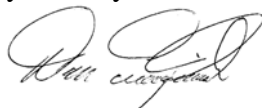


Halifax Regional Council
September 16, 2008

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Geri Kaiser, Deputy Chief Administrative Officer - Corporate Services
& Strategy

DATE: August 27, 2008

SUBJECT: **Temporary Borrowing Resolutions and Fall Debenture**

ORIGIN

Capital Funding Requirements.

RECOMMENDATION

It is recommended that:

- 1) Halifax Regional Council approve a Temporary Borrowing Resolution, based on the 2008/09 Capital Budget, as well as other changes approved during the 2007/08 fiscal year in the amount of \$68,600,932
- 2) Halifax Regional Council approve a Temporary Borrowing Resolution in the amount of \$7,751,700 for refinancing of the balloon payment from the 98B1 Debenture
- 3) Halifax Regional Council approve a Temporary Borrowing Resolution in the amount of \$5,016,000 for renewal of the expiring Temporary Borrowing Resolution 03/04-01.
- 4) Halifax Regional Council approve a Temporary Borrowing Resolution in the amount of \$13,805,000 for renewal of the expiring Temporary Borrowing Resolution 06/07-01.
- 5) 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 7.0%, to enable the Halifax Regional Municipality to issue a 10-year debenture in the amount of \$ 24,738,000.

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

Temporary borrowing resolution's are required for financing the 2008/09 Capital Budget and other changes approved during the 07/08 fiscal year (\$68,600,932), and the refinancing of the balloon payment on the 98B1 debenture (\$7,751,700). Renewal's are also required for the temporary borrowing resolution's for 03/04 (\$5,016,000) and 06/07 (\$13,805,000).

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 | \$ 24,738,000 |
| Maximum average interest rate | 7.0 % |
| Terms | 10 years |

The following payment schedule is based on an interest rate of 7.0%, the maximum permitted per the Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate, and a debenture issue date estimated at November 2008.

| FISCAL YEAR | Year | PRINCIPAL | INTEREST | TOTAL | EFFECTIVE RATE |
|------------------------|-------------|------------------|-----------------|--------------|---------------------------|
| 2009/10 | 1 | \$ 2,473,800 | \$1,731,660 | \$4,205,460 | 7.0% |
| 2010/11 | 2 | \$ 2,473,800 | \$1,558,494 | \$4,032,294 | 7.0% |
| 2011/12 | 3 | \$ 2,473,800 | \$1,385,328 | \$3,859,128 | 7.0% |
| 2012/13 | 4 | \$ 2,473,800 | \$1,212,162 | \$3,685,962 | 7.0% |
| 2013/14 | 5 | \$ 2,473,800 | \$1,038,996 | \$3,512,796 | 7.0% |
| 2014/15 | 6 | \$ 2,473,800 | \$ 865,830 | \$3,339,630 | 7.0% |
| 2015/16 | 7 | \$ 2,473,800 | \$ 692,664 | \$3,166,464 | 7.0% |
| 2016/17 | 8 | \$ 2,473,800 | \$ 519,498 | \$2,993,298 | 7.0% |
| 2017/18 | 9 | \$ 2,473,800 | \$ 346,332 | \$2,820,132 | 7.0% |

| | | | | | |
|---------|----|--------------|------------|-------------|------|
| 2018/19 | 10 | \$ 2,473,800 | \$ 173,166 | \$2,646,966 | 7.0% |
|---------|----|--------------|------------|-------------|------|

| | | | | | |
|-------|--|--------------|-------------|--------------|------|
| Total | | \$24,738,000 | \$9,524,130 | \$34,262,130 | 7.0% |
|-------|--|--------------|-------------|--------------|------|

The suggestion for an upper limit on interest costs is an average interest rate of seven percent, supplied by Nova Scotia Municipal Finance. The last debenture, Spring 2008, had interest rates varying from 3.75% to 4.88%. The Fall 2007 debenture resulted in interest at the rates of 4.68% to 5.01%. It is anticipated that this debenture will have lower than the 7.0% estimated interest rate.

