



CITY OF MOOSE JAW

**The Buffalo Pound Water Treatment
Corporation Plant Renewal Project
Borrowing and Guarantee Bylaw, 2021**

Bylaw No. 5648

Date of Passage July 12, 2021
(effective date July 12, 2021)

Disclaimer:

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

BYLAW NO. 5648

**THE BUFFALO POUND WATER TREATMENT CORPORATION
PLANT RENEWAL PROJECT BORROWING AND GUARANTEE
BYLAW, 2021**

**THE MUNICIPAL COUNCIL OF THE CITY OF MOOSE JAW ENACTS AS
FOLLOWS:**

Purpose

1 The purpose of this Bylaw is to:

- (a) authorize Buffalo Pound Water Treatment Corporation as a City of Moose Jaw and City of Regina controlled corporation to incur debt obligations in an amount not exceeding the principal sum of \$60,000,000, plus any interest or other costs of the debt resulting from this borrowing including any breakage costs resulting from the early termination an interest rate swap facility; and
- (b) and to authorize the City of Moose Jaw to guarantee 26% of the borrowing, meaning the principal sum of \$15,600,000 plus any related interest or other costs of the debt resulting from this borrowing, including any breakage costs resulting from the early termination of an interest rate swap facility.

Authority

2 The authority for this Bylaw is *The Cities Act* and in particular Part IX, 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 Toronto Dominion Bank can sell or trade a banker’s acceptance within the secondary financial market;
- (b) **“City”** means the City of Moose Jaw or where the context requires the geographical area within the city limits;
- (c) **“City Manager”** means the person appointed as the City Manager pursuant to Bylaw No. 5175, the City Administration Bylaw, and includes his or her duly authorized representative or designate;
- (d) **“Controlled Corporation”** means controlled corporation as defined in *The Cities Act*;

- (e) **“Director of Financial Services”** means the person appointed as the Director of Finance pursuant to Bylaw No. 5175, the City Administration Bylaw, and includes his or her duly authorized representative or designate;
- (f) **“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;
- (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 \$95,000,000 granted by the Saskatchewan Municipal Board on October 4, 2019.
- (2) The City’s outstanding debt including loans previously guaranteed by the City as of June 30, 2021 totals \$53,642,840.
- (3) The City’s total outstanding debt including guarantees as of June 30, 2021 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 \$60,000,000 (Canadian funds) from the Toronto Dominion Bank plus any related interest or other costs relating to the debt including any breakage costs resulting from the early termination of an interest rate swap facility for the purposes set out in section 6 of this Bylaw; and
 - (b) the City to provide a guarantee of the principal sum of \$15,600,000 plus any related interest or other costs relating to the debt set out in clause (a) to the Toronto Dominion Bank, including any breakage costs resulting from the early termination of an interest rate swap facility.
- (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 26 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 City Manager or the Director of Financial Services for 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 Toronto Dominion Bank 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 the construction and commissioning of a renewed water treatment plant, including upgrades to the treatment processes, lake pump station, main plant, regeneration building, high lift pump station, process waste lagoons, structural, electrical, mechanical, piping and associated works.

Details of the borrowing

- 7(1) The \$60,000,000 loan will proceed by way of a loan agreement and an interest rate swap agreement with the Toronto Dominion Bank.
- (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 0.80%.
- (2) Under the interest rate swap agreement, Buffalo Pound Water Treatment Corporation will exchange the Banker's Acceptance Rate plus 0.80% with a counterparty and will instead only pay interest on the loan based on a Negotiated Fixed Swap Rate plus 0.80% credit spread for the twenty (20) years of the interest rate swap agreement.

Term

- 9 The term of the loan is twenty (20) years from the date that funds are advanced to Buffalo Pound Water Treatment Corporation and the term of the interest rate swap agreement is twenty (20) years from the date that funds are advanced.

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 twenty (20) 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.

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 provided to pay any principal, interest or interest rate swap agreement termination fees under the loan or any interest rate swap agreement identified in this Bylaw, the City shall make the payments from one or more of the following sources:

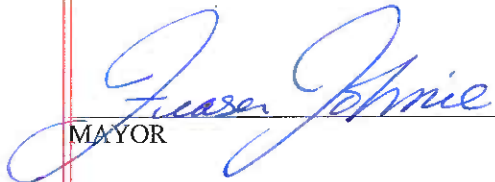
- (a) General Operating Fund Revenues; and
- (b) the Waterworks reserve.

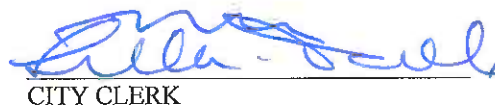
13 This Bylaw comes into force on the day of passage.

READ A FIRST TIME THIS 12th DAY OF JULY, 2021.

READ A SECOND TIME THIS 12th DAY OF JULY, 2021.

READ A THIRD TIME AND PASSED ON THIS 12th DAY OF JULY, 2021.


MAYOR


CITY CLERK