



**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, DECEMBER 12, 2018**

SUBJECT **Revenue Anticipation Resolution for Current Capital Regional Hospital District Operating Expenditures**

ISSUE

Adoption of a revenue anticipation resolution (General Purpose) authorizing borrowing up to \$10 million early in 2019, if so required, prior to receipt of requisition revenues in August 2019.

BACKGROUND

Section 31 of the *Hospital District Act* permits monies to be borrowed for the interim period for the purpose of meeting current operating expenditures, including debt servicing costs, until revenue is received from member municipalities. All money if so borrowed must be repaid within nine months of the date of the borrowing.

Although the Capital Regional Hospital District (CRHD) Board has previously approved a revenue anticipation resolution for this purpose, it has not had to act on the resolution. However, given the proposed capital plan, it is considered appropriate to have the flexibility to enable the Board to respond to opportunities or unforeseen circumstances, and have the ability to access funds should the CRHD require access to funding between January 1, 2019, and August 1, 2019.

The CRHD can borrow funds by making overdraft arrangements within our current banking agreement or by using the Municipal Finance Authority's (MFA) Interim Financing Program. Currently, the MFA's short term borrowing rate is 2.64% while the banking agreement offers 3.95% (both variable rates as of November 29, 2018).

ALTERNATIVES

Alternative 1

That the resolution be adopted to allow the temporary borrowing of up to \$10 million for operating expenditures.

Alternative 2

That the report be referred to staff for additional information.

FINANCIAL IMPLICATIONS

The proposed resolution provides the CRHD access to funds as of January 2019 to cover expenditures if so required, pending receipt of requisition revenues later in the year. Borrowed funds will be repaid upon receipt of anticipated revenues by August 2019. In the past, the CRHD has never had to act on the revenue anticipation resolution. The purpose of approving this resolution is to ensure that borrowing authority will be available in the unlikely event that funds are required to meet short-term operational cash flow needs.

CONCLUSION

The adoption of the resolution is necessary in order to permit borrowing to meet current operating expenditures in 2019 prior to the receipt of annual requisition funding in August.

RECOMMENDATION

That the resolution be adopted to allow the temporary borrowing of up to \$10 million for operating expenditures.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

AH:ngm

Attachment: Revenue Anticipation Resolution