



Regional Board Report

Request for Decision

Approved for Board Consideration

A handwritten signature in black ink, appearing to read "Brian Reardon".

Brian Reardon, CAO

To: Regional Board

From: Lyle Smith, Director of Financial Services

Date: June 24, 2022

Subject: Municipal Finance Authority (Fall 2022) - Security Issuing Bylaw No.1504 (Lake Country)

Voting Entitlement: 1. All Directors - Weighted Corporate Vote – Majority (LGA s.210); and
2. All Directors – Weighted Corporate Vote – 2/3 Majority (LGA s.214)

Purpose: To consider readings and adoption of RDCO Security Issuing Bylaw No. 1504 on behalf of the District of Lake Country.

Executive Summary:

Municipal borrowings are supported by municipal resolution and debt servicing levels are below liability servicing limits. For the municipal borrowings, there is no direct impact on the RDCO. The debt is issued to the municipalities through the regional district and all principal and interest payments are paid for by the respective municipalities.

The RDCO is empowered to borrow from the Municipal Finance Authority (MFA) for capital projects through a security issuing bylaw. The requisite loan authorization bylaw, provincial certificate of approval and municipal resolution for the proposed security issuing bylaw is in place. The municipality requesting the borrowing will bear the resulting debt service costs. Approval of this bylaw is recommended to permit participation in MFA's 2022 Fall debt issuance.

Recommendation(s):

1. **THAT** Security Issuing Bylaw No. 1504, 2022 be read a first, second, and third time.
2. **THAT** Security Issuing Bylaw No. 1504, 2022 be adopted.

Respectfully Submitted:

Lyle Smith, Director of Financial Services

Attachment(s):

1. Bylaw No. 1504
2. District of Lake Country Loan Authorization Bylaw No. 1158
3. District of Lake Country Certificate of Approval and Liability Servicing Limit Certificate

4. District of Lake Country certified Municipal Security Issuing Resolution

Strategic Plan Alignment:

Priorities: Sustainable Communities,

Values: Regional Perspective, Good Governance

Background:

Under Sections 410 and 411 of the Local Government Act (LGA), the RDCO must adopt a security issuing bylaw to provide for the issue of debentures or other debt for all or any part of the debt authorized under loan authorization bylaws for its own borrowings and on behalf of municipalities requesting debt.

Debt issuance is undertaken twice annually by the Municipal Finance Authority (MFA). The process requires the RDCO Board to adopt separate security issuing bylaws for each borrower. The approved bylaws are then submitted to the Ministry of Municipal Affairs for approval.

Pursuant to Section 182 of the Community Charter, municipality borrowing under a loan authorization bylaw must be undertaken by the applicable regional district on behalf of the municipality. Pursuant to Section 410 of the LGA, the regional district will finance the loan authorization bylaw of a municipality approved under the Community Charter. This will permit the municipality to access long-term borrowing through the Municipal Finance Authority for an upcoming issue.

A municipal request for the Fall 2022 MFA issue has been submitted by the District of Lake Country. The request is outlined in Table 1 below:

Security Issuing Bylaw No.	Municipality	LOAN AUTHORIZATION				Term of Issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
1504	District of Lake Country	1158	\$8.840	\$0.000	\$8.840	20	\$8.840	Wastewater Treatment Plant
	Total						\$8.840	

Term and Rate Details

The MFA often funds new issues by issuing a 10-year bond, locking in a fixed interest rate for ten years. As clients may borrow for up to thirty years, loans longer than ten years are typically refinanced every five years, following the initial ten years. The MFA's current 10-year indicative lending rate is currently 4.03%.

RDCO's multi-year budgets establish a longer-term focus including budgeting for current and future debt. Current indicative market interest rates are provided by the Municipal Finance Authority of BC and form the starting point for rates used in financial planning:

Term (years)	MFABC – Indicative Rates
5	3.65%
10	4.03%
15	4.24%
20	4.30%
25	4.30%
30	4.30%

Financial Considerations:

For municipal borrowings, there is no direct impact on the RDCO. The debt is issued to the municipality through the regional district and all principal and interest payments are paid for by the respective municipalities.

Considerations not applicable to this report:

- *Alternative Recommendation*
 - *Organizational*
 - *Legal/Statutory Authority*
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