

KENAI PENINSULA BOROUGH
SPECIAL ELECTION - MAY 8, 2007

Proposition No. 1

SOUTH PENINSULA HOSPITAL
CAPITAL IMPROVEMENT GENERAL OBLIGATION BONDS

(To be voted on by all voters of the South Kenai Peninsula Hospital Service Area)

Shall the Kenai Peninsula Borough borrow up to \$14,700,000 through the issuance of South Kenai Peninsula Hospital Service Area general obligation bonds?

The bond proceeds of \$14,700,000 will be used to pay the costs of planning, designing, site preparation, constructing, acquiring, renovating, installing, and equipping the South Peninsula Hospital located within the South Kenai Peninsula Hospital Service Area.

The general obligation bond debt will be paid from operating revenues generated by the South Peninsula Hospital and from ad valorem taxes on all taxable property levied and collected in the South Kenai Peninsula Hospital Service Area. The South Kenai Peninsula Hospital Service Area will pledge its full faith and credit for payment of the general obligation bond debt.

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value in the South Kenai Peninsula Hospital Service Area (based on the estimated 2006 tax year assessed valuation) an annual tax of approximately \$98 (an amount equal to .98 mills) to retire the proposed general obligation bond debt.

YES [A Yes vote approves the sale of bonds for Phase II capital improvements at the South Peninsula Hospital.]

NO [A No vote prohibits the issuance of bonds for Phase II capital improvements at the South Peninsula Hospital.]

PROPOSITION SUMMARY:

In 2003, voters of the South Kenai Peninsula Hospital Service Area approved the issuance of \$10,290,000 of general obligation bonds for expansion and renovation of the South Peninsula Hospital. The project was separated into two phases, with Phase I nearly complete.

Voter approval is now sought for funding Phase II of the South Peninsula Hospital expansion project, at a sum of not-to-exceed \$14,700,000. Phase II costs are estimated at approximately \$15,200,000. It is also estimated that \$700,000 will remain after Phase I is completed and will be available to support the final phase of the hospital expansion project.

\$15,200,000	(Estimated Cost of Phase II)
<u>- 700,000</u>	(Remaining from Phase I)
\$14,500,000	Subtotal
<u>+ 200,000</u>	(Project Contingency)
\$14,700,000	TOTAL Bond Funding

Voters of the South Kenai Peninsula Hospital Service Area are to decide if the Kenai Peninsula Borough should borrow up to \$14,700,000 through the issuance of South Kenai Peninsula Hospital Service Area general obligation bonds. The full faith and credit of only the Service Area will be pledged for the payment of the principal of and interest on the bonds. The bond debt would be paid from operating revenues generated by the South Peninsula Hospital and from ad valorem taxes on all taxable property levied and collected in the service area--levied without limitation as to rate or amount necessary to pay the principal of and interest on the bonds when due. Presently, based on the estimated 2006 tax year assessed valuation, for each \$100,000 of assessed real and personal property, an annual tax of approximately \$98 (an amount equal to .98 mills) would be levied and collected.

Ballots were mailed to all qualified voters of the Service Area. There will be no polling places for this special by-mail election. Voting Assistance is available Monday-Friday (8 AM - 5 PM) at:

Office of the Borough Clerk
144 N. Binkley Street
Soldotna, AK 99669
1-800-478-4441, # 2160
(907) 714-2160

Borough Assessing Office
206 E. Pioneer Avenue
Homer, AK 99603