site and constructing and equipping a hospital and related facilities to be located in the South Kenai Peninsula Hospital Service Area, as the Assembly of the Borough may find to be necessary from time to time, are hereby in all respects ratified and confirmed.

Section 2. Unless the context indicates otherwise, the following words shall have these meanings in this ordinance:

(a) "Bond" shall mean any of the Kenai Peninsula Borough, South Kenai Peninsula Hospital Service Area General Obligation Hospital Bonds, 1975, issued pursuant to this ordinance.

(b) "Borough" shall mean the Kenai Peninsula Borough, a municipal corporation of the State of Alaska.

(c) "Default" shall mean the failure of the Borough or of its agents, whether by act or omission, to properly and completely fulfill the obligations imposed upon the Borough by the loan agreement, by this ordinance, or by other relevant and binding obligation between the Borough and the Secretary.

(d) "Ordinance" shall mean this ordinance of the Borough.

(e) "Secretary" shall mean the Secretary of Health, Education and Welfare of the United States.

(f) "Service Area" shall mean the South Kenai Peninsula Hospital Service Area of the Kenai Peninsula Borough, Alaska.

Section 3. There are hereby authorized to be issued and sold general obligation bonds, as hereinafter described, of the Borough in the principal amount of \$708,000 for the purpose of providing funds for paying part or all of the cost of acquiring a site and constructing and equipping a hospital and related facilities to be located in the Service Area. The indebtedness created by the Bonds shall constitute a lien upon the real property of the Service Area, and the full faith and credit of the Service Area shall be pledged to the indebtedness thus created. The bonds shall be designated "Kenai Peninsula Borough, South Kenai Peninsula Hospital Service Area General Obligation Hospital Bonds, 1975." The Bonds shall be issued as registered bonds without coupons in denominations of \$5,000 each, except that one bond may be in an amount which is less than \$5,000. The Bonds shall be dated as of the date of original issue, shall be numbered from 1 to 142 inclusive, and shall bear interest from the date of original issue, payable on July 1, 1975, and semi-annually thereafter on January 1 and July 1 in each year, until the final payment of the principal and interest on the Bonds, all as hereinafter provided.

Both principal of and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts, to the Secretary at his office in the Parklawn Building, Rockville, Maryland 20852, or at such other place as may be designated by the Secretary by written notice to the Borough by registered or certified mail at least thirty (30) days prior to a payment due date, or at least thirty (30) days prior to the date on which notice is required to be given. The Bonds shall bear interest at the rate of 6.37 percent (6.37%) and shall become due and payable, subject to the right of prior redemption as hereinafter set forth, on July 1 in each of the years and in the respective amounts as follows:

<u>Stated Payable Date</u>	<u>Principal Amount Payable on July 1</u>
1978	\$ 13,000
1979	15,000
1980	15,000
1981	20,000
1982	20,000
1983	20,000
1984	20,000
1985	25,000
1999	560,000

Section 4. Pursuant to an agreement with the Secretary of Health, Education and Welfare, the Borough shall issue registered Bonds, fully registered as to principal and interest in the name of the Secretary of Health, Education and Welfare or its successor. The registered Bonds shall be without coupons, numbered Series HEW No. 1, shall be dated the original date of issue, and shall mature as to principal and installments in amounts and at the times set forth herein. Interest upon the principal amount of said registered Bonds or upon the balance of said principal amount from time to time remaining unpaid shall commence on the date of original issue and shall be payable on July 1, 1975 and semi-annually on January 1 and July 1 of each year thereafter at the rate of 6.37 percent (6.37%) per annum.

The principal of and interest on the Bonds shall be payable by check to the order of the Secretary; the check evidencing such payment shall be transmitted in sufficient time to be received by the Secretary on or before 12:00 o'clock noon on the last business day preceeding the date fixed for payment.

All Bonds shall at all times be registered in the name of the Secretary notwithstanding that the Secretary may sell the Bonds. All payments of principal and interest thereon shall be made to the Secretary who, in the event the Secretary shall sell the Bonds, shall act as the agent for the purchaser or holder in collecting such payments and remitting them to such purchaser or holder. The Secretary or his agent shall upon receiving payment as herein provided promptly give written notice of receipt thereof to the Clerk of the Borough, and all such payments shall discharge the obligations of the Borough in respect of such Bonds to the extent of the payment so made.

