



AMHERST TOWN COUNCIL

RFD# 2018126

Date: September 24, 2018

TO: Mayor Kogon and Members of Amherst Town Council

SUBMITTED BY: Shelley Rector, CPA, CMA – Chief Financial Officer

DATE: September 24, 2018

SUBJECT: Resolution for Pre-Approval of Debenture Issuance

ORIGIN: 2017-18 Capital Budget

LEGISLATIVE AUTHORITY: The Municipal Government Act (MGA) Section 91 gives Council the authority to pre-approve the parameters for debenture issue, by setting a maximum interest rate and establishing the period over which the loan will be repaid, subject to the approval of the Minister of Municipal Affairs.

RECOMMENDATION: That Council approve the Resolution for Pre-Approval of Debenture Issuance in the amount of \$916,677 for the long term financing of the water main replacement and street reconstruction of East Victoria Street from Rupert to civic # 250 and the storm water separation on Station Street.

BACKGROUND: Municipalities requiring debenture funds from the Municipal Finance Corporation (MFC) in the fall of 2018 are required to make a written commitment by October 19, 2018. This is the time for the Town to secure the long-term borrowing for the water main replacement (\$145,000) and street reconstruction (\$367,000) of East Victoria Street from Rupert to civic # 250 and the storm water separation on Station Street (\$404,677).

The pre-approval resolution sets the maximum interest rate at 5.5%, the amount of \$916,677, and the term (15 years).

DISCUSSION: A Temporary Borrowing Resolution related to these projects was approved by Council on January 22, 2018 and by the Minister of Municipal Affairs on March 1, 2018 in the amount of \$1,712,500. The actual amount required now that the projects are complete is \$916,677. There were other capital projects that were listed on the Temporary Borrowing Resolution that the Town was able to fund through the water utility and general operating year end surpluses as well as the Operating Reserve.

FINANCIAL IMPLICATIONS: Annual debenture principal and interest payments commencing in 2019.

COMMUNITY ENGAGEMENT: This is the established process of borrowing from the Municipal Finance Corporation; as with all borrowing for capital purposes by a municipality, it will require the approval of the Minister of Municipal Affairs. No community engagement is required in this process.

ENVIRONMENTAL IMPLICATIONS: There are no specific environmental implications associated with this borrowing.



ALTERNATIVES: Refer the long term funding of the projects back to staff for further review and recommendation.

ATTACHMENTS:

Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rates

Copy of the Temporary Borrowing Resolution approved by the Minister on March 1, 2018.

Report prepared by: Shelley Rector, CPA, CMA – Chief Financial Officer

Report and Financial approved by: