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HALIFAX PO Box 1749
REGIONAL MUNICIPALITY Halifax, Nova Scotia
B3J 3A5 Canada

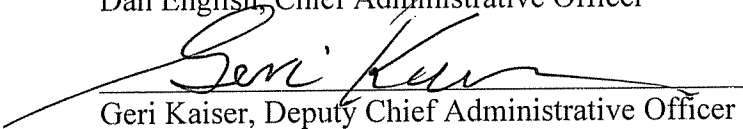
Halifax Regional Council
March 27, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Geri Kaiser, Deputy Chief Administrative Officer

DATE: March 14, 2007

SUBJECT: Resolution to renew 04/05 Temporary Borrowing Resolution
\$10,434,400
2007 Spring Debenture \$19,567,000

ORIGIN

Capital Funding Requirements.

RECOMMENDATION

It is recommended that:

- 1) Halifax Regional Council approve a Temporary Borrowing Resolution in the amount of \$10,434,400 for renewal of the expiring Temporary Borrowing Resolution 04/05-04.
- 2) The Mayor and Municipal Clerk be authorized to sign the Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate confirmation, not to exceed 6.0%, to enable the Halifax Regional Municipality to issue a 10-year debenture in the amount of \$19,567,000.

BACKGROUND

The Municipal Government Act requires Municipalities in the Province of Nova Scotia to approve temporary borrowing resolutions in order to borrow money for capital purposes. This resolution must subsequently be approved by the Minister of Service Nova Scotia and Municipal Relations.

The Act further provides the legislative authority for a Council to pass a resolution that sets the parameters for a debenture issue.

DISCUSSION

A Temporary Borrowing Resolution is also required for renewal of expiring Temporary Borrowing Resolution 04/05-04 (\$10,434,400).

As stated above, the Municipal Government Act provides the legislative authority for a Council to pass a resolution that sets the parameters for a debenture issue. If the terms of the subsequently negotiated debenture issue are within the parameters, there is no longer a need for Council to approve the specifics of the issue and therefore, the debenture documents can be finalized in less time. The parameters set out in the attached resolution for preapproval of debenture issuance are as follows:

Amount	\$ 19,567,000
Maximum average interest rate	6.0 %
Terms	10 years

The following payment schedule is based on an interest rate of 6.0%, the maximum permitted per the Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate, and a debenture issue date estimated at June 2007.

**Temporary Borrowing Resolution
and 2007 Spring Debenture**

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**Halifax Regional Council
March 27, 2007**

FISCAL YEAR	Year	PRINCIPAL	INTEREST	TOTAL	EFFECTIVE RATE
2007/08	1		\$587,010	\$587,010	6.0%
2008/09	2	\$1,956,700	\$1,115,319	\$3,072,019	6.0%
2009/10	3	\$1,956,700	\$997,917	\$2,954,617	6.0%
2010/11	4	\$1,956,700	\$880,515	\$2,837,215	6.0%
2011/12	5	\$1,956,700	\$763,113	\$2,719,813	6.0%
2012/13	6	\$1,956,700	\$645,711	\$2,602,411	6.0%
2013/14	7	\$1,956,700	\$528,309	\$2,485,009	6.0%
2014/15	8	\$1,956,700	\$410,907	\$2,367,607	6.0%
2015/16	9	\$1,956,700	\$293,505	\$2,250,205	6.0%
2016/17	10	\$1,956,700	\$176,103	\$2,132,803	6.0%
2017/18	11	\$1,956,700	\$58,701	\$2,015,401	6.0%
Total		\$19,567,000	\$6,457,110	\$26,024,110	6.0%

The suggestion for an upper limit on interest costs is an average interest rate of six percent, supplied by Nova Scotia Municipal Finance. The last debenture, Fall 2006, had interest rates varying from 4.10% to 4.41%. The Spring 2006 debenture resulted in interest at the rates of 4.28% to 4.88%. It is anticipated that this debenture will have lower than the 6.0% estimated interest rate.

BUDGET IMPLICATIONS

The interest payments for this debenture will be included in the 2007/08 operating budget.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves as well as any relevant legislation.

ALTERNATIVES

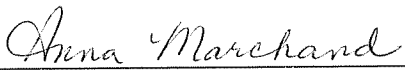
There are no alternatives

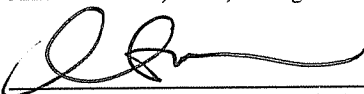
ATTACHMENTS

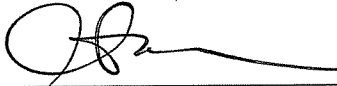
Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate \$19,567,000
Temporary Borrowing Resolution \$10,434,400

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk, at 490-4234 (TEL) or 490-4208 (FAX)

Report prepared by: Fred Colaiacovo, CA, Team Lead Accounting 490-5656

Report reviewed by: 
Anna Marchand, CMA, Manager of Accounting 490-7222

Report approved by: 
Catherine Sanderson, CMA Senior Manager, Financial Services 490-1562

Report approved by: 
FOR Cathie O'Toole, CGA, A/Director of Finance 490-6308

WHEREAS Section 91 of the *Municipal Government Act* provides that a municipality is authorized to borrow money, subject to the approval of the Minister of Service Nova Scotia and Municipal Relations;

AND WHEREAS the resolution of council to borrow was approved by the Minister of Service Nova Scotia and Municipal Relations as follows:

