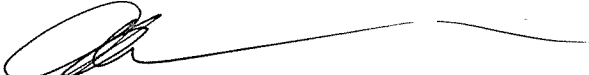


Halifax Regional Council
March 29, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Dan English, Deputy Chief Administrative Officer

DATE: March 21, 2005

SUBJECT: **Temporary Borrowing Resolutions and 2005 Spring 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 4,369,903;
- 2) Halifax Regional Council approve a twenty-four month Temporary Borrowing Resolution, based on the remaining portion of the 2004/05 Gross Capital Budget, requiring debt financing, in the amount of \$ 40,910,827;
- 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 \$23,000,000.

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 24-month Temporary Borrowing Resolution is required for financing the remaining portion of the 2004/05 Capital budget and a twelve-month Temporary Borrowing Resolution is required to replace a portion of the one issued in April of 2003, which has now expired.

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	\$ 23,000,000
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 May, 2005.

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL	EFFECTIVE RATE
2005/06		\$805,000	\$805,000	7.0%
2006/07	\$2,158,500	\$1,534,453	\$3,692,953	7.0%
2007/08	\$2,158,500	\$1,383,358	\$3,541,858	7.0%
2008/09	\$2,158,500	\$1,232,263	\$3,390,763	7.0%
2009/10	\$2,158,500	\$1,081,168	\$3,239,668	7.0%
2010/11	\$2,158,500	\$930,073	\$3,088,573	7.0%
2011/12	\$2,158,500	\$778,978	\$2,937,478	7.0%
2012/13	\$2,158,500	\$627,883	\$2,786,383	7.0%
2013/14	\$2,158,500	\$376,788	\$2,535,288	7.0%
2014/15	\$2,158,500	\$113,908	\$2,484,193	7.0%
2015/16	\$3,573,500	\$125,073	\$3,698,573	7.0%
	<u>\$23,000,000</u>	<u>\$9,200,730</u>	<u>\$32,200,730</u>	<u>7.0%</u>

**Temporary Borrowing Resolutions
and 2005 Spring Debenture
Council Report**

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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, Fall 2004, had interest rates varying from 3.195% to 5.050%. The Spring 2004 debenture resulted in interest at the rates of 2.550% to 5.450%. It is anticipated that this debenture will have lower than the 7% estimated interest rate.

BUDGET IMPLICATIONS

The interest component on the anticipated Spring 2005 debenture is 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 \$ 4,369,903
Temporary Borrowing Resolution \$40,910,827
Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate \$ 23,000,000

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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: Marlies van der Horst, CGA, TL, Capital & Disbursements 490-4446

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

Report approved by:  S. Dale MacLennan, CA, Director, Financial Services 490-6308

HALIFAX REGIONAL MUNICIPALITY
TEMPORARY BORROWING RESOLUTION

\$4,369,903

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 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 Four Million Three Hundred and Sixty Nine Thousand Nine Hundred and Three Dollars (\$4,369,603) 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 Four Million Three Hundred and Sixty Nine thousand Nine hundred and Three Dollars (\$4,369,903) 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.

Mayor

Clerk

HALIFAX REGIONAL MUNICIPALITY
TEMPORARY BORROWING RESOLUTION

\$40,910,827

File No.04/05 -
2004/05 Capital Budget

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 Forty Million Nine Hundred Ten Thousand Eight Hundred and Twenty Seven Dollars (\$40,910,827) 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 Forty Million Nine hundred Ten Thousand Eight hundred and Twenty Seven Dollars (\$40,910,827) 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
04/05-	04/05 Capital Budget	Pending
04/05-	Various	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 \$23,000,000 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 _____, 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

Municipal Clerk