



COMMITTEE OF THE WHOLE

CDR# 2019011

Date: February 19, 2019

TO: Mayor Kogon and Members of Amherst Town Council

SUBMITTED BY: Shelley Rector, CPA, CMA - CFO

DATE: February 19, 2019

SUBJECT: Temporary Borrowing Resolution

ORIGIN: The May 23, 2018 approved Capital Budget for 2018-19

LEGISLATIVE AUTHORITY: Section 66 of the *Municipal Government Act* provides that the Town of Amherst, subject to the approval of the Minister of Municipal Affairs, may borrow to expend funds for a capital purpose authorized by statute; Section 65 authorizes the Town to expend funds for the capital purpose of: water systems and acquisition of equipment, materials, vehicles, machinery, apparatus, implements and plant for a municipal purpose.

RECOMMENDATION: That Council forward approval to the February 25, 2019 regular meeting of Council of a Temporary Borrowing Resolution in the amount not exceeding \$421,485 for the following items, and submit it to the Department of Municipal Affairs for Ministerial approval:

• East Pleasant Street – water main replacement (water utility)	\$300,000
• Water Reservoir (water utility)	37,735
• Service Truck (water utility)	28,750
• Land Purchase Wellfield (water utility)	55,000
	<u>\$421,485</u>

BACKGROUND: Temporary borrowing resolutions (TBRs) are used as temporary financing for capital projects. The Minister of Municipal Affairs allows municipalities to use TBRs to borrow funds on short term loans not exceeding 12 months. Once the projects are completed and the actual costs are known, the Town will enter into long term borrowing with the Municipal Finance Corporation by issuing debentures in the spring or fall of 2019. We require the Minister's approval of a TBR before we can apply for debentures. The \$421,485 is the amount Council approved to borrow in the 2018/19 capital budget process less the Willow Street reconstruction project (which will carry over into the 2019/20 capital budget).

DISCUSSION: Similar to the General Borrowing Resolution approved by Council last Spring, this TBR will give the Town the authority to borrow, *if required*, from our financial institution, RBC, for the completion of the capital projects identified. This is not to say the Town *will* borrow the funds, and it does not commit us to long term financing. The main purpose of this TBR is to obtain Ministerial approval so that we can borrow funds in the spring or fall in the debenture issue for already approved 2018-19 capital projects. This TBR will only be valid for 12 months from the date the Minister approves



it. To be clear, the recommended action relates to projects already approved by Council – this is not new spending, it is the permanent financing for previously approved projects

FINANCIAL IMPLICATIONS: There are no actual financial implications to approving the TBR unless we actually use it, as an overdraft, to finance the capital projects. If this occurs, the rate will be as that set out in the General Borrowing Resolution with RBC in the spring, prime minus ¼% on the amount borrowed. As stated earlier, the long term financing of these projects will come in the form of debentures issued in the spring or fall.

COMMUNITY ENGAGEMENT: None at this time.

SOCIAL JUSTICE IMPLICATIONS: None

ENVIRONMENTAL IMPLICATIONS: The financing of the capital projects is not expected to have any environmental implications.

ALTERNATIVES: There are really no viable alternatives to applying to the Minister of Municipal Affairs for this TBR. Such approval will be required before we can apply for long term financing.

ATTACHMENTS: Temporary Borrowing Resolution - Various Purposes and Schedule “A”

Report prepared by: Shelley Rector, CPA, CMA - CFO

Report and Financial approved by: