

**MEMORANDUM  
KENAI PENINSULA BOROUGH  
FINANCE DEPARTMENT**

**TO:** Gary Knopp, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** David R. Carey, Mayor

**FROM:** Craig Chapman, Finance Director

**DATE:** June 20, 2011

**SUBJECT:** Anchor Point USAD – Financing

The Borough plans to provide the funds necessary to finance the Anchor Point USAD from internal sources. KP.B 5.10.040 allows the investment of borough monies in special assessment districts that are authorized under KP.B 5.35. The total of such investments is limited to not more than \$2,000,000 at the end of any fiscal year. As of June 20, 2011 the borough has \$532,947.84 invested in special assessment districts. If approved, the \$723,410 projected for the Anchor Point USAD will increase the borough's total principal investment to approximately \$1,256,357.84.

The owners of property located within the USAD will be required to make principal and interest payments each year for a ten-year period to retire the indebtedness to the borough. The rate of interest will be equal to the prime rate plus 2%. The prime rate is currently 3.25%. If it remains at that level, the rate of interest charged to the USAD will be 5.25%. Property owners can avoid or reduce the interest charge by making accelerated payments on the principal. Penalties are not imposed for accelerated payments.

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