

# **CITY OF PRINCE ALBERT**

## **SPECIAL CITY COUNCIL MEETING**

### **A G E N D A**



**WEDNESDAY,**  
**DECEMBER 17, 2008**

**11:45 A.M.**

**COUNCIL CHAMBER**  
**CITY HALL**

1. **CALL TO ORDER:**
2. **PRAYER:**
3. **SUBMISSION OF PECUNIARY INTEREST FORMS:**
4. **APPROVAL OF AGENDA:**
5. **REPORTS OF ADMINISTRATION & COMMITTEES:**

- 5.1 Report from City Clerk dated December 16, 2008, with respect to **Long-Term Borrowing – Bylaw No. 49 of 2008 – 3<sup>rd</sup> Reading (CORP-CLK-08-37).**

1

**6. UNFINISHED BUSINESS - BYLAWS:**

- 6.1 Bylaw No. 49 of 2008, a Bylaw to Provide for the creation of a Long-Term Debt. (3<sup>rd</sup> Reading) 16

3<sup>rd</sup> Reading:

*“That Bylaw No. 49 of 2008 be read a third time and passed; and, that Bylaw No. 49 of 2008, be now adopted, sealed and signed by the Mayor and City Clerk.”*

**7. ADJOURNMENT:**





## City of Prince Albert REPORT

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**Report Title:** Long-Term Borrowing – Bylaw No. 49 of 2008 – 3<sup>rd</sup> Reading (CORP-CLK-08-37)

**Date:** December 16, 2008

**Prepared By:** Cliff Skauge, City Clerk

**Prepared For:** City Council

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### **RECOMMENDATION:**

That Bylaw No. 49 of 2008 be laid on the table and brought up under the Order of Business “Unfinished Business – Bylaws”.

**JUSTIFICATION FOR INCAMERA: N/A**

### **BACKGROUND:**

As Members of Council are aware, City Council’s Long-Term Borrowing Bylaw No. 49 of 2008 received two readings at the December 15, 2008 City Council meeting.

### **DISCUSSION:**

In order to finalize the Long-Term Borrowing Bylaw and to allow adequate time to finalize the necessary arrangements with the Bank, it is necessary to have the Bylaw again placed before City Council for consideration of 3<sup>rd</sup> and Final Reading.

### **OPTIONS:**

### **FINANCIAL IMPLICATIONS:**

### **PUBLIC NOTICE/COMMUNICATIONS:**

### **STRATEGIC PLAN GOAL:**

### **ATTACHMENT:**

- Report from Finance Manager dated December 4, 2008, with respect to Long Term Borrowing – Award of Tender No. 169 of 2008 – Bylaw No. 49 of 2008.

**CONCLUSION:**

I would therefore forward the above noted recommendation for approval.

**Respectfully Submitted,**

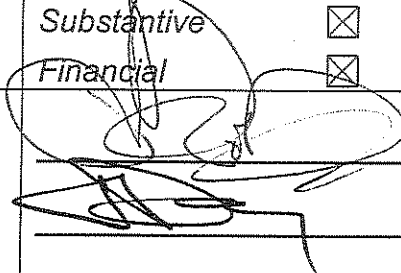


Cliff Skauge  
CITY CLERK



# City of Prince Albert

## REPORT APPROVAL FORM

<b>Report Title:</b>	Long-Term Borrowing - Award of Tender (RPT# FIN-08-64)	<b>Date:</b>	December 4, 2008
<b>Prepared By:</b>	Brian Parschauer, BA Finance Manager		
<b>Prepared For:</b>	Executive Committee		
<b>Approval Required By:</b>		<b>Report Type:</b>	
		Routine <input type="checkbox"/> Substantive <input checked="" type="checkbox"/> Financial <input checked="" type="checkbox"/>	
<b>City Manager</b>	<input checked="" type="checkbox"/>		
<b>Director of Financial Services</b>	<input checked="" type="checkbox"/>		
<b>Director of Public Works</b>	<input type="checkbox"/>		
<b>Director of Community Services</b>	<input type="checkbox"/>		
<b>Director of Ec.Dev &amp; Planning</b>	<input type="checkbox"/>		
<b>Director of Fire &amp; Emerg. Services</b>	<input type="checkbox"/>		
<b>Director of Corporate Services</b>	<input type="checkbox"/>		
<b>City Solicitor</b>	<input type="checkbox"/>		
<b>Chief of Police</b>	<input type="checkbox"/>		

### Report Type ~ Definitions:

<b>Routine</b>	Matters that are routine in nature and/or follow existing Council policy require Department Head approval only
<b>Substantive</b>	Matters that require the concurrence of more than one department and/or are complex in nature and require the approval of the City Manager prior to being provided to elected officials
<b>Financial</b>	Matters that have substantial or unusual financial implications require the approval of the Director of Financial Services



