



# **Bylaw No. 2017-53**

## **Disclaimer:**

**This information has been provided solely for research convenience. Official bylaws are available from the Office of the City Clerk and must be consulted for purposes of interpretation and application of the law.**

BYLAW NO. 2017-53

THE BUFFALO POUND WATER TREATMENT CORPORATION  
BORROWING AND GUARANTEE BYLAW, 2017

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THE COUNCIL OF THE CITY OF REGINA ENACTS AS FOLLOWS:

**Purpose**

1 The purpose of this Bylaw is to authorize Buffalo Pound Water Treatment Corporation as a City of Regina and City of Moose Jaw controlled corporation to incur debt obligations in the principal sum of \$45,000,000 and to authorize the City of Regina to guarantee the principal sum of \$33,300,000 plus any related interest or other costs of the debt resulting from this borrowing.

**Authority**

2 The authority for this Bylaw is *The Cities Act* and, in particular, Part IX and Divisions 5, 6, 7 and 8 of the Act.

**Definitions**

3 In this Bylaw:

- (a) **“Banker’s Acceptance Rate”** means the current discount rate at which the Bank of Montreal can sell or trade a banker’s acceptance within the secondary financial market;
- (b) **“Chief Financial Officer”** means the Executive Director, Financial & Corporate Services, who has been appointed as the Chief Financial Officer for the City by the City Manager;
- (c) **“City”** means the City of Regina or where the context requires the geographical area within the city limits;
- (d) **“controlled corporation”** means controlled corporation as defined in *The Cities Act*;
- (e) **“Negotiated Fixed Swap Rate”** means the current discount rate negotiated between Buffalo Pound Water Treatment Corporation and a counterparty through which Buffalo Pound Water Treatment Corporation and that counterparty agree to exchange interest rate cash flows (either from a floating rate to a fixed rate or from a fixed rate to a floating rate based on an underlying reference rate or index such as interest or foreign exchange rate) based on a notional principal amount for a fixed period in the future;

Approved as to form this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
City Solicitor

- (f) **“Prime Rate”** means the annual rate of interest announced from time to time by the Bank of Montreal as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by the Bank of Montreal in Canada;
- (g) **“Unanimous Membership Agreement”** means the Unanimous Membership Agreement entered into on January 1, 2016 between the City of Regina, the City of Moose Jaw and Buffalo Pound Water Treatment Corporation.

**Debt Limit**

- 4(1) The City received approval of the re-establishment of its long-term debt limit of \$450,000,000 granted by the Saskatchewan Municipal Board on October 5, 2016.
- (2) The City’s outstanding debt including loans previously guaranteed by the City as of September 30, 2017 totals \$302,537,626.
- (3) The City’s total outstanding debt including guarantees as of September 30, 2017 and the debt authorized pursuant to this Bylaw results in debt that is below the debt limit established by the Saskatchewan Municipal Board.

**Authorization and amount of loan and guarantee**

- 5(1) Pursuant to clause 5.2(f) of the Unanimous Membership Agreement and section 153 of *The Cities Act*, the City authorizes the following:
  - (a) Buffalo Pound Water Treatment Corporation to borrow the principal sum of up to \$45,000,000 (Canadian funds) from the Bank of Montreal for the purposes set out in section 6 of this Bylaw; and
  - (b) the City to provide a guarantee of up to the principal sum of \$33,300,000 plus any related interest or other costs relating to the debt set out in clause (a) to the Bank of Montreal.
- (2) The City is authorizing Buffalo Pound Water Treatment Corporation to incur the debt obligation provided for in subsection (1) as the City is the owner of 74 Class A voting memberships in Buffalo Pound Water Treatment Corporation and Buffalo Pound Water Treatment Corporation requires approval of both the cities of Regina and Moose Jaw pursuant to clause 5.2(f) of the Unanimous Membership Agreement prior to the borrowing of money or the issuing of any debt obligation or amending, varying or altering the terms of any existing debt obligation.
- (3) The Chief Financial Officer of the City is authorized to negotiate, approve and enter into all necessary agreements with the Buffalo Pound Water Treatment

Corporation, the City of Moose Jaw and the Bank of Montreal on behalf of the City and generally to do all things and to execute all documents and other papers in the name of the City, in order to carry out the borrowing and guarantee as provided in this Bylaw.

- (4) The City Clerk is authorized to affix the City's seal to all documents and papers required by subsection (3).

**Purpose of the borrowing**

- 6 The money borrowed by Buffalo Pound Water Treatment Corporation shall be used for the purpose of undertaking a capital electrical overhaul and other upgrades of the Buffalo Pound Water Treatment Plant including but not limited to the construction of a main redundant power supply, a lake pump station transmission line replacement and lake pump station power supply, pumping upgrades and other general modifications, replacements and upgrades that may be required to be completed from time to time.

**Details of the borrowing**

- 7(1) The \$45,000,000 loan will proceed by way of a loan agreement and an interest rate swap agreement with the Bank of Montreal.
- (2) The purpose of Buffalo Pound Water Treatment Corporation entering into an interest rate swap agreement is so that Buffalo Pound Water Treatment Corporation can manage, mitigate or eliminate the risks related to interest rate fluctuations.

**Rate of Interest**

- 8(1) Under the loan agreement, Buffalo Pound Water Treatment Corporation has the option of paying interest on the loan at the Banker's Acceptance Rate plus 0.75% or the Prime Rate less 0.50%.
- (2) Under the interest rate swap arrangement, Buffalo Pound Water Treatment Corporation will exchange the Banker's Acceptance Rate plus 0.75% with a counterparty and will instead only pay interest on the loan based on the Negotiated Fixed Swap rate plus:
  - (a) a 0.75% credit spread for the first 10 years of the interest rate swap agreement; and
  - (b) a credit spread determined based on the creditworthiness of the cities of Regina and Moose Jaw for the balance of the term of the interest rate swap agreement.

**Term**

- 9(1) The term of the loan is 10 years from the date that funds are advanced to Buffalo Pound Water Treatment Corporation and the term of the interest rate swap agreement may be up to 25 years from the date that funds are advanced to Buffalo Pound Water Treatment Corporation.
- (2) Notwithstanding subsection (1) at the end of the 10 year period of the loan the interest rate swap agreement may be terminated if Buffalo Pound Water Treatment Corporation does not renegotiate or extend the loan for a further term.

**Payments and Terms of Repayment**

- 10(1) Buffalo Pound Water Treatment Corporation is required to make payments on the principal amount of the loan and interest based on a 25 year repayment schedule.
- (2) The principal amount of the loan and interest shall be payable monthly from the date the loan is entered into until the end of the term.
- (3) At the end of the 10 year term of the loan, Buffalo Pound Water Treatment Corporation is required to repay in full all of the principal amount of the loan and interest which is then outstanding at that point in time, unless a further loan is negotiated and approved by Buffalo Pound Water Treatment Corporation and the respective City Councils of the cities of Regina and Moose Jaw.

**Buffalo Pound Water Treatment Corporation's Source of Payment**

- 11 Buffalo Pound Water Treatment Corporation will repay the principal and interest owing under the loan as well as any interest rate swap agreement termination fees from the revenue it receives from water rates that are charged to the cities of Regina and Moose Jaw.

**Source of Payment if City is required to pay**

- 12 If the City is required under the guarantee to pay any principal, interest or interest rate swap termination fees under the loan or any interest rate swap agreement identified in this Bylaw, the City shall make the payments from any of the following sources:
- (a) municipal property taxes;
  - (b) the general fund reserve; and
  - (c) the general utility reserve.

13 This Bylaw comes into force on the day of passage.

READ A FIRST TIME THIS 27th DAY OF November 2017.

READ A SECOND TIME THIS 27th DAY OF November 2017.

READ A THIRD TIME AND PASSED THIS 27th DAY OF November 2017.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk (SEAL)

CERTIFIED A TRUE COPY

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City Clerk

ABSTRACT

BYLAW NO. 2017-53

THE BUFFALO POUND WATER TREATMENT CORPORATION  
BORROWING AND GUARANTEE BYLAW, 2017

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**PURPOSE:** To authorize the Buffalo Pound Water Treatment Corporation to borrow up to \$45,000,000 and to authorize the City of Regina to guarantee \$33,300,000 of this debt

**ABSTRACT:** This Bylaw provides the necessary authorizations for the Buffalo Pound Water Treatment Corporation to borrow \$45,000,000 as well as for the City to guarantee \$33,300,000 of this debt. This bylaw sets out the amount of money to be borrowed, the purpose for the borrowing, the rate of interest or how the interest is calculated, the term of the loan, terms of repayment as well as the sources for repayment of the loan. This Bylaw also provides information on the City's debt limit and the City's current level of debt.

**STATUTORY AUTHORITY:** Part IX and Divisions 5, 6, 7 and 8 of *The Cities Act*.

**MINISTER'S APPROVAL:** N/A

**PUBLIC HEARING:** N/A

**PUBLIC NOTICE:** Public Notice is required pursuant to subsection 101(2) of *The Cities Act*. Public Notice was provided in the Leader Post, the City's public notice board and the City's website on June 17, 2017 and November 4, 2017.

**REFERENCE:** Executive Committee, November 15, 2017, Report EX17-35

**AMENDS/REPEALS:** new bylaw

**CLASSIFICATION:** Administrative and Executory

**INITIATING DIVISION:** Corporate Services

**INITIATING DEPARTMENT:** Finance