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## REPORT TO CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, JANUARY 10, 2018

**SUBJECT**    Bylaw 4222: Security Issuing Bylaw No. 1, 2018

**ISSUE**

Approval of the Municipal Finance Authority spring 2018 security issuing bylaw for the Capital Regional District (CRD).

**BACKGROUND**

Under *Sections 410 and 411 of the Local Government Act (LGA)*, the CRD must adopt a security issuing bylaw to provide for the issue of debentures or other debt for all or any part of the debt authorized under loan authorization bylaws for its own borrowings and on behalf of municipalities requesting debt.

For the spring issue, the deadline for applications for Certificate(s) of Approval (C of A) to the Ministry of Municipal Affairs and Housing is February 9, 2018. This date has been set to meet the deadline for the March meeting of the MFA Board of Trustees. The application requires a security issuing bylaw approved by the Board in advance of the application date. To accommodate the deadline, the bylaw is being forwarded directly to the first meeting of the CRD Board of Directors in 2018.

There are no municipal borrowings requested for this debt issuance. The CRD is requesting the issue of securities as follows:

**TABLE 1: Capital Regional District Financial Plan Borrowing (\$ Millions)**

Security Issuing Bylaw No.	Service	LOAN AUTHORIZATION				Term of issue	Issue amount	Notes
		Bylaw No.	Authorized	Borrowed	Remaining			
4222	Regional Water Supply	3902	\$12.5	\$4.5	\$8.0	15	\$5.0	Water System Renewal and Upgrades
	Juan De Fuca Water Supply	3981	\$14.8	\$2.0	\$12.8	15	\$3.0	Water Distribution System Renewal and Upgrades
	Regional Parks	4142	\$6.1	\$0.6	\$5.5	15	\$4.0	E&N Trail
	<b>Total</b>						<b>\$12.0</b>	

## **Borrowing and Rate Details**

Each new issue will generally be for a 10 year term, which means the lending rate is set from the date of funding for a period of 10 years. Local governments have the option to borrow for periods ranging from 5 to 30 years; therefore, any terms that exceed the 10 year period will have the lending rate reset starting in year 11. Typically, the rate will be reset for the next 5 years covering the start of year 11 to the end of year 15, and this “5 year reset process” will continue as required (i.e. until loan obligations mature). The MFA’s posted indicative loan rate for long term borrowing is currently 2.85% for a 10 year term as of January 2, 2018.

## **ALTERNATIVES**

### Alternative 1

1. That Bylaw No. 4222, “Security Issuing Bylaw No. 1, 2018”, be introduced and read a first and second time.
2. That Bylaw 4222 be read a third time.
3. That Bylaw 4222 be adopted.

### Alternative 2

That adoption of Bylaw No. 4222 be approved with amendments.

## **IMPLICATIONS**

The CRD funds large capital projects with long term borrowings in order to mitigate the risk of interest rate fluctuation and to spread the capital costs of facilities over current and future users.

## **CONCLUSION**

The CRD is empowered to borrow from the MFA for capital projects through a security issuing bylaw. The requisite loan authorization bylaws and provincial certificates of approval are in place. The services requesting the borrowing will bear the resulting debt service costs. Approval of these bylaws is recommended to permit participation in MFA’s 2018 spring debt issuance.

## **RECOMMENDATION**

1. That Bylaw No. 4222, “Security Issuing Bylaw No. 1, 2018”, be introduced and read a first and second time.
2. That Bylaw 4222 be read a third time.
3. That Bylaw 4222 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
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RL:ngm

Attachments: Bylaw No. 4222