

NO: R172

COUNCIL DATE: July 26, 2010

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 7, 2010**

FROM: **General Manager, Finance &
Technology**

FILE: **3900-20**

SUBJECT: **Short-Term Borrowing – SCDC Projects**

RECOMMENDATION

The Finance and Technology Department recommends that Council:

1. Receive this report as information;
2. Direct the City Clerk to bring forward, for the required readings, the by-law attached as Appendix “A” to this report, which if adopted will act to allow short-term financing for the activities of the Surrey City Development Corporation (SCDC); and
3. Authorize the General Manager, Finance & Technology to take all necessary actions in relation to identifying the best value and obtaining such financing.

INTENT

The purpose of this report is to provide Council with information about SCDC opportunities and to seek approval to take the necessary actions to secure appropriate financing that will allow SCDC to proceed with those opportunities.

BACKGROUND

In 2006, Council authorized the incorporation of a development corporation for the City with the mandate to accelerate business-related development in the City, create market interest in the business areas of the City, add value to City-owned land, recommend land acquisitions to support the City’s vision and generate an annual revenue stream through increases in the property tax base as well as through profits gained from development and property management. In 2007, Council adopted an overall business plan for SCDC that set out a market strategy and an operational plan for SCDC to allow them to achieve their mandate. SCDC now needs to secure additional financing to continue with the business plan.

DISCUSSION

SCDC has evaluated a number of development opportunities and has established a list of those projects that are considered reasonable to commence. These opportunities include the development of the Campbell Heights Lands that were acquired from the province and re-development of the Cloverdale Mall site, among others. To proceed with these opportunities, some short-term financing is now required.

To assist in ensuring that the financing arranged for the SCDC receives the most advantageous financing rates, it would be in the City's best interests to borrow and subsequently loan the funds to SCDC. The City is able to borrow on a short term basis from any financial institution, including, but not limited to the Municipal Finance Authority.

The City may secure up to approximately \$20 million in short-term borrowing based on the requirements of section 178 of the Community Charter. Short term borrowing is financing that is to be repaid within 5 years. This amount of short-term borrowing is considered sufficient to allow SCDC to proceed with the development opportunities. A draft by-law that if adopted will allow this short-term borrowing is attached as Appendix A.

If this by-law is adopted, Council will still need to approve the loaning to SCDC of the funds that are borrowed by way of this by-law on a project by project basis.

CONCLUSION

Based on the above discussion, it is recommended that Council:

- Direct the City Clerk to bring forward, for the required readings, the by-law attached as Appendix "A" to this report, which if adopted will act to allow short-term financing for the activities of the Surrey City Development Corporation (SCDC); and
- Authorize the General Manager, Finance & Technology to take all necessary actions in relation to identifying the best value and obtaining such financing.

Vivienne Wilke, CGA,
General Manager,
Finance & Technology

Attachment:
Appendix A: Loan Authorization By-law

CITY OF SURREY

BY-LAW NO. xxxxx

A by-law to authorize the short term borrowing of funds to provide financial assistance to the Surrey City Development Corporation (SCDC)
.....

WHEREAS by Section 178 of the "Community Charter" of the Province of British Columbia, a City Council may contract a debt for any purpose of a capital nature, such debt not to exceed at any time a total amount equal to fifty dollars (\$50.00) multiplied by the population of the municipality as certified by the Minister, and may by by-law, without the assent of the electors, contract the debt by borrowing and make provision for the repayment of the debt and interest thereon;

AND WHEREAS the amount of the existing obligations of the municipality authorized under said section 178 at the date hereof is nil (\$0.00);

AND WHEREAS the Council deems it necessary to borrow the sum of Nineteen Million Seven Hundred Fifty-four Thousand Two Hundred Fifty dollars (\$ 19,754,250) for the purpose of SCDC development opportunities;

AND WHEREAS the approval of the Inspector of Municipalities has been obtained:

NOW, THEREFORE, the Council of the City of Surrey hereby enacts as follows:

1. The Council is hereby authorized and empowered to borrow upon the credit of the City of Surrey, the sum of Nineteen Million Seven Hundred Fifty-four Thousand Two Hundred Fifty dollars (\$ 19,754,250) at such times as the same may be required for the purpose of SCDC development opportunities and to pay interest thereon.
2. The Mayor and the officer assigned the responsibility of financial administration are hereby authorized to do all necessary acts and things to carry out the intent of this by-law.
3. This by-law may be cited as "SCDC Financial Assistance Loan Authorization By-law, 2010 No. xxxxx".

PASSED THREE READINGS by the City Council on the ____ day of _____, 2010.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the ____ day of _____, 2010.

_____MAYOR

_____CLERK