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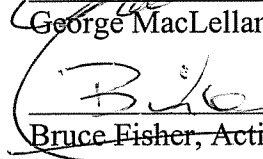
Halifax Regional Council
August 31, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



 George MacLellan, Chief Administrative Officer



 Bruce Fisher, Acting Director, Financial Services

DATE: August 24, 2004

SUBJECT: Temporary Borrowing Resolutions and 2004 Fall Debenture

ORIGIN

Capital Funding Requirements.

RECOMMENDATION

It is recommended that:

- 1) Halifax Regional Council approve a twelve month Temporary Borrowing Resolution in the amount of \$1,563,500;
- 2) Halifax Regional Council approve a twenty-four month Temporary Borrowing Resolution, based on a portion of the 2004/05 Gross Capital Budget, requiring debt financing, in the amount of \$7,459,225;
- 3) 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%, to enable the Halifax Regional Municipality to issue a debenture in the amount of \$23,171,000.

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 required for refinancing the balloon payment on Debenture 94B1 in the amount of \$1,563,500.

A Temporary Borrowing Resolution is required for financing \$7,459,225 of the 2004/05 Capital budget. The total 04/05 Capital Budget is still under review by Service Nova Scotia and Municipal Relations, therefore, at this time, we will only request a Temporary Borrowing Resolution in the amount that is required within our planned Fall Debenture Issue.

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 are as follows:

Amount	\$23,171,000
Maximum average interest rate	7%
Terms	10 years

The following payment schedule is based on an interest rate of 7%, the maximum permitted per the Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate, and a debenture issue date estimated at October, 2004.

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL	EFFECTIVE RATE
2005/06	\$2,317,100	\$1,621,970	\$3,939,070	7.0%
2006/07	\$2,317,100	\$1,459,773	\$3,776,873	7.0%
2007/08	\$2,317,100	\$1,297,576	\$3,614,676	7.0%
2008/09	\$2,317,100	\$1,135,379	\$3,452,479	7.0%
2009/10	\$2,317,100	\$ 973,182	\$3,290,282	7.0%
2010/11	\$2,317,100	\$ 810,985	\$3,128,085	7.0%
2011/12	\$2,317,100	\$ 648,788	\$2,965,888	7.0%
2012/13	\$2,317,100	\$ 486,591	\$2,803,691	7.0%
2013/14	\$2,317,100	\$ 324,394	\$2,641,494	7.0%
2014/15	\$2,317,100	\$ 162,197	\$2,479,297	7.0%
	<u>\$23,171,000</u>	<u>\$8,920,835</u>	<u>\$32,091,835</u>	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 2004, had interest rates varying from 2.550% to 5.450%. The fall 2003 debenture resulted in interest at the rates of 3.125% to 5.000%. It is anticipated that this debenture will have lower than the 7% estimated interest rate.

BUDGET IMPLICATIONS

The principal and interest payment for this debenture, as well as the interest component on the anticipated Spring 2005 debenture, will be included in the 2005/06 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.

REGIONAL PLANNING IMPLICATIONS

No impact.

ALTERNATIVES

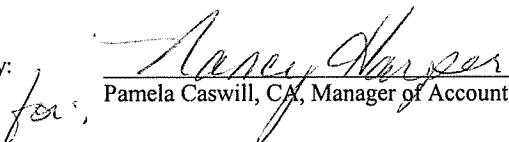
There are no alternatives

ATTACHMENTS

Temporary Borrowing Resolution \$1,563,500
Temporary Borrowing Resolution \$7,459,225
Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate \$23,171,000

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)

Report prepared by: Nancy Harper, Coordinator Director's Office 490-6527

Report approved by: 
for: Pamela Caswill, CA, Manager of Accounting 490-6324

HALIFAX REGIONAL MUNICIPALITY

TEMPORARY BORROWING RESOLUTION

\$1,563,500

File No.04/05-
Refinancing 94B1

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 65 of the Municipal Government Act authorizes the Halifax Regional Municipality to expend funds for the capital purposes of :

- streets, culverts, retaining walls, sidewalks, curbs and gutters;
- wastewater facilities and stormwater systems;
- playgrounds, trails, bicycle paths, swimming pools, ice arenas and other recreational facilities;
- equipping and maintaining fire departments or emergency services providers;
- police services
- 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);

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 Five Hundred Sixty Three Thousand Five Hundred Dollars (\$1,563,500) 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 Five Hundred Sixty Three Thousand Five Hundred Dollars (\$1,563,500) 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
2004.

GIVEN under the hands of the Mayor and the Clerk and under the seal
of the Municipality this day of 2004.

Mayor

Clerk

HALIFAX REGIONAL MUNICIPALITY
TEMPORARY BORROWING RESOLUTION

\$7,459,225

File No.04/05-
Various

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 65 of the Municipal Government Act authorizes the Halifax Regional Municipality to expend funds for the capital purposes of :

- streets, culverts, retaining walls, sidewalks, curbs and gutters;
- wastewater facilities and stormwater systems;
- playgrounds, trails, bicycle paths, swimming pools, ice arenas and other recreational facilities;
- equipping and maintaining fire departments or emergency services providers;
- police services
- 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);

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 Four Hundred Fifty Nine Thousand Two Hundred Twenty Five Dollars (\$7,459,225) 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 Four Hundred Fifty Nine Thousand Two Hundred Twenty Five Dollars (\$7,459,225) 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
2004.

GIVEN under the hands of the Mayor and the Clerk and under the seal
of the Municipality this day of 2004.

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
02/03-05	Various	April 23, 2003
03/04-01	Various	September 25, 2003
04/05-	Various	Pending
04/05-	Refinancing 94B1	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 \$23,171,000 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%;

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 twelve 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 _____, 2004

GIVEN under the hands of the Mayor and Municipal Clerk and under the Corporate Seal of the Halifax Regional Municipality, this _____ day of _____, 2004.

Mayor

Municipal Clerk