



P.O. Box 1749
Halifax, Nova Scotia
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Item No. 11.1.6
Halifax Regional Council
September 22, 2015

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 

Richard Butts, Chief Administrative Officer
Original Signed

Jane Fraser, Acting Deputy Chief Administrative Officer

DATE: August 14, 2015

SUBJECT: Green Municipal Fund Loan – Project 12028 Halifax Solar City Pilot Project

ORIGIN

Approval of Halifax Regional Municipality's funding application by the Federation of Canadian Municipalities Green Municipal Fund for the Halifax Solar City Pilot Project.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Section 79(1) The Council may expend money required by the Municipality for (ada) providing for, financing and installing energy-efficiency equipment on private property including, without restricting the generality of the foregoing, solar panels.

Section 83, The Municipality may borrow to carry out an authority to expend funds for capital purposes conferred by this Act or another Act of the Legislature.

Section 112, Where the Municipality is authorized to borrow money, subject to the approval of the Minister.

Section 113, Where the Municipality is authorized to borrow money, the Municipality may, with the approval of the Minister, postpone the issue of debentures and borrow the money on terms and conditions agreed upon with the lender.

RECOMMENDATION

It is recommended that Halifax Regional Council authorize the Mayor and Municipal Clerk to issue a debenture in the form set out in Schedule J of the Green Municipal Fund Loan and Grant Agreement ("the Agreement"), in the amount of \$2,541,364 to the NS Municipal Finance Corporation repayable in installments over a term of 10 years at the interest rate as determined by Section 2.06 of the Agreement.

BACKGROUND

Staff has been successful in their application for assistance from the Federation of Canadian Municipalities' (FCM) Green Municipal Fund (GMF). The GMF will provide a grant of up to \$545,000 and a loan in an amount up to \$5,455,000. The total amount required to fund the pilot portion of the Solar City Project through the GMF loan has been calculated at \$2,541,364. Per the agreement, the grant amount is 10% of the loan. Therefore, the grant to be received will be in the amount of \$254,136.

DISCUSSION

Pursuant to provincial legislation, Halifax Regional Municipality ("HRM"), may not borrow directly from the GMF. The GMF loan will flow through the Nova Scotia Municipal Finance Corporation (NSMFC). The NSMFC will administer the repayment of the loan by HRM to the GMF.

As the Local Improvement Charges ("LIC's") agreements, signed by the homeowners, are for a period of 10 years, the financing of this debenture will also be for a period of 10 years.

To calculate the costs of borrowing these funds, an estimated interest rate of 5.00% was used. The "all-in" costs of the spring 2015 debenture were 2.38%. It is anticipated that this debenture will have a rate lower than the 5.00% estimated interest rate.

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 Schedule J of the attached GMF Loan and Grant Agreement - Form of Debenture, are as follows:

Borrow	\$2,541,364
Maximum average interest rate	5.00%
Term	10 years

The amortization schedule for the debenture with a 10-year term financed at the maximum rate of 5.00% and with an estimated issuance date of November 2015 is listed as follows:

Solar City Pilot Debenture Amortization Schedule										
10 Year Amortization Schedule										
with estimated 5% interest rate										
Yr	Fiscal	Mon	Opening Balance	Total Payment	Principal	Interest Payment	Total Interest by Fiscal Yr	Principal	Total P + I	Fiscal Year
1	2016	May	\$2,541,364	\$63,534		\$63,534		\$0		
1	2016	November		\$317,671	\$254,136	\$63,534	\$127,068	\$254,136	\$381,205	2016/17
2	2017	May	\$2,287,228	\$57,181		\$57,181		\$0		
2	2017	November		\$311,317	\$254,136	\$57,181	\$114,362	\$254,136	\$368,499	2017/18
3	2018	May	\$2,033,091	\$50,827		\$50,827		\$0		
3	2018	November		\$304,964	\$254,136	\$50,827	\$101,654	\$254,136	\$355,790	2018/19
4	2019	May	\$1,778,955	\$44,474		\$44,474		\$0		
4	2019	November		\$298,610	\$254,136	\$44,474	\$88,948	\$254,136	\$343,084	2019/20
5	2020	May	\$1,524,818	\$38,120		\$38,120		\$0		
5	2020	November		\$292,257	\$254,136	\$38,120	\$76,240	\$254,136	\$330,376	2020/21
6	2021	May	\$1,270,682	\$31,767		\$31,767		\$0		
6	2021	November		\$285,903	\$254,136	\$31,767	\$63,534	\$254,136	\$317,671	2021/22
7	2022	May	\$1,016,546	\$25,414		\$25,414		\$0		
7	2022	November		\$279,550	\$254,136	\$25,414	\$50,828	\$254,136	\$304,965	2022/23
8	2023	May	\$762,409	\$19,060		\$19,060		\$0		
8	2023	November		\$273,197	\$254,136	\$19,060	\$38,120	\$254,136	\$292,257	2023/24
9	2024	May	\$508,273	\$12,707		\$12,707		\$0		
9	2024	November		\$266,843	\$254,136	\$12,707	\$25,414	\$254,136	\$279,550	2024/25
10	2025	May	\$254,136	\$6,353		\$6,353		\$0		
10	2025	November		\$260,490	\$254,136	\$6,353	\$12,706	\$254,136	\$266,842	2025/26
				\$3,240,238	\$2,541,364	\$698,875	\$698,874	\$2,541,364	\$3,240,238	