# City of Prince Albert

## REPORT

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**Report Title:** \$13 Million - Long-Term Borrowing - Award of Tender  
(RPT # FIN-08-64)

**Date:** December 4, 2008

**Prepared By:** Brian Parschauer, BA  
Finance Manager

**Prepared For:** Executive Committee

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### **RECOMMENDATION:**

"That City Council award Tender # 169-08 for the long-term borrowing of \$13.0 million dollars repayable over 20 years, to CIBC, with:

- o \$8.0 million dollars set at an initial repayment term of five years bearing an interest rate of 4.67%, and,
- o \$5.0 million dollars set at an initial repayment term of one year bearing an interest rate of 3.01%; and

That Bylaw No. 49 of 2008, a Bylaw of the City of Prince Albert for the Creation of a Long-Term Debt, be given three (3) readings at this time."

### **BACKGROUND:**

During the 2008 budgetary process, Council discussed completing several large scale capital projects and the need to obtain long-term debt financing to complete them. As a result, Administration commenced the process of acquiring long-term financing this fall, with the intention of having the financing finalized by the end of 2008 so that the City would be able to meet its upcoming capital and operating financial commitments. Just prior to the close of the tender, the stock market crashed and only three financial entities submitted responses to the initial tender. As a result, a second tender was circulated and its results are noted below.

### **DISCUSSION:**

The second tender for long-term debt closed on November 24th, 2008. It was distributed to 17 financial institutions and only four institutions (Bank of Montreal, CIBC, Canadian Western Bank and Municipal Financing Corporation) met the deadline.

Appendix A notes the various loan options provided to the City. The interest rates quoted by CIBC and by the Bank of Montreal (BMO) are noted on the spreadsheet and they are indicative of available rates as of November 18, 2008. The Canadian Western Bank does not provide a specific date as to when their rates were calculated and the Municipal Financing Corporation is noting interest rate quotes as of November 20, 2008. All Respondents provided information on a traditional loan and only the Bank of Montreal submitted any documentation concerning an Interest Rate Swap. The interest rate noted on the swap is higher than the rates noted on a traditional loan, so it will not be discussed any further. No one provided information on a twenty (20) year debenture.

The three banking institutions suggested blended interest and principal payments on a monthly basis, but offered different time frames and options for the loans. Appendix A also reviews the different time frames submitted. From the submissions provided, CIBC is prepared to offer the City the lowest long-term financing rates. Their 10-year rate is 5.76% whereas the rate noted by the BMO is 6.03%.

The information provided by Municipal Financing is similar to their earlier submission where they require the City to pay only the interest on an annual basis but on the 20<sup>th</sup> year the principal value must be repaid as one lump sum. Although the interest rate offered over the course of the 20 year term is lower than the rates submitted by the other institutions, the amount of interest required to be paid will remain constant over the term of the loan. When traditional blended principal and interest loan payments are made, the principal value is reduced and the interest calculated for the year is calculated on the prior period's reduced principal balance. If the City were to select the Municipal Financing option, the principal value would never be reduced, and the City would be paying interest based on the total amount outstanding. Over the course of 20 years, the City would pay the equivalent of \$14,820,000 in interest costs, whereas the total interest paid on a loan with an annual blended principal and interest payment at 5.76% is \$9,228,340 or, at 6.03%, the interest cost is \$9,723,222.

CIBC and Canadian Western Bank also provided information on shorter terms. Since CIBC is offering the lowest rate, only their breakdown by periods is provided below.

<b>CIBC</b>	<b>One-Year Rate</b>	<b>Five-Year Rate</b>	<b>Ten-Year Rate</b>
<b>Total Fixed Rate</b>	3.01%	4.67%	5.76%
<b>Monthly Payment</b>	\$72,041.06	\$83,125.60	\$90,841.48
<b>Annual Payment</b>	\$864,492.72	\$997,507.20	\$1,090,097.76

## OPTIONS:

### 1. Proceed with securing long-term debt from the current low bidder.

#### Pros:

- ⇒ The City will have the financial resources in place to continue with construction of capital projects.
- ⇒ The interest rate noted by the low bidder may be the best that is available given current economic conditions.

#### Con:

- The City may be able to secure a lower repayment interest rate if it repeats the tender process for the third time.

If Option # 1 is selected, Administration is suggesting that a five-year initial repayment term bearing interest at 4.67% compounded annually be utilized for the **\$8.0 Million dollars** that will be spent on Water and Sewer Infrastructure upgrades, and that a one-year initial repayment term bearing interest at 3.01% compounded annually be utilized for the remaining **\$5.0 Million dollars**.

