

Town of Riverview

COUNCIL REPORT FORM

Presented to: Mayor and Council

Department: Finance

Date: September 9, 2019

Subject: Long Term Borrowing – 2019 Capital Projects



Agenda Item:

Meeting Date:

For use by Office of the Town Clerk only

BACKGROUND

In connection with the 2019 Capital Budget the Town earlier this year received provincial Municipal Capital borrowing Board (MCBB) approval to issue a new debenture of up to \$5,300,000.

Due to projected savings based upon favorable tender results for certain 2019 capital projects, projected operating budget savings and surplus funds available from the prior year debenture, the Town will be able to reduce the budgeted new borrowing amount from \$5,300,000 to \$4,100,000.

In addition, a significant maturity/balloon payment of \$2,740,000 for an existing ten (10) year debenture issued in 2009 is due in November. The 2019 budget includes refinancing a portion of this debenture balloon payment in the amount of \$1,707,000. Historically the Town budgets for balloon payments as they come due each year but this particular one is so large that it is not financially feasible to pay off in full.

Typically, staff apply to participate in the fall financing initiative (request deadline is September 24, 2019) lead by the Province on behalf of all NB municipalities and, as such, the MCBB requires signed Resolution(s) from Council to go to the market on our behalf.

Attached you will find two resolutions in connection with the above.

CONSIDERATIONS

Legal N/A

Financial

Debt service costs related to this proposed borrowing are included in the Council approved 2019 General Operating Budget.

Policy

The Town must comply with the policies set out by the provincial MCBB each time borrowing is proposed.

Stakeholders N/A

Strategic Plan

The borrowing will enable the Town to continue to provide the service level(s) that are consistent with our Strategic Plan. It will also enable staff to meet the related goals and objectives and address priorities as determined by Council.

Interdepartmental Consultation

The Director of Finance has discussed with the CAO the amount deemed necessary to borrow.

Communication Plan

The purpose and amount of borrowing was already published in the newspaper earlier this year.

OPTIONS

- 1) Approve Resolution(s) to borrow new debenture and refinance the existing debenture.
- 2) Deny resolution(s).

RECOMMENDATION FROM STAFF

Staff recommends that Council approve the Resolution(s) to borrow through the provincial Municipal Capital Borrowing Board to borrow the amount of \$4,100,000 and also to refinance \$1,707,000 of the existing Debenture #BB25.

Prepared by: _____

CAO Approval: _____

Date of Approval: _____