Section 5. The Bonds are non-callable for redemption prior to July 1, 1986. The Bonds maturing July 1, 1999 are subject to optional redemption by the Borough prior to maturity in whole or in part on July 1, 1986, or on any July 1 thereafter at the principal amount thereof plus accrued interest to the redemption dates. The Bonds maturing July 1, 1999 are subject to mandatory redemption prior to maturity in part by lot on each July 1 in the following years and in the following amounts from monies required to be deposited in the South Kenai Peninsula Hospital Service Area Bond Redemption Fund, in the principal amount thereof plus accrued interest:

<u>Amount</u>	<u>Year</u>
\$25,000	1986
25,000	1987
30,000	1988
30,000	1989
35,000	1990
35,000	1991
35,000	1992
40,000	1993
45,000	1994
45,000	1995
50,000	1996
50,000	1997
55,000	1998
60,000	1999

If less than all of the bonds outstanding are to be called for redemption, the selection of such Bonds to be called shall be made by lot by the Borough Clerk in such manner as the Borough Clerk may determine.

Notice of the call for any redemption of the Bonds, setting forth the aggregate principal amount of the Bonds to be redeemed, identifying by designation, letters, numbers or other distinguishing marks, the Bonds to be redeemed and the date fixed for redemption shall be given by mailing a copy of the redemption notice by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the Secretary; provided, however, that failure to give such notice by mailing, or any defect in such notice, shall not affect the validity of any proceeding for the redemption of the Bonds.

Section 6. The Bonds shall be in substantially the following form, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirements of law with respect thereto:

UNITED STATES OF AMERICA
STATE OF ALASKA

Kenai Peninsula Borough
South Kenai Peninsula Hospital Service Area

GENERAL OBLIGATION HOSPITAL BONDS, 1975

Series HEW No. 1

\$ _____

KNOW ALL MEN BY THESE PRESENTS that Kenai Peninsula Borough, South Kenai Peninsula Hospital Service Area (hereinafter sometimes called the "Issuer"), a municipality in and of the State of Alaska, for value received, promises to pay to the Secretary of Health, Education and Welfare (hereinafter called the "Secretary"), but solely from the sources and in the manner hereinafter set forth, the sum of _____ (\$ _____) on the first day of January, 1975, and to pay interest thereon from the date hereof at the rate of 6.37 percentum (6.37 %) per annum, payable semi-annually on the first day of January and the first day of July in each year, commencing July 1, 1975, until the principal sum is paid, subject to the provisions hereinafter mentioned with respect to redemption prior to maturity. The principal sum of this Bond and interest thereon are payable by check to the order of the Secretary in lawful money of the United States of America. All payments of principal and interest on this Bond (including sinking fund and other redemption payments) shall be transmitted in sufficient time to be received by the Secretary no later than 12:00 o'clock noon on the last business day preceding the applicable payment date. Written notice of the receipt of such payments shall be promptly sent to the Clerk of the Issuer at its office in Soldotna, Alaska.

The Bonds are issued for the purpose of paying part or all of the cost of acquiring a site and constructing and equipping a hospital and related facilities to be located in the South Kenai Peninsula Hospital Service Area. The Bond is one of a duly authorized issue of 142 Bonds issued by the Issuer under the authority of Ordinance No. 73-14 adopted by the Assembly of the Kenai Peninsula Borough, Alaska, on April 17, 1973, and approved by the qualified voters of the South Kenai Peninsula Hospital Service Area at a special election held on June 5, 1973, and further pursuant to Ordinance 75-2 of the Kenai Peninsula Borough, and in strict compliance with the Constitution and laws of the State of Alaska. This Bond constitutes a general obligation of the South Kenai Peninsula Hospital Service Area, and the full faith, credit and resources of the South Kenai Peninsula Hospital Service Area are hereby pledged to the payment of the principal of and interest on the Bonds, and the Borough is obligated to levy ad valorem taxes upon all the taxable property of the South Kenai Peninsula Hospital Service Area subject to taxation by the Borough for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

The Bonds are issued as fully registered Bonds registered in the name of the Secretary, and the principal of and interest on the Bonds shall be payable only to the

Secretary who, if the Secretary shall sell the Bonds, shall act as the agent for the purchaser or holder in collecting such payments and remitting them to such purchaser or holder. If the Secretary sells and guarantees the Bonds and incurs any loss by reason of the Issuer's default, the Secretary shall be subrogated to all rights of the purchaser of such Bonds for recovery of such loss from the Issuer.

