

COUNCIL REPORT

M&C No.	2020-05
Report Date	January 03, 2020
Meeting Date	January 13, 2020
Service Area	Finance and Administrative Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: Borrowing Resolutions

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Common Council.

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
<i>Craig Lavigne</i>	<i>Kevin Fudge</i>	<i>John Collin</i>

RECOMMENDATION

That Common Council adopt the following resolutions:

1. That the Commissioner of Finance is hereby authorized to borrow, on behalf of the City of Saint John (the Corporation), from the Bank of Nova Scotia (the Bank) from time to time by way of direct advances by Promissory Notes, Overdraft, or Standby Letters of Credit/Letters of Guarantee, a sum or sums not exceeding at any one time six million dollars (\$6,000,000) to meet current expenditures for the year 2020; and
2. That the Commissioner of Finance is hereby authorized to borrow, on behalf of the City of Saint John (the Corporation), from the Bank of Nova Scotia (the Bank) from time to time by way of direct advances by Promissory Notes, a sum or sums not exceeding at any one time twenty five million dollars (\$25,000,000) to meet capital expenditures for the year 2020.

EXECUTIVE SUMMARY

The Bank of Nova Scotia requires certain resolutions to be passed by Common Council to formalize the line of credit with the City. These resolutions were last updated by Common Council at its meeting of Jan 14, 2019. At this time, there is a need to provide the bank with updated resolutions.

PREVIOUS RESOLUTION

M&C – 2019-05 – Borrowing Resolutions

STRATEGIC ALIGNMENT

N/A

REPORT

The City has credit facilities with the Bank of Nova Scotia in the amount of \$21,000,000. This amount represents \$6,000,000 for general operating purposes and \$15,000,000 for bridge financing on capital expenditures. The calculation of the line of credit for operating purposes is outlined in the Local Governance Act and is set at a maximum of 4% of the operating budget. Based on the City's 2020 operating budget the maximum the City could borrow for operating purposes is \$6,668,334. It is proposed to maintain with the bank an operating line of credit of \$6,000,000.

With respect to the bridge financing for capital expenditures, as a result of the magnitude of the City's capital programs, it is proposed to maintain the current credit level of \$15,000,000, not to exceed \$25,000,000. It is unlikely that actual borrowings will reach these combined levels, but there is no harm in having the credit limits in place as a precautionary measure.

The City has not borrowed money from the Bank of Nova Scotia for general operating purposes or bridge financing since 2013. Major capital projects can put a drain on financial resources because the City pays for capital projects upfront and then borrows after expenditures are incurred. In these circumstances the City will need borrow money short term.

SERVICE AND FINANCIAL OUTCOMES

N/A

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

N/A

ATTACHMENTS

N/A