The Pros and Cons of selecting a split repayment term are:

#### Pro:

- ⇒ The Utility Fund is intended to be a self-funding utility. As a result, it requires a constant payment schedule to ensure that interest rate fluctuations do not cause it to incur additional costs. Selecting a five year repayment rate limits the detrimental effects of any interest rate increases that could occur after the initial one-year repayment term expires.
- ⇒ Applying the one-year repayment schedule to the remaining \$5.0 Million dollars affects the Land Fund and the General Fund. Both are capable of generating revenues faster via increased property sales or via other operational savings options. They are better able to cope with any interest rate fluctuations that might occur once the year expires. As well, during the course of a year, if additional or unexpected federal or provincial revenues are received, the principal value of the \$5.0 million dollar loan could be repaid faster.
- ⇒ The City will be renewing its banking arrangements within two years. If an annual term is utilized for the \$5.0 Million dollars, the City will be able to re-negotiate the balance of the loan as

part of the banking tender and may be able to see further interest rate savings.

- ⇒ For the \$8.0 Million repayment schedule, the Five year term is less costly than a ten year term, which also applies to the one year repayment term for the remaining \$5.0 Million.
- ⇒ The City can prepay up to 10% of the original amount in any given year. For example, if the City receives additional federal or provincial revenues, those dollars can be applied as a one-lump sum payment against the loan or paid intermittently throughout each calendar year.

Cons:

- ⇒ Interest rates could go lower and the City might be able to secure a loan repayment schedule that is lower than the 4.67% currently being offered by CIBC for five years.
- ⇒ There are cost savings that can be realized if a one-year term is selected for the entire \$13 million loan since the interest rate is lower.
- ⇒ Once the repayment terms are established the City won't be able to re-negotiate the loan until the term's anniversary date arrives.

The Pros and Cons for longer loan repayment terms are similar. There is less risk of being detrimentally affected by shifting interest rates if a longer term is selected. But the security of a fixed interest rate for a longer period of time comes with a cost - higher interest rates and this translates into higher monthly payments.

**2. Re-issue the Tender a third time.**

Pro:

- ⇒ The expectation is that more of the seventeen financial institutions will respond to the tender which could result in better interest rate options for the long-term financing.

Cons:

- There is no guarantee that interest rates will remain the same or be more competitive.
- There is no guarantee that any other financial institutions will respond. The results of the first two tenders indicate that

financial institutions are not interested in responding to long-term borrowing as significant as what the City requires.

- Public perception of re-tendering may not be favorable especially if the result is higher interest rates.

#### **FINANCIAL IMPLICATIONS:**

Due to the economic uncertainty affecting financial institutions around the world, it is difficult to conceptualize what the future holds with respect to interest rates for long-term borrowing. There are no guarantees as to how the market will react in the next month(s).

The City originally planned on securing a \$12.5 Million dollar debenture to finance the West Hill Infrastructure and Water and Sewer Plant infrastructure capital projects. The benefit of a debenture is that the repayment schedule can allow the City to utilize the borrowed money for a year before making an annual payment, which is how the current \$6.5M debenture was structured. None of the tender Respondents provided any information on their willingness to offer a debenture to the City.

As a result, the City will be borrowing money in a traditional loan format, receiving the borrowed funds and then shortly thereafter being required to commence monthly payments. This was not anticipated during 2008 budget deliberations. The result is that the repayment program will commence one year earlier than originally expected.

Utilizing a five year repayment term at the quoted interest rate of 4.67% for the Utility Fund - Water and Sewer Infrastructure repairs - will impact the 2009 Utility Fund by \$616,200 annually. Using a one-year repayment term bearing interest at 3.01% for the remaining \$5.0 Million dollars will affect the Land Fund capital budget in the amount of \$299,750 annually and the General Fund capital budget by \$33,310 annually.

A decision on financing is necessary so that a conclusion can be reached before the 2009 construction season commences. Council should note it takes a minimum of between 4 to 6 weeks to finalize all paperwork before any money is transferred to the borrower. Delaying the finalization of the long-term financing will make it difficult for the City to complete the major capital projects that were started in 2008 but are expected to be completed in 2009 and 2010. As of the date of this report, the City is currently utilizing its short-term overdraft.

#### **PUBLIC NOTICE/COMMUNICATIONS:**

The City's Public Notice Policy Bylaw # 5 of 2003 indicates that public notification is required prior to any decision being made regarding awarding the tender for the borrowing of money. Appendix C is a copy of the public notification

that was published in a local newspaper, posted on the bulletin board at City Hall, and posted on the City's website.

**STRATEGIC PLAN:**

The City's strategic plan identified Infrastructure planning and funding as one of its key concepts. Any decision respecting long-term borrowing will have an impact on the City's various infrastructure construction projects and will impact the fee structures that will be required to repay any capital loans.

