

COUNCIL REPORT

M&C No.	2020 - 221
Report Date	August 24, 2020
Meeting Date	August 31, 2020
Service Area	Finance and Administrative Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: Fall 2020 – Saint John Energy Debenture Application

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

RESOLVED that the City of Saint John entrust to the Power Commission of the City of Saint John, doing business as Saint John Energy, the design, operation and management of the Burchill interconnection and Paradise Row substation relocation projects.

RESOLVED that Common Council approve the loan agreement between the City of Saint John and The Power Commission of the City of Saint John and direct the Mayor and Common Clerk to execute the agreement;

RESOLVED that occasion having arisen in the public interest for the following Public Civic Works and needed Civic Improvements that the City of Saint John proposes issue of the following debentures to be dated on or after September 4, 2020:

The Power Commission of the City of Saint John

Burchill Interconnection	\$ 15,000,000	
Paradise Row Substation	<u>\$ 10,000,000</u>	
TOTAL		<u>\$25,000,000</u>

THEREFORE RESOLVED that debentures be issued under provisions of the Acts of Assembly 52, Victoria, Chapter 27, Section 29 and amendments thereto, to the amount of \$25,000,000.

EXECUTIVE SUMMARY

Notice of motion was given at the August 4th, 2020 meeting of Common Council regarding the need to borrow \$25,000,000 for two projects; the Burchill Interconnection and Paradise Row Substation.

The next step in the debenture financing is to submit application to the New Brunswick Municipal Finance Corporation. In order to proceed with the debenture financing this recommendation requires Council's adoption.

There is a loan agreement between the City of Saint John and Saint John Energy that requires approval from Common Council. This agreement will include the terms and conditions for payment of debenture as well as a \$25,000 administration fee to be paid to the City to cover the cost of administering the debenture.

PREVIOUS RESOLUTION

M&C – 2020-193 – 2020 Fall Debenture Issue – Notice of Motion

REPORT

The New Brunswick Municipal Finance Corporation is planning a bond issue in the near future and applications are to be submitted by end of September 23, 2020. While the issue will not be sold until the Corporation feels that rates are reasonable, they have provided ranges within which the issue could be sold. These are as follows:

Interest Rate:	Not to exceed an average of 4.50%
Price, Net:	Not to be less than \$98.00 per \$100.00 of debenture
Term:	Serial form to mature in equal annual amounts over a term not to exceed 10 years for Saint John Energy.

Saint John Energy made a presentation to the Finance Committee on August 13th regarding the Burchill Interconnection Project and the Paradise Row Substation as well as the need to borrow \$25,000,000 to finance these projects. The Finance Committee was supportive of these projects and borrowing through the New Brunswick Municipal Finance Corporation.

SERVICE AND FINANCIAL OUTCOMES

See attached Loan Agreement

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

Input has been received from; Finance Committee, Common Council, Legal, Finance and Saint John Energy

ATTACHMENTS

Loan Agreement City of Saint John and Saint John Energy