The Bonds are non-callable for redemption prior to July 1, 1986. The Bonds maturing July 1, 1999 are subject to redemption at the option of the Issuer prior to maturity in whole or in part on any July 1 on or after July 1, 1986 (to be selected by lot in such manner as may be determined by the Borough Clerk), at the principal amount thereof, plus accrued interest to redemption date.

The Bonds maturing July 1, 1999 are subject to mandatory redemption prior to maturity in part by lot on each July 1 in the following years in the following amounts from monies required to be deposited in the South Kenai Peninsula Hospital Service Area Bond Redemption Fund at the principal amount thereof and accrued interest:

<u>Amount</u>	<u>Year</u>
\$25,000	1986
25,000	1987
30,000	1988
30,000	1989
35,000	1990
35,000	1991
35,000	1992
40,000	1993
45,000	1994
45,000	1995
50,000	1996
50,000	1997
55,000	1998
60,000	1999

The right of redemption shall be exercised by notice specifying the aggregate principal amount of the Bonds to be called, the specific number of all Bonds to be called and the date fixed for redemption, which notice shall be given by the Borough Clerk to the Secretary by registered or certified mail at least thirty (30) days prior to the date fixed for redemption. All Bonds so called for redemption will cease to bear interest on the redemption date, provided that funds for their redemption shall have been received by the Secretary by 12:00 o'clock noon on the last business day

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preceding the redemption date, and such Bonds shall no longer be protected by nor be deemed to be outstanding under the provisions of the Ordinance pursuant to which the Bonds are issued.

All payments of principal and interest on the Bonds (including sinking fund and other redemption payments) to be made to the Secretary, and all notices to be given to the Secretary under the provisions hereof, shall be mailed or delivered to the Secretary at his office in the Parklawn Building, Rockville, Maryland 20852, or at such other place as may be designated by the Secretary by written notice to the Issuer by registered or certified mail at least thirty (30) days prior to a payment due date, or at least thirty (30) days prior to the date on which notice is required to be given.

It is hereby certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and the statutes of the State of Alaska, and that all the conditions, acts and things required by the Constitution and statutes of the State of Alaska to exist, happen and be performed precedent to and in the issuance of this Bond, and the issue of which it is one, do exist, have happened and have been performed in regular and due time, form and manner as required by law and that this Bond and the issue of Bonds of which it is one, together with all other indebtedness of the Borough, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the Kenai Peninsula Borough, Alaska, has caused this bond to be signed by the manual or facsimile signature of the Borough chairman and attested by the manual or facsimile signature of its Clerk and its official seal or a facsimile thereof to be impressed or otherwise reproduced hereon this ____ day of _____, 19__.

KENAI PENINSULA BOROUGH, ALASKA

By: _____
Borough Mayor

ATTEST:

Borough Clerk

Section 7. The Bonds shall be signed by the manual or facsimile signature of the Borough chairman, shall be attested by the manual or facsimile signature of the Borough Clerk, and shall have the official seal or facsimile thereof of the Borough impressed thereon.

Section 8. There is hereby created a special fund of the Borough to be known as "South Kenai Peninsula Hospital Service Area Bond Redemption Fund", which fund shall be drawn upon for the sole purpose of paying principal of and interest on and redemption of the Bonds authorized herein. The Borough irrevocably covenants that it will levy and collect taxes annually upon all the taxable property within the South Kenai Peninsula Hospital Service Area without limitation as to rate or amount and in an amount sufficient, together with other revenues attributable to the operation of the South Kenai Peninsula Hospital as may be properly pledged for such payment to pay such principal and interest and to redeem Bonds as the same shall become due. All of such taxes so collected, together with other revenues so pledged, shall be paid into said Bond Redemption Fund on or before the date upon which any installment of interest or principal and interest shall become due and payable, or prior to such date upon which Bonds are subject to mandatory redemption pursuant to Section 5 of the Ordinance, in amounts sufficient, together with any fund balance previously paid into said Fund, to pay such installments as the same may become due and payable or to redeem such Bonds. The money so paid into the Bond Redemption Fund shall not be used for any other purpose than the payment of principal of and interest on and redemption of the Bonds authorized herein.

