

Cape Breton Regional Municipality

Council Meeting

ADDENDUM

TUESDAY, APRIL 26, 2022

9:30 A.M.

Council Chambers
2nd Floor, City Hall
320 Esplanade, Sydney, NS

Cape Breton Regional Municipality

Council Meeting

Tuesday, April 26, 2022

9:30 a.m.

ADDENDUM ITEM

7. **CORPORATE SERVICES ISSUES:**

- 7.2 **Resolution for Pre-Approval of Debt Issuance CBRW - Balloon Payment Refinancing:** Jennifer Campbell, Chief Financial Officer (See page 3)



CBRM

A Community of Communities

Cape Breton Regional Municipality

MEMO

Date: April 22, 2022
To: Mayor and Council
From: Jennifer Campbell, CPA, CA Chief Financial Officer
Re: Resolution for Pre-Approval of Debt Issuance

CBRM requires a pre-approval for Debenture Issuance for the MFC's 2022 Spring Debenture. The purpose of this debenture issuance is to refinance the balance of maturing loan # 27-A-1 held by the CBRM Water Utility.

The debenture was originally drawn June 1, 2007 in the amount of \$18,290,000, repayable at \$914,500/year over a 20 year period. Subsequent to the initial 10 year term, the Water Utility has the option of paying the loan balance in full or refinancing the balance at each 5 year renewal date.

Staff recommend that the Utility refinance the balance of the loan, given the current favorable lending environment, and ensuring stability of water rates.

The amount eligible to be refinanced is \$4,572,500, for the final 5 year term of the loan. The resolution required by DMAH and MFC is included and requires Council approval.

Sincerely,

ORIGINAL SIGNED BY

Jennifer Campbell, CPA, CA Chief Financial Officer

MUNICIPAL COUNCIL OF THE
CAPE BRETON REGIONAL MUNICIPALITY 
TEMPORARY BORROWING RESOLUTION

Amount: \$ 4,572,500

Refinance Debenture: 27-A-1

WHEREAS Section 66 of the Municipal Government Act provides that the Council of the CAPE BRETON REGIONAL MUNICIPALITY WATER UTILITY 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 CAPE BRETON REGIONAL MUNICIPALITY WATER UTILITY borrow a sum or sums not exceeding FOUR MILLION, FIVE HUNDRED SEVENTY-TWO THOUSAND, FIVE HUNDRED Dollars (\$ 4,572,500) 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 CAPE BRETON REGIONAL MUNICIPALITY WATER UTILITY to such an amount as the Council deems necessary;

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 CAPE BRETON REGIONAL MUNICIPALITY WATER UTILITY held on the 26 day of APRIL, 2022.

GIVEN under the hands of the Clerk and under the seal of the Council of the CAPE BRETON REGIONAL MUNICIPALITY WATER UTILITY this 26 day of APRIL, 2022.

Clerk

P.O. Box 850,
Station "M"
Halifax, NS
B3J 2V2



8 North, Maritime Center
1505 Barrington Street
Halifax, NS B3J 3K5
Telephone: (902) 424-6333
Fax: (902) 424-0525

January 12, 2022

Marie Walsh
Chief Administrative Officer
Cape Breton Regional Municipality
320 Esplanade,
Sydney, NS B1P 7B9

Dear Ms. Walsh:

RE: Notification of Balloon Payment Due in Fiscal 2022-2023

This letter is a reminder that the Cape Breton Regional Municipality has a balloon payment due in the upcoming fiscal year. Balloon payments may be paid in full upon the maturity date as indicated in the table below, or they may be refinanced in full or part through the Nova Scotia Municipal Finance Corporation (MFC) for the remaining life of the term of the original debenture. If you are interested in refinancing balloon payment, the MFC must receive confirmation that you wish to do so prior to the maturity date of the debentures.

The MFC typically issues debentures in the spring (May or June) and then again in the fall (October or November). For those units seeking refinancing and whose balloon payment maturity date may be in advance of the debenture issue date, the MFC has a short-term bridge financing program that may be used to bridge the loan until such time that a debenture financing can be secured.

Balloon Payment Options

Payment of Debenture:

| Original Loan Date | Payment Due Date | Total Balloon Payment Required |
|--------------------|------------------|--------------------------------|
| June 1, 2007 | June 1, 2022 | \$5,847,000.00 |

Refinancing of Balloon Payment:

| Original Loan Date | Loan Outstanding | Payment Required in 2022-2023* | Amount Eligible for Refinancing | Term |
|--------------------|------------------|--------------------------------|---------------------------------|------|
| June 1, 2007 | \$5,847,000.00 | \$914,500.00 | \$4,572,500.00 | 5 |

* Payments required in 2022-23 are for the balloon payments only and do not include any other outstanding principal and interest payments due to the MFC in fiscal 2022-23.

P.O. Box B50,
Station "M"
Halifax, NS
B3J 2V2



8 North, Maritime Center
1505 Barrington Street
Halifax, NS B3J 3K5
Telephone: (902) 424-6333
Fax: (902) 424-0525

N.S.M.F.C.
January 12, 2022

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Letters seeking confirmation of participation in the MFC debenture issues are typically mailed in February and in July. If you wish to refinance the balloon payment, it is important that the MFC receives a commitment to participate in advance of the maturity date of your balloon payment.

If you have any questions about your balloon payment, the short-term bridge financing program or the debenture issue process, please do not hesitate to contact myself at (902) 424-7172. You can also visit our web site at <http://www.nsmfc.ca>

Yours truly,

ORIGINAL SIGNED BY

Bob Audoux, CPA, CGA
Manager, Financial Services

cc Municipal Advisor