BUDGET IMPLICATIONS

The principal and interest payments for this debenture will be included in the 2009/10 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

- 1 - Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate \$24,738,000
- 2 - Temporary Borrowing Resolution for 98B1 balloon payment - \$7,751,700
- 3 - Temporary Borrowing Resolution for 2008/09 - \$68,600,932
- 4 - Renewal of Temporary Borrowing Resolution for 2003/04 - \$5,016,000
- 5 - Renewal of Temporary Borrowing Resolution for 2006/07 - \$13,805,000

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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

Financial Approval by:

Catherine Sanderson, Senior Manager, Financial Services, 490-1562

Report Approved by:

Debhi McCaig, MBA, CMA, Manager Accounting Operations, 490-7222

Attachment 1

Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate.

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;

**Temporary Borrowing Resolution
and 2008 Fall Debenture**

-4-

**Halifax Regional Council
September 16, 2008**

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 |
|-------------------|-------------------------------------|---------------------------|
| 03/04-01 | Renewal of 03/04-01 | Pending |
| 04/05-04 | Renewal of 04/05-04 | April 2007 |
| 05/06-02 | Renewal of 05/06-02 | September 2007 |
| 06/07-01 | Renewal of 06/07-01 | Pending |
| 07/08-01 | Financing of 07/08 capital budget | September 2007 |
| 08/09- | Financing of 08/09 capital budget | Pending |
| 08/09- | Refinancing of 98B1 balloon payment | 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 \$24,738,000 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 7.0%;

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 16th day of September, 2008

GIVEN under the hands of the Mayor and Municipal Clerk and under the Corporate Seal of the Halifax Regional Municipality, this _____ day of _____, 2008.

Mayor

Municipal Clerk

Breakdown of Proposed Debenture 2008B1

EQUIPMENT & FLEET

| | |
|---------------------|----------------------------|
| Community Services | \$ 19,219 |
| General Government | 629,861 |
| Police Services | 69,125 |
| Regional Operations | <u>3,504,267</u> |
| | <u>\$ 4,222,472</u> |

LAND & BUILDINGS

| | |
|---------------------------|---------------------------|
| Community Services | \$1,827,710 |
| Fire & Emergency Services | 2,084,126 |
| General Government | 3,148 |
| Library Services | 317,700 |
| Police Services | 25,812 |
| Regional Operations | <u>26,908</u> |
| | <u>\$4,285,404</u> |

PARKS & PLAYGROUNDS **\$140,175**

STREETS & SIDEWALKS **\$8,338,249**

Refinancing of balloon payment on 98B1 **\$7,751,700**

Total Debenture **\$24,738,000**

HALIFAX REGIONAL MUNICIPALITY
TEMPORARY BORROWING RESOLUTION

\$7,751,700

File No. 08/09-
Refinancing (98-B-1)

WHEREAS Section 66 of the Municipal Government Act provides that the Halifax Regional Municipality, subject to the approval of the Minister of Service Nova Scotia and Municipal Relations, may borrow to expend funds for a capital purpose authorized by statute;

AND WHEREAS clause 66(4)(b) of the Municipal Government Act authorizes the Halifax Regional Municipality to borrow funds to pay and retire debentures;

BE IT THEREFORE RESOLVED

THAT under the authority of Section 66 of the Municipal Government Act, the Municipality borrow a sum or sums not exceeding Seven Million Seven Hundred Fifty-One Thousand Seven Hundred Dollars (\$7,751,700) in total for the purpose set out above, 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 Municipality to such an amount as the Council deems necessary;

THAT the issue of debentures be postponed pursuant to Section 92 of the Municipal Government Act and that the Municipality borrow from time to time a sum or sums not exceeding Seven Million Seven Hundred Fifty-One Thousand Seven Hundred Dollars (\$7,751,700) in total from any chartered bank or trust company doing business in Nova Scotia;

THAT the sum be borrowed for a period not exceeding Twelve (12) months from the date of the approval of the Minister of Service Nova Scotia and Municipal Relations of this resolution;

THAT the interest payable on the borrowing be paid at a rate to be agreed upon; and

THAT the amount borrowed be repaid from the proceeds of the debentures when sold.

