



KENAI PENINSULA BOROUGH

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**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

TO: Linda Murphy, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MN*

FROM: Craig Chapman, Director of Finance *C Chapman*

DATE: November 21, 2012

SUBJECT: Resolution 2012-091, providing for the issuance and sale of general obligation bonds for capital improvement projects in the Bear Creek Fire Service Area

The attached resolution authorizes the issuance of up to \$1,400,000 in general obligation bonds through the Alaska Municipal Bond Bank Authority. A majority of service area residents voting in the October 2, 2007, election approved the issuance of these bonds. As described in the proposition, the total amount is authorized to pay the costs of planning, designing, site preparation, constructing, acquiring, renovating, installing, and equipping the Bear Creek Fire Service Area facility.

The resolution authorizes the Borough Mayor, Finance Director and Clerk to execute the documents and agreements necessary to complete the sale of the bonds. The resolution limits the term of the bonds to twenty years and the interest rate to no more than 6.0 percent. Based on current interest rates for tax-exempt municipal debt, it is anticipated that the true interest rate of the bonds will be between 3.5 percent and 4.5 percent. The actual rate of interest is subject to market conditions as of the actual sale date.

I will keep the assembly informed as we progress through the bond issuance process.