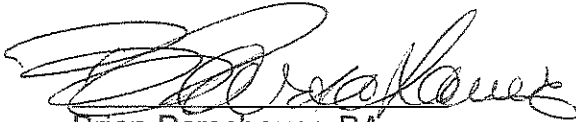
**ATTACHMENTS:**

- ⇒ Appendix A - Analysis of Loan Options
- ⇒ Appendix B - Interest Rate Analysis
- ⇒ Appendix C - Copy of Public Notice
- ⇒ Appendix D - Bylaw 49 of 2008

**CONCLUSION:**

In order to determine the most cost effective long-term borrowing option for the City, Administration completed a tender for long-term debt. Recent economic events have created a borrowing environment where financial institutions are very cautious about lending money over long periods of time. Rather than re-tendering a third time, Administration is suggesting that the City award the tender to the low-bidder - CIBC and that all necessary requirements for concluding the process of long-term borrowing be completed as soon as possible.

**Respectfully Submitted,**



Brian Parschauer, BA  
Finance Manager

20 Year Rate				
	CIBC	BMO	Municipal Financing Corporation of Saskatchewan	Canadian Western Bank
Total Fixed Rate	N/A	N/A	5.70%	N/A
Monthly Payment	N/A	N/A	90,456.40	N/A
Annual Payment	N/A	N/A	1,105,952.98	N/A
Annual Interest Payment			741,000.00	N/A

\*\*The Municipal Financing Corporation requires only interest payments be made each year and that at the end of the 20 year term, the total principal amount would need to be repaid. The annual payment amount assumes that \$650,000 would be set aside for each of the next 20 years to cover the principal cost of \$13,000,000.

10 Year Rate				
	CIBC	BMO	Municipal Financing Corporation of Saskatchewan	Canadian Western Bank
Total Fixed Rate	5.76%	6.03%	N/A	N/A
Monthly Payment	90,841.48	93,361.17	N/A	N/A
Annual Payment	1,090,097.76	1,120,334.04	N/A	N/A
Annual Interest Payment	N/A	N/A	N/A	N/A

5 Year Rate				
	CIBC	BMO	Municipal Financing	Canadian Western Bank
Total Fixed Rate	4.67%	N/A	N/A	7.05%
Monthly Payment	83,125.60	N/A	N/A	\$101,196.07
Annual Payment	\$997,507.20	N/A	N/A	\$1,214,352.84

1 Year Rate				
	CIBC	BMO	Municipal Financing	Canadian Western Bank
Total Fixed Rate	3.01%	N/A	N/A	5.500%
Monthly Payment	72,041.06	N/A	N/A	\$89,438.49
Annual Payment	\$864,492.72	N/A	N/A	\$1,073,261.88

## Interest Rate Analysis

Appendix B

Five Year Term      4.67%      Annual UF Capital Payment =      \$616,188.12

	Principal	Monthly Interest	Sub-total	Payment	Total
1	8,000,000.00	31,133.33	8,031,133.33	\$51,349.01	7,979,784.32
2	7,979,784.32	31,054.66	8,010,838.98	\$51,349.01	7,959,489.97
3	7,959,489.97	30,975.68	7,990,465.66	\$51,349.01	7,939,116.65
4	7,939,116.65	30,896.40	7,970,013.04	\$51,349.01	7,918,664.03
5	7,918,664.03	30,816.80	7,949,480.83	\$51,349.01	7,898,131.82
6	7,898,131.82	30,736.90	7,928,868.72	\$51,349.01	7,877,519.71
7	7,877,519.71	30,656.68	7,908,176.39	\$51,349.01	7,856,827.38
8	7,856,827.38	30,576.15	7,887,403.54	\$51,349.01	7,836,054.53
9	7,836,054.53	30,495.31	7,866,549.84	\$51,349.01	7,815,200.83
10	7,815,200.83	30,414.16	7,845,614.99	\$51,349.01	7,794,265.98
11	7,794,265.98	30,332.69	7,824,598.66	\$51,349.01	7,773,249.65
12	7,773,249.65	30,250.90	7,803,500.55	\$51,349.01	7,752,151.54
13	7,752,151.54	30,168.79	7,782,320.33	\$51,349.01	7,730,971.32
14	7,730,971.32	30,086.36	7,761,057.68	\$51,349.01	7,709,708.67
15	7,709,708.67	30,003.62	7,739,712.29	\$51,349.01	7,688,363.28
16	7,688,363.28	29,920.55	7,718,283.83	\$51,349.01	7,666,934.82
17	7,666,934.82	29,837.15	7,696,771.97	\$51,349.01	7,645,422.96
18	7,645,422.96	29,753.44	7,675,176.40	\$51,349.01	7,623,827.39
19	7,623,827.39	29,669.39	7,653,496.78	\$51,349.01	7,602,147.77
20	7,602,147.77	29,585.03	7,631,732.80	\$51,349.01	7,580,383.79
21	7,580,383.79	29,500.33	7,609,884.12	\$51,349.01	7,558,535.11
22	7,558,535.11	29,415.30	7,587,950.41	\$51,349.01	7,536,601.40
23	7,536,601.40	29,329.94	7,565,931.34	\$51,349.01	7,514,582.33
24	7,514,582.33	29,244.25	7,543,826.58	\$51,349.01	7,492,477.57
25	7,492,477.57	29,158.23	7,521,635.79	\$51,349.01	7,470,286.78
26	7,470,286.78	29,071.87	7,499,358.65	\$51,349.01	7,448,009.64
27	7,448,009.64	28,985.17	7,476,994.81	\$51,349.01	7,425,645.80
28	7,425,645.80	28,898.14	7,454,543.94	\$51,349.01	7,403,194.93
29	7,403,194.93	28,810.77	7,432,005.70	\$51,349.01	7,380,656.69
30	7,380,656.69	28,723.06	7,409,379.74	\$51,349.01	7,358,030.73
31	7,358,030.73	28,635.00	7,386,665.74	\$51,349.01	7,335,316.73
32	7,335,316.73	28,546.61	7,363,863.33	\$51,349.01	7,312,514.32
33	7,312,514.32	28,457.87	7,340,972.19	\$51,349.01	7,289,623.18
34	7,289,623.18	28,368.78	7,317,991.97	\$51,349.01	7,266,642.96
35	7,266,642.96	28,279.35	7,294,922.31	\$51,349.01	7,243,573.30
36	7,243,573.30	28,189.57	7,271,762.87	\$51,349.01	7,220,413.86
37	7,220,413.86	28,099.44	7,248,513.31	\$51,349.01	7,197,164.30
38	7,197,164.30	28,008.96	7,225,173.26	\$51,349.01	7,173,824.25
39	7,173,824.25	27,918.13	7,201,742.38	\$51,349.01	7,150,393.38
40	7,150,393.38	27,826.95	7,178,220.32	\$51,349.01	7,126,871.31
41	7,126,871.31	27,735.41	7,154,606.72	\$51,349.01	7,103,257.71
42	7,103,257.71	27,643.51	7,130,901.22	\$51,349.01	7,079,552.21
43	7,079,552.21	27,551.26	7,107,103.47	\$51,349.01	7,055,754.46
44	7,055,754.46	27,458.64	7,083,213.11	\$51,349.01	7,031,864.10
45	7,031,864.10	27,365.67	7,059,229.77	\$51,349.01	7,007,880.76
46	7,007,880.76	27,272.34	7,035,153.09	\$51,349.01	6,983,804.08

*Interest Rate Analysis*

Five Year Term      4.67%      Annual UF Capital Payment =      \$616,188.12

	Principal	Monthly Interest	Sub-total	Payment	Total
47	6,983,804.08	27,178.64	7,010,982.72	\$51,349.01	6,959,633.71
48	6,959,633.71	27,084.57	6,986,718.29	\$51,349.01	6,935,369.28
49	6,935,369.28	26,990.15	6,962,359.42	\$51,349.01	6,911,010.41
50	6,911,010.41	26,895.35	6,937,905.76	\$51,349.01	6,886,556.75
51	6,886,556.75	26,800.18	6,913,356.93	\$51,349.01	6,862,007.93
52	6,862,007.93	26,704.65	6,888,712.57	\$51,349.01	6,837,363.56
53	6,837,363.56	26,608.74	6,863,972.30	\$51,349.01	6,812,623.29
54	6,812,623.29	26,512.46	6,839,135.75	\$51,349.01	6,787,786.74
55	6,787,786.74	26,415.80	6,814,202.55	\$51,349.01	6,762,853.54
56	6,762,853.54	26,318.77	6,789,172.31	\$51,349.01	6,737,823.30
57	6,737,823.30	26,221.36	6,764,044.66	\$51,349.01	6,712,695.65
58	6,712,695.65	26,123.57	6,738,819.23	\$51,349.01	6,687,470.22
59	6,687,470.22	26,025.40	6,713,495.62	\$51,349.01	6,662,146.61
60	6,662,146.61	25,926.85	6,688,073.47	\$51,349.01	6,636,724.46
	<b>Total Interest</b>	<b>1,717,665.03</b>			

## Interest Rate Analysis

Appendix B

One-Year Term		3.01%			
	Principal	Monthly Interest	Sub-total	Payment	Total
1	5,000,000.00	12,541.67	5,012,541.67	\$27,754.92	4,984,786.75
2	4,984,786.75	12,503.51	4,997,290.26	\$27,754.92	4,969,535.34
3	4,969,535.34	12,465.25	4,982,000.59	\$27,754.92	4,954,245.68
4	4,954,245.68	12,426.90	4,966,672.58	\$27,754.92	4,938,917.66
5	4,938,917.66	12,388.45	4,951,306.11	\$27,754.92	4,923,551.19
6	4,923,551.19	12,349.91	4,935,901.10	\$27,754.92	4,908,146.19
7	4,908,146.19	12,311.27	4,920,457.45	\$27,754.92	4,892,702.54
8	4,892,702.54	12,272.53	4,904,975.06	\$27,754.92	4,877,220.15
9	4,877,220.15	12,233.69	4,889,453.84	\$27,754.92	4,861,698.93
10	4,861,698.93	12,194.76	4,873,893.69	\$27,754.92	4,846,138.77
11	4,846,138.77	12,155.73	4,858,294.50	\$27,754.92	4,830,539.59
12	4,830,539.59	12,116.60	4,842,656.19	\$27,754.92	4,814,901.27
<b>Total Interest</b>		<b>147,960.27</b>		<b>\$333,059.00</b>	

Five Year Term		4.67%			
	Principal	Monthly Interest	Sub-total	Payment	Total
1	5,000,000.00	19,458.33	5,019,458.33	\$32,093.13	4,987,365.20
2	4,987,365.20	19,409.16	5,006,774.37	\$32,093.13	4,974,681.23
3	4,974,681.23	19,359.80	4,994,041.04	\$32,093.13	4,961,947.90
4	4,961,947.90	19,310.25	4,981,258.15	\$32,093.13	4,949,165.02
5	4,949,165.02	19,260.50	4,968,425.52	\$32,093.13	4,936,332.39
6	4,936,332.39	19,210.56	4,955,542.95	\$32,093.13	4,923,449.82
7	4,923,449.82	19,160.43	4,942,610.24	\$32,093.13	4,910,517.11
8	4,910,517.11	19,110.10	4,929,627.21	\$32,093.13	4,897,534.08
9	4,897,534.08	19,059.57	4,916,593.65	\$32,093.13	4,884,500.52
10	4,884,500.52	19,008.85	4,903,509.37	\$32,093.13	4,871,416.23
11	4,871,416.23	18,957.93	4,890,374.16	\$32,093.13	4,858,281.03
12	4,858,281.03	18,906.81	4,877,187.84	\$32,093.13	4,845,094.71
<b>Total Interest</b>		<b>230,212.28</b>		<b>\$385,117.57</b>	

	Annual Interest savings	Future Value of savings
Difference between one year and five year term:	82,252.01	\$428,042.78

### LONG TERM BORROWING BYLAW

Pursuant to Section 3 (e) of City council's Public Notice Policy (Bylaw No. 5 of 2003), the Council of the City of Prince Albert hereby gives Notice that it intends to pass a Long-Term Borrowing Bylaw in the amount of \$13 million dollars, to be used to finance capital infrastructure improvements, at its December 15, 2008 City Council meeting.

Any person may make written or oral representation to City Council at its meeting to be held on December 15th, 2008, at 7:00 p.m. in the Council Chamber, City Hall, 1084 Central Avenue, Prince Albert, Sask. S6V 7P3.

Council will hear or consider written or oral comments presented at the meeting or that are delivered to the undersigned by 4:45 p.m. on Tuesday, December 9, 2008, or received prior to the meeting.

Issued at the City of Prince Albert this 28th day of November, 2008.

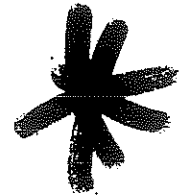
Cliff Skauge, City clerk

1084 Central Avenue

Prince Albert, SK. S6V 7P3

Ph# (306) 953-4305 Fax# (306) 953-4313

*P.A.H.  
Nov 29/08*



# CITY OF PRINCE ALBERT BYLAW NO. 49 OF 2008

*A Bylaw of The City of Prince Albert in the Province of  
Saskatchewan to Provide for the Creation of a Long-Term Debt*

WHEREAS the Council of The City of Prince Albert deems it desirable and necessary to create a long-term debt in the amount of Thirteen Million (\$13,000,000) dollars, for the purpose of financing costs associated with completing 2008 and 2009 Capital projects, specifically West Hill Infrastructure improvements, Water and Sewer Infrastructure Upgrades and the Purchase of a Building to facilitate the expansion of a City Department;

AND WHEREAS the taxable assessment as shown by the last revised assessment roll thereof, being that for the year 2008, is the sum of Nine Hundred and Twelve Million, Fifty-One Thousand and Fifty (\$912,051,050) dollars;

AND WHEREAS the amount of existing long term debt of The City of Prince Albert is the sum of six million, four hundred and sixteen thousand, eight hundred and fifty-nine dollars and seventeen cents (\$6,416,859.17), no part of which is in arrears;

AND WHEREAS The City of Prince Albert has an approved debt limit of forty (40) million dollars;

NOW THEREFORE THE COUNCIL OF THE CITY OF PRINCE ALBERT IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

1. The amount of money being borrowed will be Thirteen Million (\$13,000,000) dollars.

2. The money will be used for the completion of West Hill Infrastructure improvements, Water and Sewer Infrastructure upgrades and for the purchase of building to facilitate the expansion of City services.
3. This terms of repayment of this loan will be amortized over a twenty (20) year period. A repayment term of five (5) years bearing interest at a fixed rate of 4.67% compounded annually will be applied to Eight (8) Million dollars; and a repayment term of one (1) year bearing interest at a fixed rate of 3.01% compounded annually will be applied to Five (5) Million dollars.
4. Blended monthly principal and interest payments of \$51,349.01 will be paid during the five year repayment term as set forth in the attached Amortization Schedule noted in Schedule 'A' attached hereto.
5. Blended monthly principal and interest payments of \$27,754.92 will be paid during the one year repayment term as set forth in the attached Amortization Schedule noted in Schedule 'B' attached hereto.
6. Thereafter the loan may be renewed for additional terms at the then current interest rates that apply at that time, provided the City can select a longer renewal term based on a cost-benefit analysis favourable to the City's financial position.
7. Sources of repayment will be from:
  - a). increased water and sewer levies as noted under the City's Bylaw #41 of 2007 for the portion related to Water and Sewer infrastructure upgrades;
  - b). increased land sale revenues and levies for the portion related to the West Hill Infrastructure upgrades; and,
  - c). future General Fund capital payments.

8. This Bylaw shall come into force and take effect on the date so approved by City Council.

INTRODUCED AND READ A FIRST TIME THIS DAY OF ,AD 2008.

READ A SECOND TIME THIS DAY OF ,AD 2008.

READ A THIRD TIME AND PASSED THIS DAY OF ,AD 2008.

MAYOR

CITY CLERK

## Schedule A to Bylaw # 49 of 2008

\$8.0 Million Dollar Loan Repayment Schedule

Five Year Term		4.67%	Annual UF Capital Payment =		\$616,188.12
	Principal	Monthly Interest	Sub-total	Payment	Total
1	8,000,000.00	31,133.33	8,031,133.33	\$51,349.01	7,979,784.32
2	7,979,784.32	31,054.66	8,010,838.98	\$51,349.01	7,959,489.97
3	7,959,489.97	30,975.68	7,990,465.66	\$51,349.01	7,939,116.65
4	7,939,116.65	30,896.40	7,970,013.04	\$51,349.01	7,918,664.03
5	7,918,664.03	30,816.80	7,949,480.83	\$51,349.01	7,898,131.82
6	7,898,131.82	30,736.90	7,928,868.72	\$51,349.01	7,877,519.71
7	7,877,519.71	30,656.68	7,908,176.39	\$51,349.01	7,856,827.38
8	7,856,827.38	30,576.15	7,887,403.54	\$51,349.01	7,836,054.53
9	7,836,054.53	30,495.31	7,866,549.84	\$51,349.01	7,815,200.83
10	7,815,200.83	30,414.16	7,845,614.99	\$51,349.01	7,794,265.98
11	7,794,265.98	30,332.69	7,824,598.66	\$51,349.01	7,773,249.65
12	7,773,249.65	30,250.90	7,803,500.55	\$51,349.01	7,752,151.54
13	7,752,151.54	30,168.79	7,782,320.33	\$51,349.01	7,730,971.32
14	7,730,971.32	30,086.36	7,761,057.68	\$51,349.01	7,709,708.67
15	7,709,708.67	30,003.62	7,739,712.29	\$51,349.01	7,688,363.28
16	7,688,363.28	29,920.55	7,718,283.83	\$51,349.01	7,666,934.82
17	7,666,934.82	29,837.15	7,696,771.97	\$51,349.01	7,645,422.96
18	7,645,422.96	29,753.44	7,675,176.40	\$51,349.01	7,623,827.39
19	7,623,827.39	29,669.39	7,653,496.78	\$51,349.01	7,602,147.77
20	7,602,147.77	29,585.03	7,631,732.80	\$51,349.01	7,580,383.79
21	7,580,383.79	29,500.33	7,609,884.12	\$51,349.01	7,558,535.11
22	7,558,535.11	29,415.30	7,587,950.41	\$51,349.01	7,536,601.40
23	7,536,601.40	29,329.94	7,565,931.34	\$51,349.01	7,514,582.33
24	7,514,582.33	29,244.25	7,543,826.58	\$51,349.01	7,492,477.57
25	7,492,477.57	29,158.23	7,521,635.79	\$51,349.01	7,470,286.78
26	7,470,286.78	29,071.87	7,499,358.65	\$51,349.01	7,448,009.64
27	7,448,009.64	28,985.17	7,476,994.81	\$51,349.01	7,425,645.80
28	7,425,645.80	28,898.14	7,454,543.94	\$51,349.01	7,403,194.93
29	7,403,194.93	28,810.77	7,432,005.70	\$51,349.01	7,380,656.69
30	7,380,656.69	28,723.06	7,409,379.74	\$51,349.01	7,358,030.73
31	7,358,030.73	28,635.00	7,386,665.74	\$51,349.01	7,335,316.73
32	7,335,316.73	28,546.61	7,363,863.33	\$51,349.01	7,312,514.32
33	7,312,514.32	28,457.87	7,340,972.19	\$51,349.01	7,289,623.18
34	7,289,623.18	28,368.78	7,317,991.97	\$51,349.01	7,266,642.96
35	7,266,642.96	28,279.35	7,294,922.31	\$51,349.01	7,243,573.30
36	7,243,573.30	28,189.57	7,271,762.87	\$51,349.01	7,220,413.86
37	7,220,413.86	28,099.44	7,248,513.31	\$51,349.01	7,197,164.30
38	7,197,164.30	28,008.96	7,225,173.26	\$51,349.01	7,173,824.25
39	7,173,824.25	27,918.13	7,201,742.38	\$51,349.01	7,150,393.38
40	7,150,393.38	27,826.95	7,178,220.32	\$51,349.01	7,126,871.31
41	7,126,871.31	27,735.41	7,154,606.72	\$51,349.01	7,103,257.71
42	7,103,257.71	27,643.51	7,130,901.22	\$51,349.01	7,079,552.21
43	7,079,552.21	27,551.26	7,107,103.47	\$51,349.01	7,055,754.46
44	7,055,754.46	27,458.64	7,083,213.11	\$51,349.01	7,031,864.10