Resolution Number	Purpose	Ministerial Approval Date
07/08-	Renewal of 04/05-04	Pending

AND WHEREAS clause 91(1)(b) of the *Municipal Government Act* authorizes the council to determine the amount and term of, and the rate of interest, on each debenture, when the interest on a debenture is to be paid, and where the principal and interest on a debenture are to be paid;

AND WHEREAS clause 91(2) of the *Municipal Government Act* states, that in accordance with the *Municipal Finance Corporation Act*, the Mayor and Clerk or the person designated by the Council, by policy, shall sell and deliver the debentures on behalf of the municipality at the price, in the sums and in the manner deemed proper;

BE IT THEREFORE RESOLVED

THAT under the authority of Section 91 of the *Municipal Government Act*, the Halifax Regional Municipality borrow by the issue and sale of debentures a sum or sums not exceeding \$19,567,000 for a period not to exceed 10 years, subject to the approval of the Minister of Service Nova Scotia and Municipal Relations;

THAT the sum be borrowed by the issue and sale of debentures of the Halifax Regional Municipality in the amount that the Mayor and Clerk or the person designated by the Council deems proper, provided the average interest rate of the debenture does not exceed the rate of 6.0%;

THAT the debenture be arranged with the Nova Scotia Municipal Finance Corporation with interest to be paid semi annually and principal payments made annually;

THAT this resolution remains in force for a period not exceeding twenty four months from the passing of this resolution.

THIS IS TO CERTIFY that the foregoing is a true copy of a resolution duly passed at a meeting of the Municipal Council of the Halifax Regional Municipality held on the _____ day of _____, 2007

GIVEN under the hands of the Mayor and Municipal Clerk and under the Corporate Seal of the Halifax Regional Municipality, this _____ day of _____, 2007.

Mayor

Municipal Clerk

HALIFAX REGIONAL MUNICIPALITY

Breakdown of Proposed Debenture 2007A1

	TOTAL
EQUIPMENT & FLEET	
Fire & Emergency Services	\$ 3,394,733
General Government	5,000
Police Services	33,025
Regional Operations	<u>196,856</u>
	<u>\$ 3,629,614</u>
LAND & BUILDINGS	
Community Services	\$ 6,622
Fire & Emergency Services	61,781
General Government	124,515
Library	22,664
Regional Operations	<u>157,606</u>
	<u>\$ 373,188</u>
PARKS & PLAYGROUNDS	<u>\$ 992,760</u>
SEWERS	<u>\$ 1,078,551</u>
STREETS & SIDEWALKS	<u>\$13,492,887</u>
TOTAL DEBENTURE	<u>\$19,567,000</u>

**HALIFAX REGIONAL MUNICIPALITY
RENEWAL OF BORROWING RESOLUTION**

\$10,434,400

File No.07/08 -
Renewal of 04/05-04

WHEREAS the Halifax Regional Municipality is Authorized by law to borrow by the issue and sale of debentures of the Municipality a sum not exceeding Ten Million Four Hundred and Thirty-Four Thousand Four Hundred Dollars (\$10,434,400) for the purposes of:

- wastewater facilities and stormwater systems;
- streets, culverts, retaining walls, sidewalks, curbs and gutters;
- land and buildings required for a municipal purpose;
- acquisition of equipment, materials, vehicles, machinery, apparatus, implements and plant for a municipal purpose;
- equipping and maintaining fire departments or emergency services providers;
- furnishing and equipping any municipal facility;

AND WHEREAS the specific amounts and descriptions of the projects are contained in schedule "A" (attached):

AND WHEREAS pursuant to resolution 04/05-4 passed by the Municipal Council on the 11th day of April, 2005. ;

AND WHEREAS the said Municipality has repaid a sum leaving a balance of Ten Million Four Hundred and Thirty-Four Thousand Four Hundred Dollars (\$10,434,400) to be borrowed for the purpose set out above;

AND WHEREAS it is deemed expedient that the period of borrowing be further extended;

BE IT THEREFORE RESOLVED

THAT subject to the approval of the Minister of Service Nova Scotia and Municipal Relations the authorized period of borrowing in the amount of Ten Million Four Hundred and Thirty-Four Thousand Four Hundred Dollars (\$10,434,400) be extended for a further period not exceeding twenty-four (24) months from the date of the approval of the Minister of Service Nova Scotia and Municipal Relations;

THIS IS TO CERTIFY that the foregoing is a true copy of a resolution duly passed at a duly called meeting of the Council of the Halifax Regional Municipality held on the day of 2007.

GIVEN under the hands of te Mayor and Clerk and under the seal of the Municipality on the day of 2007.

Mayor

Clerk

HALIFAX REGIONAL MUNICIPALITY

Renewal of Borrowing Resolution
Schedule "A"

\$10,434,400

File No. 07/08
Renewal of 04/05-04

TOTAL

EQUIPMENT & FLEET

Community Services	\$ 16,000
Fire & Emergency Services	455,633
General Government	2,063,165
Regional Operations	<u>1,487,510</u>
	<u>\$ 4,022,308</u>

LAND & BUILDINGS

Community Services	\$ 126,499
Fire & Emergency Services	476
Regional Operations	<u>16,089</u>
	<u>\$ 143,064</u>

SEWERS

\$ 3,549,912

STREETS & SIDEWALKS

\$ 2,719,116

TOTAL RENEWAL

\$10,434,400