

**DATE:** November 7, 2019

**TO:** MAYOR AND COUNCIL

**NAME AND TITLE:** Kris Dalio, Director of Finance

**SUBJECT:** 2020 Spring Security Issue Resolution and Debt Relinquishment

**ATTACHMENT(S):** None

## RECOMMENDATIONS:

1. That Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of their 2020 spring issue, \$671,209 as authorized through “Kelly Road North Culvert Replacement Loan Authorization Bylaw No. 8953, 2018” and that the Regional District of Fraser-Fort George be requested to consent to the borrowing over a twenty (20) year term and include the borrowing in its security issuing bylaw.
2. That Council approve the reduction of authorized debt liability under “Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8722, 2015” by \$359,974.
3. That Council approve the reduction of authorized debt liability under “Plaza Parkade Upgrade Loan Authorization Bylaw No. 8746, 2016” by \$1,170,000.
4. That Council approve the reduction of authorized debt liability under “Kin 3 Arena Floor Replacement Loan Authorization Bylaw No. 8748, 2016” by \$55,356.
5. That Council approve the reduction of authorized debt liability under “Kelly Road North Culvert Replacement Loan Authorization Bylaw No. 8953, 2018” by \$428,791.

## PURPOSE:

This report has been prepared to seek Council approval for a security issue resolution for the debenture funding for the Kelly Road North Culvert Replacement project.

As part of this report, Administration has also presented a summary of the City’s authorized but unissued debt that is available for relinquishment.

## POLICY/REGULATORY ANALYSIS:

A loan authorization bylaw provides the legal authority for a municipality to enter into debt liability for the project work described in the bylaw. Once adopted, the bylaw is in effect for five years and the value of the liability is included in the City’s debt servicing limit. The authorized debt on the bylaw can be reduced by Council resolution.

Once the project is completed, the final stage of the borrowing process is to obtain a security issue resolution from Council for the exact amount to be borrowed under the associated loan authorization

bylaw. The previous stages of approval for the Kelly Road North Culvert Replacement project were as follows:

- January 29, 2018 – Project was approved in the 2018 – 2022 Financial Plan with MFA Debt as funding source;
- April 16, 2018 – Council approved an alternative approval process for the project and first three readings of Loan Authorization Bylaw #8953 was given;
- July 16, 2018 – Council approved final reading of Loan Authorization Bylaw #8953 after Inspector of Municipalities' approval was obtained.

The Kelly Road North Culvert Replacement project was completed in late 2019 and the total costs of the project are now known. The final step in funding this project is to confirm the loan amount (via a “security issue”) with the Municipal Finance Authority.

#### STRATEGIC PRIORITIES:

This report supports Council's Priorities of “Sustainable Fiscal Management” and “Sustainable Infrastructure”.

#### FINANCIAL CONSIDERATIONS:

The security issue is described as follows:

Loan Authorization Bylaw # and Fund	Description	Total Loan Authorization	Total Project Costs	Security Issue Request
8953 - General	Kelly Road North Culvert Replacement	\$1,100,000	\$671,209	\$671,209
<b>Total Security Issue Resolution Required</b>				<b>\$671,209</b>

This security issue would have a repayment term of 20 years beginning in the fall of 2020. The general fund would repay the debt for the Kelly Road North Culvert Replacement project at an estimated annual amount of \$40,015.

#### Debt Relinquishment

It is recommended that Council approve resolutions to reduce the authorization for Loan Authorization Bylaws as listed below. The projects included in this bylaw have been completed or cancelled and there is no longer a need for the authorized amounts.

LA Bylaw	Project	Amount Authorized	Amount Borrowed	Amount Unissued
8722	Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service	\$1,944,000	\$1,584,026	\$359,974
8746	Plaza Parkade Upgrade	\$1,170,000	\$0	\$1,170,000
8748	Kin 3 Arena Floor Replacement	\$1,050,000	\$994,644	\$55,356
8953	Kelly Road North Culvert Replacement	\$1,100,000	\$671,209	\$428,791
<b>TOTAL</b>		<b>\$5,264,000</b>	<b>\$3,249,879</b>	<b>\$2,014,121</b>

Reducing the authorized liability of these bylaws by the amount unissued will reduce the overall estimated debt servicing costs on the liability servicing limit certificate by approximately \$181,271.

**SUMMARY AND CONCLUSION:**

A security issue resolution of Council is required in order to complete the debenture funding process for the Kelly Road North Culvert Replacement project. This report details the amount of debenture required to be issued and has been prepared in order to meet the deadlines of the Municipal Finance Authority and the Regional District of Fraser-Fort George for the spring issue.

Approving the debt relinquishment recommendations in this report frees up room in the City's Liability Servicing Limit and keeps our debt capacity amounts current.

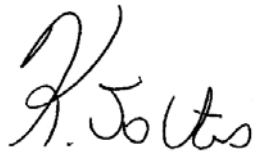
**RESPECTFULLY SUBMITTED:**



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Kris Dalio, Director of Finance

**APPROVED:**



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Kathleen Soltis, City Manager  
Meeting date: November 18, 2019