

# KENAI PENINSULA BOROUGH PROPOSITION SUMMARY

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## PROPOSITION NO. 1 EDUCATIONAL CAPITAL IMPROVEMENT GENERAL OBLIGATION BONDS

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*Shall the Kenai Peninsula Borough borrow up to \$16,866,500 through the issuance of general obligation bonds?*

The general obligation bond proceeds will be used to pay costs of planning, designing, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects consisting of roof replacements on Chapman School, District-wide warehouse, Homer Middle School, K-Beach Elementary, Kenai Central High School, Kenai Elementary, McNeil Canyon Elementary School, Nikiski Middle/High School, Ninilchik High School, Seward Elementary, and Soldotna High School and similar education capital improvements in the Borough.

The debt will be paid from ad valorem taxes on all taxable property levied and collected areawide in the Borough. The Borough will also pledge its full faith and credit for payment of the debt. The approximate annual amount of taxes on \$100,000 of assessed real or personal property value (based on the Borough's 2010 taxable assessed valuation) to retire the debt is \$5.78, assuming 70 percent debt service reimbursement from the State of Alaska, or \$19.28 without State reimbursement.

No bonds will be issued, however, unless and until the project qualifies for at least 70% debt service reimbursement from the State of Alaska under existing or new legislation. Receipt of State reimbursement is subject to legislative appropriations.

**Fiscal Note:** it is estimated that the annual debt service for the school bonds would be approximately \$1,299,019 of which \$860,313 would be received from the State of Alaska under the 70% debt reimbursement program, resulting in a net cost to the Borough of \$368,706; an amount equal to \$5.78 per \$100,000 of assessed real or personal property (based upon the Borough's 2010 taxable assessed valuation).

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## BALLOT LANGUAGE

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*Shall the Kenai Peninsula Borough borrow up to \$16,866,500 through the issuance of general obligation bonds?*

- Yes [A Yes vote approves the sale of bonds only if, and to the extent that, such project qualifies for at least 70% debt reimbursement from the State of Alaska.]
- No [A No vote opposes the sale of bonds.]