



TOWN OF OXFORD

Special Meeting

Place: Conducted through Zoom, streamed live to Facebook

Date: Tuesday, 06 April 2021

Time: immediately following Committee of the Whole Meeting

AGENDA

1. Call to Order
2. Approval of Agenda
3. RFD# 004-2021: Duke Street Watermain Spring Debenture
4. CRA online access for staff - Discussion / Decision
5. Adjournment



REQUEST FOR DECISION
Duke Street Watermain Spring Debenture
File No. 004-2021

Date: 22 March 2021	Subject: Duke Street Watermain Spring Debenture
Proposal Attached: Yes	Submitted by: Linda Cloney, Acting Town Clerk

Proposal:	That Council approves the resolution for pre-approval of debenture issuance, subject to interest rate, in the amount of \$615,100 for a period not to exceed 20 years, as presented.
Background:	<p>The Town of Oxford did a Short-Term Borrowing for \$663,000 in January with the intent to roll this into a Spring Debenture.</p> <p>At the time of the Short-Term Borrowing, the staff estimated the costs needed was \$663,000. The actuals presented, for the Duke Street Watermain Project is \$615,121.19. Please refer to attached work sheet.</p> <p>The deadline to apply for the Spring Debenture is April 16, 2021.</p>
Options:	<ol style="list-style-type: none"> 1. Town Council approve the resolution presented for a period of 10 years. 2. Town Council approve the resolution presented for a period of 15 years. 3. Town Council approve the resolution presented for a period of 20 years.
Disadvantages:	<p><u>Disadvantages for Option 1 & 2</u></p> <ul style="list-style-type: none"> ● It will be a larger immediate financial strain on the water operating budget. The Utility and Review Board (UARB) may not look on this favorably as this project was not approved therefore the water rates do not reflect the financing that was required.

	<p><u>Disadvantages for Option 3.</u></p> <ul style="list-style-type: none"> ● This option will take 20 years to pay back versus the other two shorter terms and will have the highest interest charges.
Advantages:	<p><u>Advantages for 1 and 2.</u></p> <p>Shortest amount of time to pay back loan with less interest charges.</p> <p><u>Advantage for Option 3.</u></p> <p>This option will have less financial strain on the water operating budget. This will also enable us to build our water capital reserve so we can take advantage of government funding for future projects.</p>
Required Resources:	A water rate study in the upcoming Fall 2021.
Source of Funding:	Municipal Finance Corporation
Sustainability Implications: (Environmental, Social, Economic and Cultural)	
Workplan Implications (now/future):	Direction from Council to request a water rate study from UARB as soon as possible.
Communication Plan:	
Staff Comments/ Recommendations:	<p>Recommendations as per our Financial Advisor - Ken Smith</p> <p>I am of the opinion that the Council should take a debenture out for the longest term which is available in light of the following:</p> <ol style="list-style-type: none"> 1. The UARB decision dated September 26, 2019 regarding the Town's Application for an Amendment to its Schedule of Rates had anticipated the waterline project being fully funded. As there was a significant shortfall in the funding, the upcoming application will likely require an upward pressure on the water rates. If the Water Utility paid down the principle quicker over the 3 year period, the smaller savings in interest

	<p>would likely be significantly offset by higher principle payments leading to an upward pressure on the required rates. The UARB may not look favorably on this. As you are aware, principal payments are classified as an expenditure leading to a surplus or deficit for water utilities versus private sector accounting which treats principal payments differently.</p> <p>2. The Town was at high risk as per the 2019 financial statements and the Municipal Financial Indicators. Its risk measurement has likely worsened further since then. Furthermore, the Water Utility's depreciation reserve is very low as this appears to have been utilized more in the past versus allowing to build up for large future requirements. In order to take advantage of cost sharing projects in the near future, the Town and the Utility should build up its reserves so that they don't get caught funding a project which is required to be done without access to federal or provincial funds due to timing.</p> <p>Ken</p>
<p>Acting Town Clerk's Review/ Comments:</p>	<p>I am in support of Option 3 as this will assist us to build back up our water capital reserves and may assist in keeping the water rates as low as possible to our customers.</p>