FINANCIAL IMPLICATIONS

The principal and interest payments on this debenture will not commence until the 2016/17 fiscal year and will be included in that year's operating budget, and will be reimbursed to HRM via the LIC process with interest earned on LIC's at 3.50%. There is to be no net cost to HRM.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

HRM could use its' own cash to fund these costs. However, HRM would forfeit the grant of \$254,136 and increase our net financing costs.

ATTACHMENTS

Attachment A - GMF Loan and Grant Agreement 12028 - Schedule J (see page 74 & 75/78)

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.php> 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: Nancy Harper, CMM, Manager of Accounting Controls & Reporting (902) 490-3696

Report Approved by: Louis de Montbrun, CPA, CA, Manager of Financial Reporting (902) 476-0585

Report Approved by: Amanda Whitewood, Director of Finance & ICT/CFO (902) 490-6308

SCHEDULE J

Form of Debenture

SERIAL DEBENTURE

[Instruction: Insert Amount] \$●

Fully Registered
as to Principal and Interest
Non-Transferable

[Instruction: Insert Debenture Number]

[Instruction: Insert Name of Municipality]

Issued under the Authority of Chapter 18 of the Statutes of Nova Scotia, 1998, the Halifax Regional Municipality Charter and of a resolution passed at a meeting of the Council of the [Instruction: Insert Name of Municipality] on the XX day of XXXX, 201X and pursuant to a loan agreement dated XXXX XX, 201X (the "Agreement") between the Federation of Canadian Municipalities (as Trustee/Lender), the XXXXXXXXXXXXXXX ("Municipality") and Nova Scotia Municipal Finance Corporation.

[Instruction: Insert Name of Municipality]

FOR VALUE RECEIVED PROMISES TO PAY TO THE REGISTERED HOLDER HEREOF THE PRINCIPAL SUM OF

[Instruction: Insert Amount of Debenture]

DOLLARS

IN LAWFUL MONEY OF CANADA AT ANY BRANCH OF the Bank of Montreal in Nova Scotia, and at the principal branch of the said bank in Saint John, New Brunswick; Charlottetown, Prince Edward Island; Montreal, Quebec; or Toronto, Ontario, (the "Branches"), at the option of the registered holder, in annual instalments on the XX day of XXXX and the XX day of XXXX [Instruction: Insert Payment Date for each Year] on each of the dates as shown below, and to pay interest in like money on the outstanding Principal Amount semi-annually on the XX day of XXXX and the XX day of XXXX, [Instruction: Insert Semi Annual Payment Dates in each Year] at the rates listed below, the first of such interest payments to be made on the XX day of XXXX [Instruction: Insert First Payment Date].

[Instruction: Insert Payment Dates, Amount of Each Payment and Interest Rate]

XXXX, 20XX	\$XXXX	XXXX%
XXXX, 20XX	\$XXXX	XXXX%
XXXX, 20XX	\$XXXX	XXXX%
XXXX, 20XX	\$XXXX	XXXX%

The [Instruction: Insert Name of Municipality] may at any time, following the expiration of the first half of the Term (as defined in the Loan Agreement between [Name of Municipality], NSMFC and the Federation of Canadian Municipalities, as Trustee of the Green Municipal Fund dated XXXX XX, 201X), on not less than thirty (30) days notice to NSMFC, redeem all or a portion of the Debentures provided it simultaneously pays all accrued interest thereon plus, as a bonus, an amount equal to eighteen (18)

months of interest, calculated pursuant to s. 2.09(b) of the Agreement, on the Principal Amount of the Loan so prepaid. Notwithstanding the foregoing, the NSMFC shall pay an amount equal to twelve (12) months of interest instead of eighteen (18) months of interest if the Prepayment Date occurs on or after the date where three fourths (3/4) of the Term has elapsed.

This Debenture is subject to the terms and conditions of the Agreement. In the event of any conflict between the terms and conditions of this Debenture and the Agreement, the terms and conditions of the Agreement shall prevail.

THIS DEBENTURE is not transferable.

Issued at the [Instruction: Insert Name of Municipality], in the County of [Instruction: Insert Name of County].

THIS XX day of XXXX, 201X.

Clerk

Mayor