


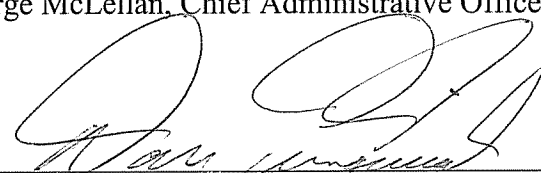
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Halifax Regional Council
March 25, 2003

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Dan English, Deputy Chief Administrative Officer

DATE: March 19, 2003

SUBJECT: Temporary Borrowing Resolutions & 2003 Spring Debenture
\$38,825,613

ORIGIN

Capital Funding Requirements.

RECOMMENDATION

It is recommended that :

1. Halifax Regional Council approve Temporary Borrowing Resolution #02/03-04 in the amount of \$896,570 for refinancing of the balloon payment from the 93A1 Debenture.
2. Halifax Regional Council approve a two year Temporary Borrowing Resolution #02/03-05, based on the 2002/03 and prior Capital Budgets, in the amount of \$74,484,248.
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 \$38,825,613.

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

The undebentured balances from four existing Temporary Borrowing Resolutions are due for renewal, and refinancing of a balloon payment on debenture 93A1 is also required. As an administrative improvement, this report recommends combining four existing Temporary Borrowing Resolutions, due for renewal, into one, which reflects current balances and will be more efficient for staff to manage.

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	\$38,825,613
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, 2003.

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL	EFFECTIVE RATE
2003/04		\$1,358,875	\$1,358,875	7.0%
2004/05	\$3,882,500	\$2,581,863	\$6,464,363	7.0%
2005/06	\$3,882,500	\$2,310,088	\$6,192,588	7.0%
2006/07	\$3,882,500	\$2,038,313	\$5,920,813	7.0%
2007/08	\$3,882,500	\$1,766,538	\$5,649,038	7.0%
2008/09	\$3,882,500	\$1,494,762	\$5,377,262	7.0%
2009/10	\$3,882,500	\$1,222,987	\$5,105,487	7.0%
2010/11	\$3,882,500	\$951,212	\$4,833,712	7.0%
2011/12	\$3,882,500	\$679,437	\$4,561,937	7.0%
2012/13	\$3,882,500	\$407,662	\$4,290,162	7.0%
2013/14	\$3,882,500	\$135,887	\$4,018,387	7.0%
	<u>\$38,825,000</u>	<u>\$14,947,625</u>	<u>\$53,772,625</u>	<u>7.0%</u>

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 2002, had interest rates varying from 3.250% to 5.625%. The Spring 2002 debenture resulted in interest at the rates of 3.375% to 6.125%. It is anticipated that this debenture will have lower than the 7% estimated interest rate.

BUDGET IMPLICATIONS

The debenture issue will result in an expenditure of \$ 1,358,875 (six months interest) in 2003/04. This expenditure is included in the proposed 2003/04 operating budget. The first principal payment will be required in 2004/05 fiscal year, as detailed in the above payment schedule.

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 #02/03-04 \$896,570 (refinancing 93A1)
Temporary Borrowing Resolution #02/03-05 \$74,484,248
Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate \$38,825,613

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Holly Power-Garrett, CGA, Acting Team Leader, Special Funds 490-4488

Report Approved by:



Dale MacLennan, CA, Director, Financial Services

490-6308

HALIFAX REGIONAL MUNICIPALITY
TEMPORARY BORROWING RESOLUTION

\$896,570

File No. 02/03-04
Refinancing
(93-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 Eight Hundred Ninety-Six Thousand Five Hundred Seventy Dollars (\$896,570) 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 Eight Hundred Ninety-Six Thousand Five Hundred Seventy Dollars (\$896,570) 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 2003.

GIVEN under the hands of the Mayor and the Clerk and
under the seal of the Municipality this day of
2003.

Mayor

Clerk

HALIFAX REGIONAL MUNICIPALITY
TEMPORARY BORROWING RESOLUTION

\$74,484,248

File No. 02/03-05
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 Seventy-Four Million Four Hundred Eighty-Four Thousand Two Hundred Forty-Eight Dollars (\$74,484,248) 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 Seventy-Four Million Four Hundred Eighty-Four Thousand Two Hundred Forty-Eight Dollars (\$74,484,248) 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 2003.

GIVEN under the hands of the Mayor and the Clerk and under the seal
of the Municipality this day of 2003.

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
02/03-01	Halifax Metro Centre	August 21, 2002
02/03-05	Various	Pending
02/03-04	Refinance 93A1	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 \$38,825,613 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 _____, 2003

GIVEN under the hands of the Mayor and Municipal Clerk and under the Corporate Seal of the Halifax Regional Municipality, this _____ day of _____, 2003.

Mayor

Municipal Clerk