Acting Town Clerk's Initials: LC

Target Decision Date: April 6, 2021

DUKE Street Watermain Spring Debenture

Expenses paid in full

Date	Comment	Debits	Source #	PROJECT
06/10/2020	Acadian Printing	396.29	67262	Duke to Ellis (watermain)
10/30/2020	Dexter Construction Company Limited	105,795.77	560658	Duke to Ellis (watermain)
11/30/2020	Dexter Construction Company Limited	365,079.12	560958	Duke to Ellis (watermain)
12/31/2020	Dexter Construction Company Limited	54,434.24	561386	Duke to Ellis (watermain)
01/29/2021	Dexter Construction Company Limited	58,367.70	561652	Duke to Ellis (watermain)
09/06/2019	Dillon Consulting Limited	754.36	7,948.00	Duke to Ellis (watermain)
10/17/2019	Dillon Consulting Limited	2,274.12	BS	Duke to Ellis (watermain)
05/14/2020	Dillon Consulting Limited	1,687.36	218357	Duke to Ellis (watermain)
09/11/2020	Dillon Consulting Limited	523.00	223352/199583	Duke to Ellis (watermain)
11/25/2020	Dillon Consulting Limited	7,457.02	227293/199583	Duke to Ellis (watermain)
11/25/2020	Dillon Consulting Limited	1,564.30	227294/199583	Duke to Ellis (watermain)
12/11/2020	Dillon Consulting Limited	884.61	228554/199583	Duke to Ellis (watermain)
01/15/2021	Dillon Consulting Limited	523.26	230091/199583	Duke to Ellis (watermain)
10/31/2020	Emco Corporation	6,335.41	14738747-00	Duke to Ellis (watermain)
11/12/2020	Emco Corporation	1,082.91	14739309-00	Duke to Ellis (watermain)
11/09/2020	I.M.P. Group Limited	663.26	810839	Duke to Ellis (watermain)
12/01/2020	I.M.P. Group Limited	359.79	812365	Duke to Ellis (watermain)
12/08/2020	Tim Ellis	1,147.15	344	Duke to Ellis (watermain)

Total expenses applied to Duke Street project 10.293% of HST not included	609,329.67
Interest on Temporary Borrowing to date	1,515.59
Estimated other fees MFC transfer etc (7/10 of 1%)	4,275.93
Total cost of Duke Street Watermain Renewal	615,121.19

Suggested amount to apply for Spring Debenture 615,100.00

Amount of Temporary Borrowing based on estimate in January 663,000.00
Required to Pay Back to MFC in spring of 2021 47,900.00

Options for # of years	# of years	yearly payment on principal	Plus interest max 5.5%
	10	61,510.00	unknown
	15	41,006.67	unknown
	20	30,756.06	unknown

Suggested # of years -maximum 20 Years

Carry loan over maximum years will help with our cash flow problems and maintain water rates at a reasonable level

We are advised to request another water study from URB as soon as possible, to have this unexpected debt to be considered in water rates

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION
 "CQ" REPAYMENT SCHEDULE - LOAN DATED 14-May-21

Town of Oxford

DATE	PRINCIPAL	TOTAL INTEREST	TOTAL REPAYMENT	Duke Street Water Project	
				Fiscal Repayments	Rates
14-Nov-21	0.00	4,066.68	4,066.68	4,066.68	
14-May-22	61,500.00	4,066.68	65,566.68		0.6780%
14-Nov-22	0.00	3,858.19	3,858.19	69,424.87	
14-May-23	61,500.00	3,858.19	65,358.19		0.8590%
14-Nov-23	0.00	3,594.05	3,594.05	68,952.24	
14-May-24	61,500.00	3,594.05	65,094.05		0.9550%
14-Nov-24	0.00	3,300.39	3,300.39	68,394.44	
14-May-25	61,500.00	3,300.39	64,800.39		1.1230%
14-Nov-25	0.00	2,955.07	2,955.07	67,755.46	
14-May-26	61,500.00	2,955.07	64,455.07		1.2410%
14-Nov-26	0.00	2,573.46	2,573.46	67,028.53	
14-May-27	61,500.00	2,573.46	64,073.46		1.4160%
14-Nov-27	0.00	2,138.04	2,138.04	66,211.50	
14-May-28	61,500.00	2,138.04	63,638.04		1.5720%
14-Nov-28	0.00	1,654.65	1,654.65	65,292.69	
14-May-29	61,500.00	1,654.65	63,154.65		1.7030%
14-Nov-29	0.00	1,130.98	1,130.98	64,285.63	
14-May-30	61,500.00	1,130.98	62,630.98		1.7990%
14-Nov-30	0.00	577.79	577.79	63,208.77	
14-May-31	61,500.00	577.79	62,077.79	62,077.79	1.8790%
	615,000.00	51,698.60	666,698.60	666,698.60	

NET PROCEEDS: 613,355.00

FOR ILLUSTRATIVE PURPOSES ONLY. THIS IS "NOT" AN OFFICIAL NSMFC PRICING OFFER.