Section 9. The Borough shall establish and maintain appropriate records and books of account pertaining to the taxes levied and collected within the South Kenai Peninsula Hospital Service Area for payment of principal and interest on the Bonds, and pertaining to the revenues and prior deductions which constitute "other pledged revenues" and which are authorized and obligated for payment of principal and interest on said Bonds. The Borough shall report to the Secretary or his designee the status of such funds, books and records of account annually, and not later than ninety (90) days after the close of each fiscal year of the Borough. The Borough shall also furnish to the Secretary or to his designee such other reports or information as may reasonably be requested by such persons, and shall make available for their inspection at any reasonable time all records and books of account pertaining to said Bonds.

Section 10. There is hereby created a special fund of the Borough to be known as the "South Kenai Peninsula

Hospital Service Area Construction Fund" into which all proceeds received by the Borough from the sale of the Bonds shall be paid. All costs of construction of the facilities for which these Bonds have been sold shall be paid by draws made upon said Construction Fund in such amounts as may from time to time be required. The Borough shall account for all payments into and draws from the Construction Fund by maintenance of suitable records and books of account which may be inspected at any reasonable time by the Secretary or by his designee.

Section 11. Any default by the Borough in its performance of all of the terms and conditions contained in this Ordinance, in the Loan Agreement between the Borough and the Secretary, or in any other binding legal obligation between the Borough and the Secretary except failure by the Borough to make payments of principal and interest on the Bonds when the same shall become due, shall be promptly reported in writing by the Secretary or by his designee to the Borough. Upon receipt of such notification, the Borough shall be permitted a period of forty-five (45) days to remedy such default to the satisfaction of the Secretary. The Secretary may, in his discretion, grant to the Borough any additional extension of time he may deem reasonable. Should the Borough fail, refuse or be unable to correct any default within such period of time, or within any additional extension of time if granted, then upon the expiration of said period of time, or of any extension thereof, the entire amount of this bond issue then outstanding, plus interest and costs, shall immediately become due and payable.

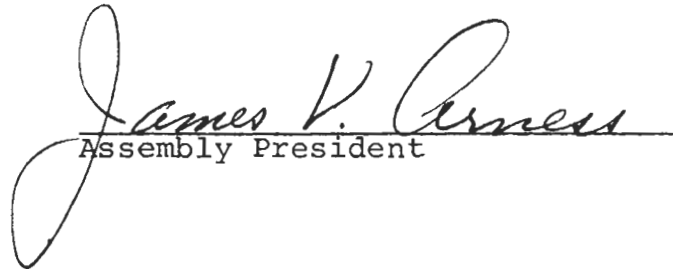
Section 12. The Borough has entered into a Direct Loan Agreement with the United States of America, Secretary of Health, Education and Welfare pursuant to which the Secretary has agreed to extend a direct loan to the Borough in an amount equal to \$708,000, the loan to be evidenced by Bonds to be in form and substance acceptable to the Secretary. Pursuant to such Agreement the Secretary will at an appropriate closing provide the Borough with a Bond Purchase Agreement which will provide for the subsequent delivery of the Bonds against cash. The Bonds authorized herein shall be issued to the Secretary pursuant to the provisions of the Direct Loan Agreement and the Bond Purchase Agreement to be entered into by the Borough and the Secretary.

Section 13. The Borough Mayor, Clerk, Director of Finance and Attorney are hereby both authorized and directed to take each and every action of their respective offices

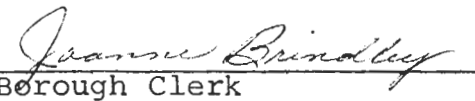
which may be necessary or appropriate to accomplish the issuance and delivery of the Bonds authorized by this Ordinance.

Section 14. This Ordinance shall become effective on the day of its enactment.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH this 21 day of January, 1975.


Assembly President

ATTEST:


Deputy Borough Clerk

