

**DATE:** November 24, 2023

**TO:** MAYOR AND COUNCIL

**NAME AND TITLE:** Kris Dalio, Director of Finance and IT Services

**SUBJECT:** Security Issue Resolution – Spring 2024 and Debt Relinquishment

**ATTACHMENT(S):** None

#### RECOMMENDATIONS:

1. That Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of their 2024 spring issue \$3,615,400 as authorized through “Civic Facility Roofs Replacements 2019 - 2022 Loan Authorization Bylaw No. 9009, 2019” 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 borrowing from the Municipal Finance Authority of British Columbia, as part of their 2024 spring issue \$129,700 under the “AQC – Swim Meet Equipment Renewal” project as authorized through “Aquatic Centre Renewal and Upgrade Loan Authorization Bylaw No. 9010, 2019” 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.
3. That Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of their 2024 spring issue \$83,300 under the “AQC – Building Envelope Upgrade” project as authorized through “Aquatic Centre Renewal and Upgrade Loan Authorization Bylaw No. 9010, 2019” 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.
4. That Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of their 2024 spring issue \$573,300 under the “AQ – Building Components Renewal” as authorized through “Aquatic Centre Renewal and Upgrade Loan Authorization Bylaw No. 9010, 2019” 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.
5. That Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of their 2024 spring issue \$922,100 as authorized through “Critical Street Light and Traffic Signal Replacement Loan Authorization Bylaw No. 9017, 2019” 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.

**RECOMMENDATIONS:**

6. That Council approve the reduction of authorized debt liability under the “Aquatic Centre Parking Lot” project as authorized through “Aquatic Centre Renewal and Upgrade Loan Authorization Bylaw No. 9010, 2019” by \$100,000.

**PURPOSE:**

This report has been prepared for the purpose of having Council approve a security issue resolution for the debenture funding of various capital projects.

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:**

The previous stages of approval for the capital projects in this report were as follows:

- Capital project was approved by Council in Financial Plan with MFA Debt as funding source
- First three readings of Loan Authorization Bylaw
- Final reading and adoption of Loan Authorization Bylaw after alternative approval process

Once construction of projects are completed and the total costs of the project are known, the final step in funding projects is to confirm the loan amount (via a “security issue”) with the Municipal Finance Authority. If a capital project is very large in dollars, the City may need to borrow funds before construction is complete to ensure the availability of funds for the project.

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.

**STRATEGIC PRIORITIES:**

The projects listed in this report requesting a security issue resolution support Council’s Priorities of “Sustainable Fiscal Management” and “Sustainable Infrastructure”.

**FINANCIAL CONSIDERATIONS:**

The security issue is described as follows:

Fund	Loan Authorization Bylaw #	Description	Security Issue Request	Total Amount Authorized
General	9009	Civic Facility Roofs Replacements 2019 - 2022	\$3,615,400	\$4,670,450
	9010	Aquatic Centre Renewal and Upgrade - AQC-Swim Meet Equipment Renewal	129,700	140,000
	9010	Aquatic Centre Renewal and Upgrade - AQC-Building Envelope Upgrade	83,300	8,580,000
	9010	Aquatic Centre Renewal and Upgrade - AQC-Building Components Renewal	573,300	1,385,500
	9017	Critical Street Light and Traffic Signal Replacement	922,100	5,000,000
<b>Total Security Issue Resolution Required</b>			<b>\$ 5,323,800</b>	

This security issue would have a repayment term of 20 years which would begin in the spring of 2024. The general fund would repay the debt for the projects listed above at an estimated annual amount of \$463,918.

Debt Relinquishment

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

LA Bylaw	Project	Amount Authorized	Amount Borrowed	Amount Unissued
9010	Aquatic Centre Renewal and Upgrade - Aquatic Centre Parking Lot	\$100,000	\$0	\$100,000
<b>TOTAL</b>		<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</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 \$8,244.

**SUMMARY AND CONCLUSION:**

A security issue resolution of Council is required in order to complete the debenture funding process for the projects identified in this report. This report details the amount of debenture that is 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:**

Kris Dalio, Director of Finance and IT Services

**APPROVED:**

Walter Babicz, City Manager  
Meeting date: December 4, 2023