THIS IS TO CERTIFY that the foregoing is a true copy of a resolution duly passed at a meeting of the Council of the Halifax Regional Municipality held on the 16th day of September, 2008.

GIVEN under the hands of the Mayor the Clerk and under the seal of the Municipality this day of
2008.

Mayor

Clerk

HALIFAX REGIONAL MUNICIPALITY

TEMPORARY BORROWING RESOLUTION

\$68,600,932

File No.08/09-
2008/09 Capital Budget and Other
Approved Budget Increases

WHEREAS Section 66 of the Municipal Government Act provides that the Halifax Regional Municipality, subject to the approval of the Minister of Service Nova Scotia and Municipal Relations, may borrow to expend funds for a capital purpose authorized by statute;

AND WHEREAS clause 66(4)(b) of the Municipal Government Act, authorizes the Halifax Regional Municipality to borrow funds to pay and retire debentures;

BE IT THEREFORE RESOLVED

THAT under the authority of Section 66 of the Municipal Government Act, the Municipality borrow a sum or sums not exceeding Sixty-Eight Million Six Hundred Thousand Nine Hundred and Thirty-Two Dollars (\$68,600,932) in total for the purpose set out above, 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 Municipality to such an amount as the Council deems necessary;

THAT the issue of debentures be postponed pursuant to Section 92 of the Municipal Government Act and that the Municipality borrow from time to time a sum or sums not exceeding Sixty-Eight Million Six Hundred Thousand Nine Hundred and Thirty-Two Dollars (\$68,600,932) in total from any chartered bank or trust company doing business in Nova Scotia;

THAT the sum be borrowed for a period not exceeding Twenty Four (24) months from the date of the approval of the Minister of Service Nova Scotia and Municipal Relations of this resolution;

THAT the interest payable on the borrowing be paid at a rate to be agreed upon; and

THAT the amount borrowed be repaid from the proceeds of the debentures when sold.

THIS IS TO CERTIFY that the foregoing is a true copy of a resolution duly passed at a meeting of the Council of the Halifax Regional Municipality held on the 16th day of September, 2008.

Mayor

Clerk

**Breakdown of Proposed
2008/09 Temporary Borrowing Resolution**

EQUIPMENT & FLEET

| | |
|-----------------------------|----------------------------|
| Community Services | \$ 4,010,000 |
| Fire and Emergency Services | 2,272,000 |
| Regional Operations | <u>7,419,808</u> |
| | <u>\$13,701,808</u> |

LAND & BUILDINGS

| | |
|---------------------------|----------------------------|
| Community Services | \$ 9,128,000 |
| Fire & Emergency Services | 1,560,000 |
| General Government | 3,503,000 |
| Library Services | 1,900,000 |
| Regional Operations | <u>1,519,000</u> |
| | <u>\$17,610,000</u> |

| | |
|--------------------------------|------------------|
| PARKS & PLAYGROUNDS | \$ 61,084 |
|--------------------------------|------------------|

| | |
|--------------------|---------------------|
| SOLID WASTE | \$ 7,624,000 |
|--------------------|---------------------|

| | |
|--------------------------------|----------------------------|
| STREETS & SIDEWALKS | <u>\$29,604,040</u> |
|--------------------------------|----------------------------|

| | |
|--|----------------------------|
| <u>Total Temporary Borrowing Resolution</u> | <u>\$68,600,932</u> |
|--|----------------------------|

**HALIFAX REGIONAL MUNICIPALITY
RENEWAL OF BORROWING RESOLUTION**

\$5,016,000

File No.08/09 -
Renewal of 03/04-01

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 Five Million and Sixteen Thousand Dollars (\$5,016,000) 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;
- playgrounds, trails, bicycle paths, swimming pools, ice arenas and other recreational facilities;
- acquisition of equipment, materials, vehicles, machinery, apparatus, implements and plant for a municipal purpose;
- equipping and maintaining fire departments or emergency services providers;
- public libraries;
- public transportation services;
- 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 03/04-01 passed by the Municipal Council on the 19th day of September, 2006. The Council postponed the issue of debentures and with the approval of the Minister of Service Nova Scotia and Municipal Relations dated the 13th of October, 2006, borrowed from a chartered bank or trust company doing business in Nova Scotia a sum not exceeding Ten Million Eight Hundred and Sixty-Two Thousand Three Hundred and Eighty-One Dollars (\$10,862,381) for the purpose set out above for a period not exceeding twenty-four months;

AND WHEREAS the said Municipality has repaid a sum leaving a balance of Five Million and Sixteen Thousand Dollars (\$5,016,000) 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 Five Million and Sixteen Thousand Dollars (\$5,016,000) 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 16th day of September, 2008.