- 1) Used the actual commissions, issue expenses, & reserve charge from the Spring 2020 issue. Spring 2021 debenture interest rates will be based on market conditions.
- 2) Based on a **10 YEAR** serial repayment.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION
 "CQ" REPAYMENT SCHEDULE - LOAN DATED 14-May-21

Town of Oxford

DATE	PRINCIPAL	TOTAL INTEREST	TOTAL REPAYMENT	Duke Street Water Project	
				Fiscal Repayments	Rates
14-Nov-21	0.00	4,961.87	4,961.87	4,961.87	
14-May-22	41,000.00	4,961.87	45,961.87		0.6780%
14-Nov-22	0.00	4,822.88	4,822.88	50,784.75	
14-May-23	41,000.00	4,822.88	45,822.88		0.8590%
14-Nov-23	0.00	4,646.78	4,646.78	50,469.66	
14-May-24	41,000.00	4,646.78	45,646.78		0.9550%
14-Nov-24	0.00	4,451.00	4,451.00	50,097.78	
14-May-25	41,000.00	4,451.00	45,451.00		1.1230%
14-Nov-25	0.00	4,220.78	4,220.78	49,671.78	
14-May-26	41,000.00	4,220.78	45,220.78		1.2410%
14-Nov-26	0.00	3,966.37	3,966.37	49,187.15	
14-May-27	41,000.00	3,966.37	44,966.37		1.4160%
14-Nov-27	0.00	3,676.09	3,676.09	48,642.46	
14-May-28	41,000.00	3,676.09	44,676.09		1.5720%
14-Nov-28	0.00	3,353.83	3,353.83	48,029.92	
14-May-29	41,000.00	3,353.83	44,353.83		1.7030%
14-Nov-29	0.00	3,004.71	3,004.71	47,358.54	
14-May-30	41,000.00	3,004.71	44,004.71		1.7990%
14-Nov-30	0.00	2,635.91	2,635.91	46,640.62	
14-May-31	41,000.00	2,635.91	43,635.91		1.8790%
14-Nov-31	0.00	2,250.71	2,250.71	45,886.62	
14-May-32	41,000.00	2,250.71	43,250.71		1.9890%
14-Nov-32	0.00	1,842.96	1,842.96	45,093.67	
14-May-33	41,000.00	1,842.96	42,842.96		2.1090%
14-Nov-33	0.00	1,410.61	1,410.61	44,253.57	
14-May-34	41,000.00	1,410.61	42,410.61		2.2140%
14-Nov-34	0.00	956.74	956.74	43,367.35	
14-May-35	41,000.00	956.74	41,956.74		2.2890%
14-Nov-35	0.00	487.49	487.49	42,444.23	
14-May-36	41,000.00	487.49	41,487.49	41,487.49	2.3780%
	615,000.00	93,377.46	708,377.46	708,377.46	

NET PROCEEDS: 613,083.00

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- 1) Used the actual commissions, issue expenses, & reserve charge from the Spring 2020 issue. Spring 2021 debenture interest rates will be based on market conditions.
- 2) Based on a 15 YEAR serial repayment.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION
 "CQ" REPAYMENT SCHEDULE - LOAN DATED 14-May-21

