
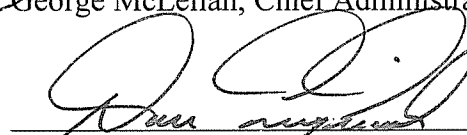


**Halifax Regional Council**  
**September 6, 2005**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
George McLellan, Chief Administrative Officer

  
Dan English, Deputy Chief Administrative Officer

**DATE:** August 17, 2005

**SUBJECT: Temporary Borrowing Resolutions and 2005 Fall Debenture**

**ORIGIN**

Capital Funding Requirements.

**RECOMMENDATION**

It is recommended that:

1. Halifax Regional Council approve a Temporary Borrowing Resolution, based on the 2005/06 Capital Budget, as well as the purchase of Alderney Gate, in the amount of \$60,949,000.
2. Halifax Regional Council approve a Temporary Borrowing Resolution in the amount of \$1,958,000 for refinancing of the balloon payment from the 95A1 Debenture.
3. Halifax Regional Council approve a Temporary Borrowing Resolution in the amount of \$17,313,000 for renewal of expired TB4 02/03-05 and expiring TBR 03/04-01.
4. 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 6.5%, to enable the Halifax Regional Municipality to issue a 10-year debenture in the amount of \$12,191,000, and a 20-year debenture in the amount of \$24,189,000, with an initial term of 15 years.

## 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 required for financing the 2005/06 Capital Budget (\$36,760,000), the acquisition of Alderney Gate (\$24,189,000), and for refinancing the balloon payment on debenture 95A1 (\$1,958,000). A Temporary Borrowing Resolution (\$17,313,000) is also required for replacement of expired TBR 02/03-05 and expiring TBR 03/04-01.

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 pre-approval of debenture issuance are as follows:

### 05/06 Capital Budget, Alderney Gate Purchase and Refinancing of 95A1

Amount	\$36,380,000
Maximum average interest rate	6.5%
Maximum term	20 years

The following payment schedule is based on an interest rate of 6.5%, the maximum permitted per the Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate, and a debenture issue date estimated at October, 2005. The repayment schedule includes:

- Years 1 - 10: Regular 2005 Fall Debenture \$1,005,879 principal per annum.
- Years 1 - 15: Alderney Gate: \$1,209,450 principal per annum.
- Year 10: Balloon payment for the refinancing of a portion of the 20 year debenture for Beaver Bank Community Centre and St. Margaret's Centre, \$2,132,250 principal.
- Year 15: Balloon payment for the refinancing of the 20 year debenture of Alderney Gate, \$6,047,250 principal.

FISCAL YEAR	Year	PRINCIPAL	INTEREST	TOTAL	EFFECTIVE RATE
2006/07	1	\$2,215,325	\$2,364,700	\$4,580,025	6.5%
2007/08	2	\$2,215,325	\$2,220,900	\$4,436,225	6.5%
2008/09	3	\$2,215,325	\$2,076,700	\$4,292,025	6.5%
2009/10	4	\$2,215,325	\$1,932,600	\$4,147,925	6.5%
2010/11	5	\$2,215,325	\$1,788,800	\$4,004,125	6.5%
2011/12	6	\$2,215,325	\$1,644,600	\$3,859,925	6.5%
2012/13	7	\$2,215,325	\$1,500,600	\$3,715,925	6.5%
2013/14	8	\$2,215,325	\$1,356,800	\$3,572,125	6.5%
2014/15	9	\$2,215,325	\$1,212,800	\$3,428,125	6.5%
2015/16	10	\$4,347,575	\$1,068,800	\$5,416,375	6.5%
2016/17	11	\$1,209,450	\$786,100	\$1,995,550	6.5%
2017/18	12	\$1,209,450	\$707,500	\$1,916,950	6.5%
2018/19	13	\$1,209,450	\$628,900	\$1,838,350	6.5%
2019/20	14	\$1,209,450	\$550,300	\$1,759,750	6.5%
2020/21	15	\$7,256,700	\$471,700	\$7,728,400	6.5%
		<b><u>\$36,380,000</u></b>	<b><u>\$20,311,800</u></b>	<b><u>\$56,691,800</u></b>	<b><u>6.5%</u></b>

The suggestion for an upper limit on interest costs is an average interest rate of six and a half percent, supplied by Nova Scotia Municipal Finance. The last debenture, Spring 2005, had interest rates varying from 2.97% to 4.56%. The Fall 2004 debenture resulted in interest at the rates of 3.195% to 5.05%. It is anticipated that this debenture will have lower than the 6.5% estimated interest rate.

**BUDGET IMPLICATIONS**

The principal and interest payment for this debenture, as well as the interest component on the anticipated Spring 2006 debenture, will be included in the 2006/07 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.

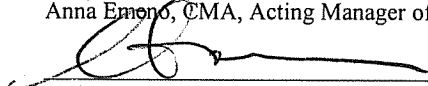
**ATTACHMENTS**

- Temporary Borrowing Resolution \$60,949,000
- Temporary Borrowing Resolution \$1,958,000 (refinancing 95A1)
- Temporary Borrowing Resolution \$17,313,000 renewal for 02/03-05 and 03/04-01.
- Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate \$36,380,000

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)

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Report approved by:   
Catherine Sanderson, Acting Director, Financial Services 490-6470

**HALIFAX REGIONAL MUNICIPALITY**  
**TEMPORARY BORROWING RESOLUTION**

\$60,949,000

File No.05/06 -  
2005/06 Capital Budget  
Alderney Gate

Purchase

**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 Million Nine Hundred Forty Nine Thousand Dollars (\$60,949,000) 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 Million Nine Hundred Forty Nine Thousand Dollars (\$60,949,000) 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            day of  
2005.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

**HALIFAX REGIONAL MUNICIPALITY**  
**TEMPORARY BORROWING RESOLUTION**

\$1,958,000

File No. 05/06-1  
Refinancing  
(95-A-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 One Million Nine Hundred Fifty-Eight Thousand Dollars (\$1,958,000) 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 One Million Nine Hundred Fifty-Eight Thousand Dollars (\$1,958,000) 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  
day of 2005.

**GIVEN** under the hands of the Mayor and the Clerk and  
under the seal of the Municipality this day of  
2005.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

**HALIFAX REGIONAL MUNICIPALITY**  
**TEMPORARY BORROWING RESOLUTION**

\$17,313,000

File No.05/06 -  
Renewal of 02/03-05  
and 03/04-01

**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 Seventeen Million, Three Hundred and Thirteen Thousand, (\$17,313,000) 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 Seventeen Million, Three Hundred and Thirteen Thousand, (\$17,313,000) 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            day of            2005.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

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;

**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
05/06	05/06 Capital Budget and Alderney	Pending
05/06-01	Gate Purchase Refinancing of 95A1	Pending
05/06-	Renewal of 02/03-05 and 03/04-01	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 \$36,380,000 for a period not to exceed 20 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 6.5%;

**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 \_\_\_\_\_, 2005

**GIVEN** under the hands of the Mayor and Municipal Clerk and under the Corporate Seal of the Halifax Regional Municipality, this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Mayor

\_\_\_\_\_