

Introduced by: Mayor
Date: 12/08/98
Action: Adopted
Vote: 8 Yes, 1 No

**KENAI PENINSULA BOROUGH
RESOLUTION 98-097**

**A RESOLUTION OF THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH,
ALASKA, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED
\$8,500,000 REVENUE BONDS, 1998 (SOUTHCENTRAL FOUNDATION PROJECT);
THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT TO SECURE THE
BONDS; AND PROVIDING FOR RELATED MATTERS**

- WHEREAS,** Southcentral Foundation (the "Borrower") proposes to acquire the Native Primary Care Center in Anchorage, Alaska,(the "Project"), and the Borrower has requested that the Kenai Peninsula Borough (the "Borough") issue its not to exceed \$8,500,000 Revenue Bonds, 1998 (Southcentral Foundation Project) (the "Bonds") to provide funds to finance the acquisition of the Project; and
- WHEREAS,** the Borough is a second class borough, and under AS 29.47.390 may issue revenue bonds to finance any project that serves a public purpose, with the bonds being secured by and payable from revenues provided by the Borrower; and
- WHEREAS,** the Borough finds that the acquisition of the Project by the Borrower will enhance the delivery of health care services to residents of the Borough, and that the financing of the Project through non-recourse revenue bonds issued by the Borough is in the best interest, and will serve a public purpose, of the Borough; and
- WHEREAS,** the Borough will sell the Bonds to National Bank of Alaska (the "Purchaser") in accordance with terms approved by the Borrower; and
- WHEREAS,** the Borough will loan the proceeds of the Bonds to the Borrower pursuant to a Loan Agreement (the "Loan Agreement") between the Borrower and the Borough, under the terms of which (i) the Borrower will be obligated to pay an amount sufficient to pay when due the principal of, premium, if any, and interest on the Bonds, together with all expenses of the Borough properly incurred therewith, and (ii) all rights of the Borough under the Loan Agreement, except certain rights to reimbursement and indemnification, will be assigned without recourse to the Purchaser; and
- WHEREAS,** the Borough will hold a public hearing on the Bonds as required by Section 147(f) of the Internal Revenue Code of 1986 (the "Code"); and
- WHEREAS,** there has been presented to the Borough the form of the Loan Agreement which the Borough proposes to enter into in connection with the issuance of the Bonds; and

WHEREAS, it appears that the Loan Agreement, which now is before the Borough, is in appropriate form and is an appropriate instrument for the purposes

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

SECTION 1. In order to provide funds to finance the acquisition of the Project by the Borrower, the issuance and delivery of the Bonds in the principal amount necessary for such purpose, but in no event to exceed \$8,500,000, and in substantially the form and content set forth in the Loan Agreement, subject to appropriate insertions and revisions, hereby are in all respects authorized, approved and confirmed, and the Mayor and Clerk of the Borough hereby are authorized, empowered and directed to execute the Bonds (either by manual or facsimile signature), seal the Bonds with the official seal of the Borough (manually or by facsimile), and deliver the Bonds on behalf of the Borough to the Purchaser.

SECTION 2. The Bonds do not constitute an indebtedness or other liability of the Borough, but shall be payable solely from payments to be made by the Borrower under the Loan Agreement. Neither the faith and credit nor the taxing power of the Borough shall be pledged to the payment of the Bonds.

SECTION 3. The aggregate principal amount of the Bonds, the principal amount of each maturity and sinking fund installment of the Bonds, the interest rates on the Bonds, the terms for optional redemption of the Bonds, the date of the Bonds, and the principal and interest payment dates for the Bonds, shall be fixed and determined by the Mayor at the time of execution of the Loan Agreement; provided that the true interest cost of the Bonds shall not exceed 5.8%.

SECTION 4. The form and content of the Loan Agreement hereby are in all respects authorized, approved and confirmed, and the Mayor or the Finance Director hereby is authorized, empowered and directed to execute and deliver to the counterparties said document 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 approval of any and all changes, modifications, additions or deletions therein from the form and content of said document now before this meeting, and from and after the execution and delivery of said document, the Mayor, the Finance Director and Clerk each hereby is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of said document as executed.

SECTION 5. 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 resolution.

SECTION 6. The Borough covenants that it shall not use any of the proceeds of the Bonds, or take or omit to take any other action, in a manner which would impair the exemption of interest on the Bonds from federal income taxation. The Borough further covenants that it shall not use any proceeds of the Bonds or any other funds of the Borough in a manner which would cause the Bonds to be or become "arbitrage bonds" under Section 148 of the Code.


SECTION 7. The Borough designates the Bonds as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code. The Borough covenants that it shall not issue during the calendar year 1998 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 issuance and delivery of the Bonds by the Borough shall be conditioned upon the Borrower paying to the Borough the sum of \$25,000, plus attorney fees and all expenses incurred by the Borough in connection with the issuance and delivery of the Bonds, as consideration for the Borough's acting as issuer of the Bonds.

SECTION 9. The provisions of this resolution 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.

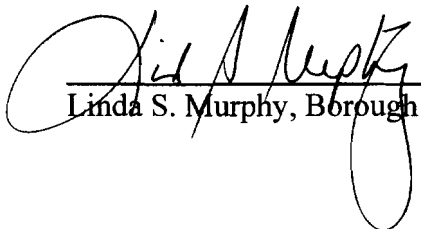
SECTION 10. This resolution shall become effective upon passage and approval.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 8TH DAY OF DECEMBER, 1998.



Ronald Wm. Drathman, Assembly President

ATTEST:



Linda S. Murphy, Borough Clerk