



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

TO: Gary Knopp, Assembly President
Members of the Kenai Peninsula Borough Assembly

THRU: Mike Navarre
Kenai Peninsula Borough Mayor

FROM: Craig Chapman, Finance Director *C Chapman*

DATE: July 23, 2012

SUBJECT: Anchor View Estates Utility Special Assessment District ("USAD") Financing

The Borough plans to provide the funds necessary to finance the Anchor View Estates USAD from internal sources. KPB 5.10.040 allows the investment of borough monies in special assessment districts that are authorized under KPB 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 May 31, 2012, the borough has \$1,176,254 invested in special assessment districts. If approved, the \$182,229 projected for the Anchor View Estates USAD will increase the total special assessment district investment to approximately \$1,358,483.

The owners of property located within the RIAD 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 (currently 3.25%) plus 2% or 5.25%. Property owners can avoid or reduce the interest charge by making accelerated payments on the principal. Penalties will not be imposed for accelerated payments. The assessment constitutes a lien on each parcel within the district.