

Introduced by:	Mayor
Date:	04/03/01
Hearing:	05/01/01
Action:	Enacted as Amended
Vote:	7 Yes, 0 No, 2 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2001-09**

**AN ORDINANCE AUTHORIZING THE KENAI PENINSULA BOROUGH TO  
EXECUTE AND DELIVER AN EQUIPMENT LEASE PURCHASE AGREEMENT IN  
AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,400,000 TO PAY THE  
COST OF ACQUIRING AND INSTALLING A CT SCANNER FOR THE CENTRAL  
PENINSULA GENERAL HOSPITAL; AND PROVIDING FOR RELATED MATTERS**

**WHEREAS,** Central Peninsula General Hospital, Inc. ("CPGH, Inc.") solicited bids for a CT scanner to replace the existing CT scanner at Central Peninsula General Hospital ("CPGH") through a competitive bidding process, Siemens submitted the lowest bid to provide a CT scanner, and CPGH, Inc. also concluded that the Siemens CT scanner was its first choice based on the quality of the equipment, the integration with other information systems at CPGH, and the efficiency of common maintenance support; and

**WHEREAS,** CPGH, Inc. has recommended that the Kenai Peninsula Borough (the "Borough") purchase a new CT scanner from Siemens to replace the existing CT scanner at CPGH; and

**WHEREAS,** the Central Peninsula Hospital Service Area Board of Directors has approved the procurement of the CT Scanner as recommended by CPGH, Inc.; and

**WHEREAS,** the CPGH, Inc. Board of Directors is requesting that the Assembly approve the lease-purchase of the new CT Scanner in order to take advantage of favorable interest rates currently available and so that CPGH Plant Expansion and Replacement Fund moneys can be retained for other necessary capital improvement projects; and

**WHEREAS,** the Assembly finds that the acquisition and installation of the new CT scanner (the "Project") is in the best interest of the Borough and in furtherance the of the public purposes of the Borough; and

**WHEREAS,** the Assembly finds that the Project will be used for an essential public function of the Borough; and

**WHEREAS,** the Assembly finds that it is in the best interest of the Borough and in furtherance of the public purposes of the Borough, to finance the Project by the execution and delivery of a Lease Purchase Agreement (the "Lease"); and

**WHEREAS,** the Borough has solicited and received proposals to provide lease purchase financing for the Project, and has determined that Ashford Capital Corporation (the "Lessor") has submitted the financing proposal that will result in the lowest true interest cost to the Borough; and

**WHEREAS,** there has been presented to the Borough the form of the Lease which the Borough proposes to enter into in connection with the financing of the Project; and

**WHEREAS,** it appears that the Lease, which now is before the Borough, is in appropriate form and is an appropriate instrument for the purposes intended; and

**WHEREAS,** §1.150-2 of the Income Tax Regulations requires that the Borough timely declare its intent to reimburse original expenditures for costs of the Project with proceeds of the Lease, so that the reimbursement will qualify as an expenditure of proceeds of the Lease;

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

**SECTION 1.** The Assembly approves the lease-purchase of the Project for CPGH.

**SECTION 2.** The Mayor or his designee is authorized to enter into a contract with Siemens for the purchase and installation of a new CT Scanner at CPGH for a capital cost not to exceed \$1,400,000.

**SECTION 3.** The financing of the Project is hereby awarded to the Lessor, in accordance with the terms and conditions set forth in the Lease.

**SECTION 4.** The form and content of the Lease hereby are in all respects authorized, approved and confirmed, and the Mayor is authorized, empowered and directed to execute and deliver said document to the counterparty for and on behalf of the Borough in substantially the form and content now before this meeting but with such changes, modifications, additions and deletions therein as shall to him seem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of the approval of any and all changes, modifications, additions or deletions therein from the form and content of the said documents now before this meeting, and from and after the execution and delivery of the said documents the Mayor and the Clerk each is hereby authorized, empowered and directed to do all such acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of the said document as executed.

**SECTION 5.** The Lease does not constitute an indebtedness or other liability of the Borough, but shall be payable solely from payments of rent to be made by the Borough, subject to annual appropriation of the Assembly.

**SECTION 6.** The Mayor, Finance Director and Clerk or any other person authorized by the Borough each hereby is authorized to execute and deliver for and on behalf of the Borough any and all additional certificates, documents, opinions or other papers and perform all other acts as they may deem necessary or appropriate in order to implement and carry out the intent and purposes of this ordinance.


**SECTION 7.** The Borough designates the Lease as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"). The Borough covenants that it shall not issue during the calendar year 2001 more than \$10,000,000 in aggregate principal amount of tax exempt obligations other than tax exempt obligations described in Section 265(b)(3)(C)(ii) of the Code.

**SECTION 8.** The Borough hereby declares its intent to reimburse original expenditures for costs of the Project from proceeds of the Lease in the maximum principal amount of \$1,400,000.

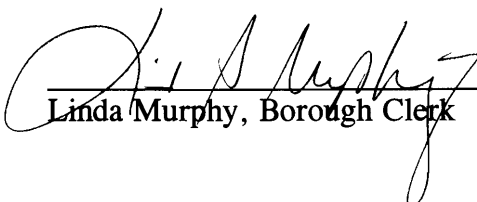
**SECTION 9.** The provisions of this ordinance hereby are declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions hereof.

**SECTION 10.** This ordinance shall become effective upon passage and approval.

**ENACTED BY THE KENAI PENINSULA BOROUGH ASSEMBLY THIS 1ST DAY OF MAY, 2001.**

  
Timothy Navarre, Assembly President

**ATTEST:**

  
Linda Murphy, Borough Clerk

