

Staff Report to Council

Financial Services

FILE: 1750-01/22

REPORT DATE: May 02, 2022 **MEETING DATE:** May 10, 2022
TO: Mayor and Council
FROM: Cheryl Harding, Director of Financial Services
SUBJECT: Municipal Security Issuing Resolution – Police Building Loan

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:



RECOMMENDATION(S):

THAT Council:

- A. Approve borrowing from the Municipal Finance Authority of British Columbia, as part of the 2022 Fall Borrowing Session, for \$20,000,000 as authorized through Police Building Loan Authorization Bylaw No. 2913, 2021 and that Metro Vancouver Regional District be requested to consent to our borrowing over a thirty (30) year term and include the borrowing in a Security Issuing Bylaw; OR
- B. Other.

PURPOSE

The purpose of this report is to obtain Council's approval for the City to proceed with the borrowing process through the Municipal Finance Authority to fund \$20 million of the construction and related costs of the autonomous RCMP detachment building. A security issuing resolution of Council is required in order to move to the next step of the debenture funding process for the Police Building project.

☐ Information Report ☒ Decision Report ☐ Direction Report

DISCUSSION

Background:

Council adopted the Police Building Loan Authorization Bylaw No. 2913, 2021 on February 15, 2022. On April 25, 2022 the City received the Certificate of Approval from the Inspector of Municipalities certifying the bylaw as being lawfully and validly made and enacted.

Relevant Policy, Bylaw or Legislation:

The City must borrow long-term debt as undertaken by Metro Vancouver Regional District through the Municipal Financing Authority (MFA), pursuant to section 182 of the Community Charter.

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 5 years and the value of the liability is included in the debt servicing limit.

Analysis:

The following summarizes the steps that have been completed to date and the steps that are to be undertaken for the City's long term debt borrowing:

Completion Date	Steps
December 14, 2021	Loan Authorization Bylaw No. 2913, 2021 received first, second and third readings from Council
January 21, 2022	Statutory approval received from the Inspector of Municipalities
February 15, 2022	Loan Authorization Bylaw No. 2913, 2021 adopted by Council
March 15, 2022	Expiration of 30 day quashing period
March 16, 2022	City's application of the Certificate of Approval sent to the Ministry
April 25, 2022	Certificate of approval received from the Inspector of Municipalities for the adopted Loan Authorization Bylaw No. 2913, 2021
Before June 1, 2022	Municipal Security Issuing Resolution adopted by Council
By June 1, 2022	Documentation package due to Metro Vancouver
Fall of 2022	Proceeds issued by MFA to the City

Additional information:

- Actual interest rate will become known approximately October 2022 when the debenture is issued.
- Funds will be invested by the City to match the timing of the expenditure outlays which reduces the overall borrowing cost.
- The security issue would have a repayment term of 30 years which would begin in the fall of 2022.
- Options to pay off the debt in full are available at the issue's stated refinancing dates which are typically at the end of 10 yrs, 15 yrs, 20 yrs and 25 yrs. Partial pay downs are not permitted.

COUNCIL STRATEGIC PLAN ALIGNMENT

- ☐ Principled Governance ☐ Balanced Economic Prosperity ☒ Corporate Excellence
☐ Community Spirit & Wellbeing ☐ Transportation & Infrastructure Initiatives
☐ Not Applicable
-

FINANCIAL IMPLICATIONS

- ☐ None ☐ Budget Previously Approved ☐ Referral to Business Planning
☒ Other

The debt servicing cost (principal and interest payments) on the \$20 million loan was estimated at \$1,126,700 at an interest rate of 3.35% which will be funded without generating a tax increase.

It is anticipated interest rates will marginally rise between the time of the original estimate and when the debenture is issued in October 2022. As directed by Council, staff will make every effort to fund the final debt servicing cost without generating a tax increase.

Despite the current rising interest rate environment designed to curb inflation, it is anticipated interest rates will remain very low, continuing to support the Police building funding strategy to take advantage of near-historic low borrowing costs.

PUBLIC PARTICIPATION

- ☒ Inform ☐ Consult ☐ Involve ☐ Collaborate ☐ Empower
-

KATZIE FIRST NATION CONSIDERATIONS

- Referral ☐ Yes ☒ No
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SIGN-OFFS

Written by:

Cheryl Harding,
Director of Financial Services

Reviewed by:

Mark Roberts,
Chief Administrative Officer

ATTACHMENT(S)

None.