## Schedule A to Bylaw # 49 of 2008

\$8.0 Million Dollar Loan Repayment Schedule

Five Year Term		4.67%	Annual UF Capital Payment =		\$616,188.12
	Principal	Monthly Interest	Sub-total	Payment	Total
45	7,031,864.10	27,365.67	7,059,229.77	\$51,349.01	7,007,880.76
46	7,007,880.76	27,272.34	7,035,153.09	\$51,349.01	6,983,804.08
47	6,983,804.08	27,178.64	7,010,982.72	\$51,349.01	6,959,633.71
48	6,959,633.71	27,084.57	6,986,718.29	\$51,349.01	6,935,369.28
49	6,935,369.28	26,990.15	6,962,359.42	\$51,349.01	6,911,010.41
50	6,911,010.41	26,895.35	6,937,905.76	\$51,349.01	6,886,556.75
51	6,886,556.75	26,800.18	6,913,356.93	\$51,349.01	6,862,007.93
52	6,862,007.93	26,704.65	6,888,712.57	\$51,349.01	6,837,363.56
53	6,837,363.56	26,608.74	6,863,972.30	\$51,349.01	6,812,623.29
54	6,812,623.29	26,512.46	6,839,135.75	\$51,349.01	6,787,786.74
55	6,787,786.74	26,415.80	6,814,202.55	\$51,349.01	6,762,853.54
56	6,762,853.54	26,318.77	6,789,172.31	\$51,349.01	6,737,823.30
57	6,737,823.30	26,221.36	6,764,044.66	\$51,349.01	6,712,695.65
58	6,712,695.65	26,123.57	6,738,819.23	\$51,349.01	6,687,470.22
59	6,687,470.22	26,025.40	6,713,495.62	\$51,349.01	6,662,146.61
60	6,662,146.61	25,926.85	6,688,073.47	\$51,349.01	6,636,724.46
	<b>Total Interest</b>	<b>1,717,665.03</b>			

**Schedule B to Bylaw # 49 of 2008**

\$5.0 Million Dollars Repayment Schedule

	<b>One-Year Term</b>	<b>3.01% Monthly</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Sub-total</b>	<b>Payment</b>	<b>Total</b>
1	5,000,000.00	12,541.67	5,012,541.67	\$27,754.92	4,984,786.75
2	4,984,786.75	12,503.51	4,997,290.26	\$27,754.92	4,969,535.34
3	4,969,535.34	12,465.25	4,982,000.59	\$27,754.92	4,954,245.68
4	4,954,245.68	12,426.90	4,966,672.58	\$27,754.92	4,938,917.66
5	4,938,917.66	12,388.45	4,951,306.11	\$27,754.92	4,923,551.19
6	4,923,551.19	12,349.91	4,935,901.10	\$27,754.92	4,908,146.19
7	4,908,146.19	12,311.27	4,920,457.45	\$27,754.92	4,892,702.54
8	4,892,702.54	12,272.53	4,904,975.06	\$27,754.92	4,877,220.15
9	4,877,220.15	12,233.69	4,889,453.84	\$27,754.92	4,861,698.93
10	4,861,698.93	12,194.76	4,873,893.69	\$27,754.92	4,846,138.77
11	4,846,138.77	12,155.73	4,858,294.50	\$27,754.92	4,830,539.59
12	4,830,539.59	12,116.60	4,842,656.19	\$27,754.92	4,814,901.27
	<b>Total Interest</b>	<b>147,960.27</b>		<b>\$333,059.00</b>	
			Annual Land Fund payment	\$299,753.10	
			Annual General Fund payment	\$33,305.90	