

DATE: December 10, 2019

FILE: 1750-25

TO: Chair and Directors
Regional District Board

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Long Term Borrowing Security Issue Spring 2020

Purpose

To provide the Board with information regarding the Comox Valley Regional District's (CVRD) participation in the Municipal Finance Authority's (MFA) long-term borrowing Spring 2020 issue.

Recommendation from the Chief Administrative Officer:

THAT Bylaw No. 603 being "Comox Valley Regional District Security Issue Bylaw No. 603, 2019, be forwarded to the Comox Valley Regional Board for first, second and third readings and final adoption.

Executive Summary

- On an annual basis a five-year financial plan is prepared by service and approved by the CVRD board. Within that plan, various capital projects and the applicable project funding sources are identified.
- In the 2020 fiscal year, four capital projects across four services will be entering into long-term debt with MFA.
- In the period between the start of each project when the loan authorization is approved and project completion, interim financing with MFA has been used.
- Due to additional pay-downs of the interim financing and a careful cash flow management strategy, lower long-term debt amounts are required.
- With the exception of the Comox Strathcona Waste Management Service (CSWMS), all projects have been completed. The CSWMS project is part of a larger long-term capital project involving both the Comox Valley and the Campbell River sites.
- Per the *Local Government Act*, section 411, a security issuing bylaw is required before the CVRD can enter into a long-term debt agreement with MFA.

411 (1) *A board may, by a security issuing bylaw, provide for the issue of debentures or other evidence of debt for all or part of the debt authorized by one or more loan authorization bylaws.*

(2) *A security issuing bylaw must specify the following:*

(a) the loan authorization bylaws that authorize the borrowing;

(b) the amount of borrowing authorized by each loan authorization bylaw;

(c) the amount already borrowed under each loan authorization bylaw;

(d) the amount remaining to be borrowed under each loan authorization bylaw;

(e) the amount authorized by the security issuing bylaw to be issued under each loan authorization bylaw;

(f) the term of the debt.

(3) The proceeds of the borrowing under a security issuing bylaw must be allotted proportionally for the purposes of each loan authorization bylaw referred to in subsection (2) (a).

(4) A security issuing bylaw must not be adopted

(a) while any proceeding is pending in which the validity of a loan authorization bylaw referred to in subsection (2) (a) is called into question or by which it is sought to be set aside, or

(b) until the time for giving notice of intention to apply to set aside the loan authorization bylaw expires.

(5) A regional district security issuing bylaw may include borrowing under section 410 [financing municipal undertakings], as well as borrowing by the regional district for its own purposes

- The adoption of Comox Valley Regional District Security Issuing Bylaw No. 603, 2019 will provide the authority to enter into the spring 2020 MFA debenture issue in the amount of \$18,585,089 with terms falling between 10 and 25 years as outlined in Appendix A.

Prepared by:

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Concurrence:

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Concurrence:

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Beth Dunlop, CPPB, CPA, CGA
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Attachments:

Appendix A – Authorized and issued borrowing for MFFA Spring 2020 Issue Bylaw No. 603 being “Regional District Security Issuing Bylaw No. 603, 2019”

Authorized and Issued Borrowing for MFA Spring 2020 Issue

Appendix A

L/A Bylaw No.	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue	MFA Indicative Market Rate	Debt Issue Expense (one time)	Annual Principal Payment	Annual Interest Payment
327	Capital upgrades to the Comox Valley Curling Center	\$1,900,000	-	\$1,900,000	10 years	\$1,006,301	2.36%	\$10,063	\$89,821	\$23,749
351	Capital projects in the Comox Strathcona Waste Management Service	45,295,000	-	45,295,000	20 years	8,126,263	2.69%	81,263	318,120	218,596
362	Hornby Island Fire hall renewal and construction project	1,600,000	-	1,600,000	20 years	1,252,525	2.69%	12,525	49,033	33,693
457	Constructing, managing and operating a Comox Valley Civic Center Regional Office Building	8,200,000	-	8,200,000	25 years	8,200,000	2.69%	82,000	240,063	220,580
	Total	\$56,995,000	\$0	\$56,995,000		\$18,585,089		\$185,851	\$777,980	\$496,618

COMOX VALLEY REGIONAL DISTRICT

BYLAW NO. 603

A bylaw to authorize the entering into an agreement respecting financing between the Comox Valley Regional District and the Municipal Finance Authority of British Columbia

WHEREAS the Municipal Finance Authority of British Columbia (the Authority) may provide financing of capital requirements for regional districts by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the regional district on whose request the financing is undertaken;

AND WHEREAS under the provisions of Section 411 of the *Local Government Act*, the amount of borrowing authorized by each of the following loan authorization bylaws, the amount already borrowed under the authority thereof, the amount of authorization to borrow remaining thereunder, and the amount being issued under the authority thereof by this bylaw;

AND WHEREAS the table contained in this bylaw is to provide clarity and information for the purposes of this bylaw;

AND WHEREAS the Board, by this bylaw, hereby requests such financing shall be undertaken through the Authority;

NOW THEREFORE the Board of the Comox Valley Regional District in open meeting assembled enacts as follows:

Comox Valley Regional District Loan Authorization Bylaws:

L/A Bylaw Number	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue
327	Capital upgrades to the Comox Valley Curling Center	\$1,900,000	\$0.00	\$1,900,000	10 years	\$1,006,301
351	Capital projects in the Comox Strathcona Waste Management Service	\$45,295,000	\$0.00	\$45,295,000	20 years	\$8,126,263
362	Hornby Island Fire hall renewal and construction project	\$1,600,000	\$0.00	\$1,600,000	20 years	\$1,252,525
457	Constructing, managing and operating a Comox Valley Civic Center Regional Office Building	\$8,200,000	\$0.00	\$8,200,000	25 years	\$8,200,000
	Total	\$56,995,000	\$0.00	\$56,995,000		\$18,585,089

1. The Authority is hereby requested and authorized to finance from time to time the above noted undertakings, and further described in the Regional District Loan Authorization Bylaws table, at the sole cost and on behalf of the Regional District and its member municipalities up to, but not exceeding Eighteen Million, Five Hundred Eighty Five Thousand, and Eighty Nine Dollars (**\$18,585,089**), in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$18,585,089, in Canadian Dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in consideration of the market and economic conditions pertaining.
2. Upon completion by the Authority of financing undertaken pursuant hereto, the Chair and officer assigned the responsibility of financial administration of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements, which said agreement or agreements shall be substantially in the form annexed hereto as Schedule A and made part of this bylaw (such Agreement or Agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
3. The Agreement in the form of Schedule A shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the *Local Government Act*, in such currency or currencies as shall be borrowed by the Authority under Section 1 and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
4. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.
5. The Agreement shall be sealed with the seal of the Regional District and shall bear the signature of the Chair and the officer assigned the responsibility of financial administration of the Regional District.
6. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Saanich and at such time or times as shall be determined by the Treasurer of the Authority.

7. During the currency of the obligations incurred under the said Agreement to secure borrowings in respect of the Comox Valley Regional District Loan Authorization Bylaw No:
- o 327 being “Comox Valley Curling Club” Loan Authorization Bylaw No. 327, 2014
 - o 351 being “Comox Strathcona Regional Solid Waste Management Service” Loan Authorization Bylaw No. 351, 2014
 - o 362 being “Hornby Island Fire Protection Service” Loan Authorization Bylaw No. 362, 2015
 - o 457 being “Comox Valley Regional District General Administration Service” Loan Authorization Bylaw No. 457, 2017

if the anticipated revenues accruing to the Regional District from the operations of the:

- o Comox Valley Recreation Complexes Service
- o Comox Strathcona Regional Solid Waste Management Service
- o Hornby Island Fire Protection Service
- o Comox Valley Regional District General Administration Service

are at any time insufficient to meet the annual payment of interest and the repayment of principal in any year, there shall be requisitioned an amount sufficient to meet such insufficiency.

8. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided, however, that if the sums provided for in the Agreement are not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to the Authority and the Board of the Regional District shall make due provision to discharge such liability.
9. The Regional District shall pay over to the Authority at such time or times as the Treasurer of the Authority so directs such sums as are required pursuant to Section 15 of the *Municipal Finance Authority Act* to be paid into the Debt Reserve Fund established by the Authority in connection with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.

Citation

This Bylaw No. 603 may be cited as “Regional District Security Issuing Bylaw No. 603, 2019”.

Read a first and second time this	day of	2019.
Read a third time this	day of	2019.
Adopted this	day of	2020.

Chair

Corporate Legislative Officer

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 603 being “Comox Valley Regional District Security Issuing Bylaw No. 603, 2019” as adopted by the Board of the Comox Valley Regional District on the _____ day of _____, 2020.

Corporate Legislative Officer

Schedule A to Bylaw No. _____

CANADA
PROVINCE OF BRITISH COLUMBIA
AGREEMENT

Comox Valley Regional District

The Regional District of _____ (the "Regional District") hereby promises to pay to the Municipal Finance Authority of British Columbia (the "Authority") at its Head Office in Saanich, British Columbia, the sum of _____ DOLLARS (\$_____) in lawful money of Canada, together with interest thereon from the ____ day of _____ 20__, at varying rates of interest, calculated semi-annually, in each and every year during the currency of this Agreement; and payments of principal and interest shall be as specified in the schedule attached commencing on the ____ day of _____ 20__, provided that in the event the payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority such further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at _____, British Columbia, this ____ day of _____, 2020.

IN TESTIMONY WHEREOF and under the authority of

Bylaw # _____ cited as

" _____

_____",

this Agreement is sealed with the Corporate Seal of signed by the Chair and Treasurer thereof.

Chair

Treasurer

Pursuant to the *Local Government Act*, I certify that the within Agreement has been lawfully and validly made and issued and that its validity is not open to question on any ground whatsoever in any court of the Province of British Columbia.

Deputy Inspector of Municipalities of British Columbia

PRINCIPAL AND/OR SINKING FUND DEPOSIT AND INTEREST PAYMENTS

Date of Payment	Total Payment	Principal/Sinking Fund Deposit	Interest
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$