GIVEN under the hands of the Mayor and Clerk and under the seal of the Municipality on the day of 2008.

Mayor

Clerk

Renewal of Temporary Borrowing Resolution

\$5,016,000

File No. 08/09 -
Renewal of 03/04-01

EQUIPMENT & FLEET

| | |
|-----------------------------|----------------------------|
| Community Services | \$ 282,869 |
| Fire and Emergency Services | 8,255 |
| Police Services | 1,307,150 |
| General Government | <u>443,289</u> |
| | <u>\$ 2,041,563</u> |

LAND & BUILDINGS

| | |
|-----------------------------|--------------------------|
| Community Services | \$ 172,664 |
| Fire and Emergency Services | 44,423 |
| Library Services | 15,654 |
| Regional Operations | 286,688 |
| General Government | <u>1,977</u> |
| | <u>\$ 521,406</u> |

PARKS & PLAYGROUNDS **\$ 333,095**

SEWERS **\$ 505,529**

SOLID WASTE **\$ 127,538**

STREETS & SIDEWALKS **\$ 1,486,869**

Total Temporary Borrowing Resolution **\$ 5,016,000**

**HALIFAX REGIONAL MUNICIPALITY
RENEWAL OF BORROWING RESOLUTION**

\$13,805,000

File No.08/09 -
Renewal of 06/07-01

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 Thirteen Million Eight Hundred and Five Thousand Dollars (\$13,805,000) 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;
- playgrounds, trails, bicycle paths, swimming pools, ice arenas and other recreational facilities;
- acquisition of equipment, materials, vehicles, machinery, apparatus, implements and plant for a municipal purpose;
- equipping and maintaining fire departments or emergency services providers;
- public libraries;
- public transportation services;
- 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 06/07-01 passed by the Municipal Council on the 19th day of September, 2006. The Council postponed the issue of debentures and with the approval of the Minister of Service Nova Scotia and Municipal Relations dated the 13th of October, 2006, borrowed from a chartered bank or trust company doing business in Nova Scotia a sum not exceeding Forty-Three Million Seven Hundred and Twenty-Four Thousand Four Hundred and Four Dollars (\$43,724,404) for the purpose set out above for a period not exceeding twenty-four months;

AND WHEREAS the said Municipality has repaid a sum leaving a balance of Thirteen Million Eight Hundred and Five Thousand Dollars (\$13,805,000) 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 Thirteen Million Eight Hundred and Five Thousand Dollars (\$13,805,000) 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 16th day of September, 2008.

GIVEN under the hands of the Mayor and Clerk and under the seal of the Municipality on the day of 2008.

Mayor

Clerk

Renewal of Temporary Borrowing Resolution

\$13,805,000

File No. 08/09 -
Renewal of 06/07-01

EQUIPMENT & FLEET

| | |
|---------------------|---------------------|
| Regional Operations | \$ 1,978,190 |
|---------------------|---------------------|

LAND & BUILDINGS

| | |
|-----------------------------|----------------------------|
| Fire and Emergency Services | 1,543,156 |
| Regional Operations | <u>900,000</u> |
| | <u>\$ 2,443,156</u> |

| | |
|---------------|---------------------|
| SEWERS | \$ 5,534,125 |
|---------------|---------------------|

| | |
|--------------------------------|----------------------------|
| STREETS & SIDEWALKS | <u>\$ 3,849,529</u> |
|--------------------------------|----------------------------|

| | |
|--|-----------------------------------|
| <u>Total Temporary Borrowing Resolution</u> | <u><u>\$13,805,000</u></u> |
|--|-----------------------------------|