



## KENAI PENINSULA BOROUGH

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DAVE CAREY  
BOROUGH MAYOR

### MEMORANDUM

**TO:** Milli Martin, Assembly President  
Members, Kenai Peninsula Borough Assembly

**FROM:** Gary Knopp, Assembly Member *GK*  
Gary Superman, Assembly Member *Sm for GS*

**DATE:** April 15, 2009

**SUBJECT:** Ordinance 2009-15, authorizing the borough to lend funds for public utility companies to finance the installation of utility lines in the area of the borough outside the cities

This ordinance was submitted with blanks for the total principal investment and for the amount of the application fee. Please insert the following amounts which track the amounts for Utility Special Assessment District, as this is a proposal alternate to the USAD process.

➤ Amend Section 1 as follows:

**SECTION 1.** That KPB 5.10.040 (A) is hereby amended by adding subparagraph 14 to read as follows:

**5.10.040. Authorized investments.**

A. Borough moneys shall be invested only in the following instruments. All securities purchased by the borough, and all other borough investments, must mature not later than the time indicated below, measured from the date of the borough's investment transaction:

...

14. Collateralized loans to public utilities regulated by the Regulatory Commission of Alaska solely for the purpose of financing the extension of utility lines in the area of the borough outside the cities in the borough. The total principal investment shall not exceed \$2,000,000 at the end of any fiscal year. The rate the borough shall receive when investing in utility projects pursuant to this provision is the prime rate plus 2 percent on the date the investment transaction is closed. All investments made pursuant to this provision must mature and be due and

payable in full not more than 10 years after the borough's investment transaction has closed. Any loans made pursuant to this provision shall be in accordance with the procedures established in KPB Chapter 5.40.

➤ Amend KPB 5.40.030 within Section 2 as follows:

**5.40.030. Project Application.**

To receive funds pursuant to this chapter, the public utility must first submit an application fee in the amount of **\$1,000**, along with an application to the Borough Finance Department on a form provided by the borough containing, at a minimum, the following information:

1. The estimated cost of the proposed project.
2. The amount of the loan requested of the borough.
3. All other sources of financing to be used for the project and the amount to be financed by each such source.
4. The nature and location of the proposed utility improvement.
5. The properties to be charged for the utility improvement.
6. A map showing the proposed project and the properties to be charged.
7. The proposed payment plan between the utility company and the property owners.
8. Signed agreements from the owner of each and every property to be charged stating their agreement to pay all charges plus interest to the utility company.
9. A detailed description of the collateral to be provided to the borough to secure the loan.
10. The most recent three years annual financial statements from the public utility.
11. A copy of the utility's certificate of public convenience and necessity showing the necessary authorization to install and operate the utility.
12. Such other information as may be required by the borough administration to ensure the propriety and validity of this investment.