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**Item No. 2**  
**Audit & Finance Standing Committee**  
**September 7, 2016**

**TO:** Chair and Members of Audit & Finance Standing Committee

Original Signed

**SUBMITTED BY:**

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Amanda Whitewood, Director of Finance and Information Technology/CFO

**DATE:** August 30, 2016

**SUBJECT:** 2016 Fall Debenture Issuance – Non Participation

**INFORMATION REPORT**

**ORIGIN**

Nova Scotia Municipal Finance Corporations' Fall Debenture Issuance.

**LEGISLATIVE AUTHORITY**

Halifax Regional Municipality Charter, Section 83, The Municipality may borrow to carry out an authority to expend funds for capital purposes conferred by this Act or another Act of the Legislature

**BACKGROUND**

Nova Scotia Municipal Finance Corporation conducts two debenture processes each year. The first is in the spring of each year, and the second is during the fall. Notice to Nova Scotia Municipal Finance Corporation as to whether or not we will be participating in the fall debenture issuance is due by October 21, 2016.

**DISCUSSION**

We have completed the fall debenture calculations and included all projects that were approved to be funded by debt and that have spent 90% or more of the project budget.

Based on that criteria, the debenture funding required for the upcoming fall debenture will be approximately \$3.36m.

We have reviewed the fall debentures requirements for the last number of years and \$3.36m would be one of the lowest amounts we would have finance in the last 20 years. For comparison, last fall, we debt financed approximately \$10m of new debt. Our average fall debenture is in the range of \$15M-\$20M, but this can vary significantly depending on the projects completed.

We have reviewed our cash requirements and our current cash position is more than adequate to satisfy our current liabilities.

Currently we are earning less than 1% on our investments and would pay around 2.5% on our new debt. By delaying our borrowing until the spring debenture, we will have a net savings of approximately \$25,000. Therefore, we have decided to forgo our involvement in the 2016 fall debenture with Nova Scotia Municipal Finance Corporation.

This is a departure from usual practice.

**FINANCIAL IMPLICATIONS**

Not participating in the fall debenture issuance would have net savings of approximately \$25,000.

**COMMUNITY ENGAGEMENT**

N/A

**ATTACHMENTS**

N/A

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A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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Original Signed

Report Approved by: Louis de Montbrun, Manager, Financial Reporting 902.476.0585

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