

WEST HANTS REGIONAL MUNICIPALITY
Special Council Meeting Agenda
April 28, 2022 - 7:00 p.m.
Virtual via Zoom
(also FB Livestream)

Agenda is subject to change due to additions that may not be able to be reflected until after the meeting.



West Hants
something inspiring awaits

1. Call to Order
2. Attendance
3. Announcements
4. Approval of the Agenda
5. Declaration(s) of Conflict of Interest
6. Former Town of Windsor Debt Refinancing – Balloon Payment ort Edward Lands
7. Next Meeting Date / Adjournment



WEST HANTS REGIONAL MUNICIPALITY REPORT

Information <input type="checkbox"/>	Recommendation <input checked="" type="checkbox"/>	Decision Request <input type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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To: WHRM Council

Submitted by: _____
Diana Gibson, Manager, Accounting & Financial Reporting

Date: April 26, 2022

Subject: Debt Refinancing – Balloon Payment

LEGISLATIVE AUTHORITY

Municipal Government Act, Part VI, Power to Spend Money 65 (A) & Power to Borrow Money 66.

RECOMMENDATION

That Council approves . . .

. . . using the Town of Windsor Operating Reserve to fund the municipal portion of the balloon payment of Debenture #27-A-1, due June 1, 2022.

Alternative Motions #1:

That Council approves . . .

. . . a temporary borrowing resolution in the amount of \$599,345 to refinance the loan for the Wentworth Road Upgrades, Paving, Curb, Sidewalk, and Sewer, Repairs to Fall Brook Dam, and Water Treatment.

Further

. . . the Mayor and Municipal Clerk to sign the Resolution for Pre-Approval of Debenture Issuance, subject to interest rate confirmation not to exceed 5.5%, to enable the West Hants Regional Municipality to issue a 5-year debenture of \$599,345.

BACKGROUND

Property <input type="checkbox"/>	Public Opinion <input type="checkbox"/>	Environment <input type="checkbox"/>	Social <input type="checkbox"/>	Economic <input checked="" type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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In 2007, the former Town of Windsor received a loan from the Municipal Finance Corporation (MFC) in the amount of \$2,095,840 to finance the following projects:

- Wentworth Road Upgrades
- Paving, Curb, Sidewalk, and Sewer
- Repairs to Fall Brook Dam
- Water Treatment

This loan was taken out over a 20-year period and the intention was to refinance as the debenture matures in 2022.

DISCUSSION

On June 1, 2022, the outstanding balance of \$711,872 will be due in full, unless it is refinanced through a lending source.

	Originally Borrowed	Principal Paid to Date	Amount Remaining	
Wentworth Road Upgrades	960,000.00	672,000.00	288,000.00	
Paving, Curb, Sidewalk, and Sewer	303,740.00	212,618.00	91,122.00	
Repairs to Fall Brook Dam	593,800.00	356,350.00	237,450.00	
Water Treatment	238,300.00	143,000.00	95,300.00	
	<u>2,095,840.00</u>	<u>1,383,968.00</u>	<u>711,872.00</u>	Payment Due June 1, 2022
		Interest Repayment 2022-2023	<u>112,527.00</u>	*if Refinanced
		Total Principal Amount for Refinancing	<u>599,345.00</u>	

Following recent budget discussions, staff are recommending Council approves repayment of the debenture amount. This loan payment will impact the 2022-2023 Operating Budget, but there is capacity within the Windsor Water Utility operating budget and Town of Windsor Operating Reserve to allow for the repayment of Debenture #27-A-1.

Municipal	Principal	Interest	Total
Wentworth Road Upgrade	\$ 257,418	\$ 6,139	\$ 263,557
Wentworth Road Upgrade - (pav/curb/sidewalk)	\$ 61,831	\$ 1,475	\$ 63,306
Wentworth Road Upgrade- Storm Sewer	\$ 30,582	\$ 729	\$ 31,311
Paving , Curb, Sidewalks - Sewer	\$ 29,291	\$ 699	\$ 29,990
	<u>\$ 379,122</u>	<u>\$ 9,042</u>	<u>\$ 388,164</u>
Water	Principal	Interest	Total
Repairs Fall Brook Dam	\$ 237,450	\$ 5,663	\$ 243,113
Water Treatment	\$ 95,300	\$ 2,273	\$ 97,573
	<u>\$ 332,750</u>	<u>\$ 7,936</u>	<u>\$ 340,686</u>

However, should Council wish to refinance, a renewed Temporary Borrowing Resolution (TBR), must be approved by Council. This will meet the necessary lending requirements. The Municipal Finance Corporation offers favourable fixed lending rates for municipal capital purchases.

In order to participate in the upcoming MFC semi-annual debenture call, a 'Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate' must be approved by Council. Approving this would qualify the Municipality to take part in the Spring debenture call. It should be noted that the Minister approval date of the TBR in the resolution document has been left blank. The resolution document is an MFC procedural step, and it has been made clear by them on numerous occasions that it is okay to leave this blank and they will fill it in should the Minister approve the TBR.

NEXT STEPS

If Council proceeds with paying off Debenture #27-A-1, updated debt figures will be added to the 2022-2023 Operating Budgets.

If Council proceeds with refinancing, a time will be scheduled for the Mayor and Municipal Clerk to sign the Temporary Borrowing Resolution and the Resolution for Pre-Approval of Debenture Issuance. This documentation will then be forwarded to Municipal Affairs and Housing and the Municipal Finance Corporation.