Oxford

DATE	PRINCIPAL	TOTAL INTEREST	TOTAL REPAYMENT	Water	
				Fiscal Repayments	Rates
14-Nov-21	0.00	5,549.46	5,549.46	5,549.46	
14-May-22	30,750.00	5,549.46	36,299.46		0.6780%
14-Nov-22	0.00	5,445.22	5,445.22	41,744.68	
14-May-23	30,750.00	5,445.22	36,195.22		0.8590%
14-Nov-23	0.00	5,313.15	5,313.15	41,508.37	
14-May-24	30,750.00	5,313.15	36,063.15		0.9550%
14-Nov-24	0.00	5,166.32	5,166.32	41,229.47	
14-May-25	30,750.00	5,166.32	35,916.32		1.1230%
14-Nov-25	0.00	4,993.66	4,993.66	40,909.98	
14-May-26	30,750.00	4,993.66	35,743.66		1.2410%
14-Nov-26	0.00	4,802.86	4,802.86	40,546.52	
14-May-27	30,750.00	4,802.86	35,552.86		1.4160%
14-Nov-27	0.00	4,585.15	4,585.15	40,138.01	
14-May-28	30,750.00	4,585.15	35,335.15		1.5720%
14-Nov-28	0.00	4,343.45	4,343.45	39,678.60	
14-May-29	30,750.00	4,343.45	35,093.45		1.7030%
14-Nov-29	0.00	4,081.61	4,081.61	39,175.06	
14-May-30	30,750.00	4,081.61	34,831.61		1.7990%
14-Nov-30	0.00	3,805.01	3,805.01	38,636.62	
14-May-31	30,750.00	3,805.01	34,555.01		1.8790%
14-Nov-31	0.00	3,516.11	3,516.11	38,071.12	
14-May-32	30,750.00	3,516.11	34,266.11		1.9890%
14-Nov-32	0.00	3,210.30	3,210.30	37,476.41	
14-May-33	30,750.00	3,210.30	33,960.30		2.1090%
14-Nov-33	0.00	2,886.04	2,886.04	36,846.34	
14-May-34	30,750.00	2,886.04	33,636.04		2.2140%
14-Nov-34	0.00	2,545.64	2,545.64	36,181.68	
14-May-35	30,750.00	2,545.64	33,295.64		2.2890%
14-Nov-35	0.00	2,193.71	2,193.71	35,489.35	
14-May-36	184,500.00	2,193.71	186,693.71	186,693.71	2.3780%
	615,000.00	124,875.38	739,875.38	739,875.38	

NET PROCEEDS: 612,949.00
 "All-in" cost to the Municipality 2.11%

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- 1) Used the actual commissions, issue expenses, & reserve charge from the Spring 2020 issue. Spring 2021 debenture interest rates will be based on market conditions.
- 2) Based on a **20 YEAR** serial repayment.

Resolution for Pre-Approval of Debenture Issuance Subject to Interest Rate

WHEREAS clause 66 (1) of the Municipal Government Act (the "Act") provides that a municipality may borrow to carry out an authority to expend funds for capital purposes conferred by the Act or another Act of the Legislature;

AND **WHEREAS** clause 91(1)(a) of the Act provides that where a municipality is authorized to borrow money, subject to the approval of the Minister of Municipal Affairs (the "Minister"), that the sum shall be borrowed by the issue and sale of debentures, in one sum or by installments, as determined by the council;

AND WHEREAS clause 91(1)(b) of the *Municipal Government Act* authorizes the council to determine the amount and term of, and the rate of interest, on each debenture, when the interest on a debenture is to be paid, and where the principal and interest on a debenture are to be paid;

AND WHEREAS clause 91(2) of the *Municipal Government Act* states, that in accordance with the *Municipal Finance Corporation Act*, the mayor or warden and clerk or the person designated by the council, by policy, shall sell and deliver the debentures on behalf of the municipality at the price, in the sums and in the manner deemed proper;

AND WHEREAS the resolution of council to borrow for was approved by the municipal council on April 6th, 2021.
(council's TBR approval date)

BE IT THEREFORE RESOLVED

THAT under the authority of Section 91 of the *Municipal Government Act*, the

Town of Oxford
(Name of Unit)

borrow by the issue and sale of debentures a sum or sums not exceeding \$615,100, for a period not to exceed 20 years, subject to the approval of the Minister;

THAT the sum be borrowed by the issue and sale of debentures of the

Town of Oxford
(Name of Unit)

in the amount that the mayor or warden and clerk or the person designated by the council deems proper, provided the average interest rate of the debenture does not exceed the rate of 5.5%;

THAT the debenture be arranged with the Nova Scotia Municipal Finance Corporation with interest to be paid semi-annually and principal payments made annually;

THAT this resolution remains in force for a period not exceeding twelve months from the passing of this resolution.

For MFC use only:
TBR #: _____
Minister
signed: _____

THIS IS TO CERTIFY that the foregoing is a true copy of a resolution duly passed at a meeting of the Council of the

Town of Oxford
(Name of Unit)

held on the 6th day of April 2021

GIVEN under the hands of the Mayor/Warden and the Clerk of the

Town of Oxford
(Name of Unit)

This 6th day of April 2021

Mayor/Warden

Clerk