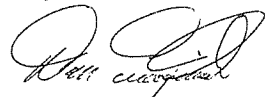


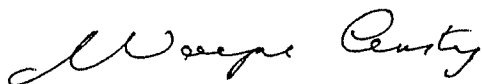
**Halifax Regional Council
September 18, 2007**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



For, Geri Kaiser, Deputy Chief Administrative Officer

DATE: August 28, 2007

SUBJECT:

- * **Temporary Borrowing Resolution \$46,858,000**
- * **Resolution to renew 05/06 Temporary Borrowing Resolution \$10,512,000**
- * **2007 Fall Debenture \$8,800,000**

ORIGIN

Capital Funding Requirements.

RECOMMENDATION

It is recommended that:

- 1) Halifax Regional Council approve a Temporary Borrowing Resolution, based on the 2007/08 Capital Budget, as well as other changes approved during the 2006/07 fiscal year in the amount of \$46,858,000
- 2) Halifax Regional Council approve a Temporary Borrowing Resolution in the amount of \$10,512,000 for renewal of the expiring Temporary Borrowing Resolution 05/06-02.
- 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 7.0%, to enable the Halifax Regional Municipality to issue a 10-year debenture in the amount of \$8,800,000.

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 financing the 2007/08 Capital Budget and other changes approved during the 06/07 fiscal year (\$46,858,000). A Temporary Borrowing Resolution is also required for renewal of expiring Temporary Borrowing Resolution 05/06-02 (\$10,512,000).

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	\$ 8,800,000
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 2007.

**Temporary Borrowing Resolution
and 2007 Fall Debenture****Halifax Regional Council
September 18, 2007**

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FISCAL YEAR	Year	PRINCIPAL	INTEREST	TOTAL	EFFECTIVE RATE
2008/09	1	\$ 880,000	\$616,000	\$1,496,000	7.0%
2009/10	2	\$ 880,000	\$554,400	\$1,434,400	7.0%
2010/11	3	\$ 880,000	\$492,800	\$1,372,800	7.0%
2011/12	4	\$ 880,000	\$431,200	\$1,311,200	7.0%
2012/13	5	\$ 880,000	\$369,600	\$1,249,600	7.0%
2013/14	6	\$ 880,000	\$308,000	\$1,188,000	7.0%
2014/15	7	\$ 880,000	\$246,400	\$1,126,400	7.0%
2015/16	8	\$ 880,000	\$184,800	\$1,064,800	7.0%
2016/17	9	\$ 880,000	\$123,200	\$1,003,200	7.0%
2017/18	10	\$ 880,000	\$61,600	\$ 941,600	7.0%
Total		\$8,800,000	\$3,388,000	\$12,188,000	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 2007, had interest rates varying from 4.38% to 4.63%. The Fall 2006 debenture resulted in interest at the rates of 4.10% to 4.41%. 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 2008/09 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 \$8,800,000
Temporary Borrowing Resolution \$46,858,000
Temporary Borrowing Resolution \$10,512,000

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: Fred Colaiacovo, CA, Team Lead Accounting 490-5656

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

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

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
03/04-01	Renewal of 03/04-01	October 2006
04/05-04	Renewal of 04/05-04	April 2007
05/06-	Renewal of 05/06-02	Pending
06/07-01	Financing of 06/07 capital budget	September 2006

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 \$8,800,000 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 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

Breakdown of Proposed Debenture 2007B1

EQUIPMENT & FLEET

Community Services	\$ 7,951
General Government	13,015
Police Services	40,508
Regional Operations	<u>31,908</u>
	<u>\$ 93,382</u>

LAND & BUILDINGS

Community Services	\$211,525
Fire & Emergency Services	16,259
General Government	80,700
Library Services	69,796
Regional Operations	<u>122,067</u>
	<u>\$500,347</u>

PARKS & PLAYGROUNDS **\$188,731**

SEWERS **\$176,291**

STREETS & SIDEWALKS **\$ 7,841,249**

Total Debenture **\$ 8,800,000**

HALIFAX REGIONAL MUNICIPALITY
TEMPORARY BORROWING RESOLUTION

\$46,858,000

File No.07/08 -01
2007/08 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 Forty Six Million Eight Hundred Fifty Eight Thousand Dollars (\$46,858,000) 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 Forty Six Million Eight Hundred Fifty Eight Thousand Dollars (\$46,858,000) 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 2007.

Mayor

Clerk

Breakdown of Proposed 2007/08 Temporary Borrowing Resolution

EQUIPMENT & FLEET

Regional Operations	\$ 6,572,000
General Government	<u>300,000</u>
	\$ 6,872,000

LAND & BUILDINGS

Community Services	\$ 5,710,000
Fire & Emergency Services	2,212,000
Library Services	560,000
Regional Operations	<u>296,000</u>
	\$ 8,778,000

PARKS & PLAYGROUNDS

\$ 280,000

SEWERS

\$ 2,342,000

STREETS & SIDEWALKS

\$28,586,000

Total Temporary Borrowing Resolution

\$46,858,000

**HALIFAX REGIONAL MUNICIPALITY
RENEWAL OF BORROWING RESOLUTION**

\$10,512,000

File No.07/08 -
Renewal of 05/06-02

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 Five Hundred and Twelve Thousand Dollars (\$10,512,000) 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 05/06-02 passed by the Municipal Council on the 6th day of September, 2005. The Council postponed the issue of debentures and with the approval of the Minister of Service Nova Scotia and Municipal Relations dated the 14th of October, 2005, borrowed from a chartered bank or trust company doing business in Nova Scotia a sum not exceeding Sixty Million Nine Hundred and Forty-Nine Thousand Dollars (\$60,949,000) 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 Ten Million Five Hundred and Twelve Thousand Dollars (\$10,512,000) 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 Ten Million Five Hundred and Twelve Thousand Dollars (\$10,512,000) 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 day of 2007.

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

Mayor

Clerk

Renewal of Temporary Borrowing Resolution

\$10,512,000

File No. 07/08 -
Renewal of 05/06-02

EQUIPMENT & FLEET

Regional Operations	\$ 1,345,945
Police Services	1,207,500
General Government	<u>859,814</u>
	<u>\$ 3,413,259</u>

LAND & BUILDINGS

Community Services	\$ 900,000
Police Services	367,701
Regional Operations	152,313
General Government	<u>66,259</u>
	<u>\$ 1,486,273</u>

PARKS & PLAYGROUNDS \$ 359,007

SEWERS \$ 1,046,344

STREETS & SIDEWALKS \$ 4,207,117

Total Temporary Borrowing Resolution \$10,512,000