FINANCIAL IMPLICATIONS

Current principal and interest payments proposed in the 2022-2023 Operating Budgets:

Municipal	Proposed Budget 2022-23 Payment
Wentworth Road Upgrade	\$ 56,204
Wentworth Road Upgrade - (pav/curb/sidewalk)	\$ 6,676
Wentworth Road Upgrade- Storm Sewer	\$ 13,500
Paving , Curb, Sidewalks - Sewer	\$ 6,395
	<u>\$ 82,775</u>

Water	Proposed Budget 2022-23 Payment
Repairs Fall Brook Dam	\$ 40,109
Water Treatment	\$ 18,367
	<u>\$ 58,476</u>

The recommendation to repay the debenture would result in a \$282,210 reduction in the \$400,273 proposed Windsor Water surplus, and \$305,389 to come from the Town of Windsor Operating Reserve, which has a proposed balance on March 31, 2023, of \$1.2 Million. This would remove these debts from future operating budgets and reduce the debt servicing ratio in 2023-2024.

ALTERNATIVES

1. Council could choose to refinance the loan through MFC
2. Council could approve the TBR and not the resolution, and an alternative funding source to MFC would have to be found.

ATTACHMENTS

- Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate
- Temporary Borrowing Resolution

CHIEF ADMINISTRATIVE OFFICER REVIEW

I support the recommendation proposed by the Manager and Director.

Report Prepared by: _____

Carlee Rochon, Director, Financial Services

Report Approved by: _____

Mark Phillips, Chief Administrative Officer

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

WHEREAS clause 66 (1) of the Municipal Government Act (the "Act") provides that a municipality may borrow to carry out an authority to expend funds for capital purposes conferred by the Act or another Act of the Legislature;

AND WHEREAS clause 91(1)(a) of the Act provides that where a municipality is authorized to borrow money, subject to the approval of the Minister of Municipal Affairs (the "Minister"), that the sum shall be borrowed by the issue and sale of debentures, in one sum or by installments, as determined by the council;

AND WHEREAS clause 91(1)(b) of the *Municipal Government Act* authorizes the council to determine the amount and term of, and the rate of interest, on each debenture, when the interest on a debenture is to be paid, and where the principal and interest on a debenture are to be paid;

AND WHEREAS clause 91(2) of the *Municipal Government Act* states, that in accordance with the *Municipal Finance Corporation Act*, the mayor or warden and clerk or the person designated by the council, by policy, shall sell and deliver the debentures on behalf of the municipality at the price, in the sums and in the manner deemed proper;

AND WHEREAS the resolution of council to borrow for was approved by the municipal council on _____.
(council's TBR approval date)

BE IT THEREFORE RESOLVED

THAT under the authority of Section 91 of the *Municipal Government Act*, the

West Hants Regional Municipality
(Name of Unit)

borrow by the issue and sale of debentures a sum or sums not exceeding \$ 599,345, for a period not to exceed 5 years, subject to the approval of the Minister;

THAT the sum be borrowed by the issue and sale of debentures of the

West Hants Regional Municipality
(Name of Unit)

in the amount that the mayor or warden and clerk or the person designated by the council deems proper, provided the average interest rate of the debenture does not exceed the rate of 5.5%;

THAT the debenture be arranged with the Nova Scotia Municipal Finance Corporation with interest to be paid semi-annually and principal payments made annually;

THAT this resolution remains in force for a period not exceeding twelve months from the passing of this resolution.

For MFC use only:

TBR #: _____

Minister signed: _____

THIS IS TO CERTIFY that the foregoing is a true copy of a resolution duly passed at a meeting of the Council of the

(Name of Unit)

held on the _____ day of _____ 20____

GIVEN under the hands of the Mayor/Warden and the Clerk of the

(Name of Unit)

this _____ day of _____ 20____

Mayor/Warden

Clerk

MUNICIPAL COUNCIL OF THE

TEMPORARY BORROWING RESOLUTION

Amount: \$ _____

Refinance Debenture: _____

WHEREAS Section 66 of the Municipal Government Act provides that the Council of the _____ subject to the approval of the Minister of Municipal Affairs and Housing, may borrow to expend funds for a capital purpose as authorized by statute; and,

WHEREAS clause 66 (4)(b) of the Municipal Government Act authorizes the Municipality to expend funds for the purpose of paying or retiring debentures;

BE IT THEREFORE RESOLVED

THAT under the authority of Section 66 of the Municipal Government Act, the Council of the _____ borrow a sum or sums not exceeding _____ Dollars (\$ _____) for the purpose set out above, subject to the approval of the Minister of Municipal Affairs and Housing;

THAT the sum be borrowed by the issue and sale of debentures of the Council of the _____ to such an amount as the Council deems necessary;

THAT the issue of debentures be postponed pursuant to Section 92 of the Municipal Government Act and that the Municipality borrow from time to time a sum or sums not exceeding _____ Dollars (\$ _____) in total from any chartered bank or trust company doing business in Nova Scotia;

THAT the sum be borrowed for a period not exceeding Twelve (12) Months from the date of the approval of the Minister of Municipal Affairs and Housing of this resolution;

THAT the interest payable on the borrowing be paid at a rate to be agreed upon; and

THAT the amount borrowed be repaid from the proceeds of the debentures when sold.

THIS IS TO CERTIFY that the foregoing is a true copy of a resolution read and duly passed at a meeting of the Council of the _____ held on the ____ day of _____, 2022.

GIVEN under the hands of the Clerk and under the seal of the Council of the _____ this ____ day of _____, 2022.

Clerk