

Council Chambers  
City Hall, Saskatoon, Sask.  
Tuesday, September 8, 2009  
at 4:00 p.m.

## **MINUTES OF SPECIAL MEETING OF CITY COUNCIL**

**PRESENT:** His Worship the Mayor, in the Chair;  
Councillors Clark, Dubois, Heidt, Hill, Lorje, Neault,  
Paulsen, Penner, Pringle, and Wyant;  
City Manager Totland;  
City Solicitor Dust;  
General Manager, Corporate Services Bilanski;  
General Manager, Community Services Gauthier;  
General Manager, Fire and Protective Services Bentley;  
A/General Manager, Infrastructure Services Sexsmith;  
General Manager, Utility Services Department Jorgenson; and  
City Clerk Mann

*With His Worship the Mayor in the Chair the following matters were considered and dealt with as stated:*

### **ADMINISTRATIVE REPORT NO. 17-2009**

#### **Section B – CORPORATE SERVICES**

**B1) External Borrowing**  
**Federation of Canadian Municipalities – Hybrid Bus Loan**  
**(Files No. CK. 1402-1 x CK. 1750-1; CS1750-1 and CS7000-1)**

- RECOMMENDATION:**
- 1) that City Council consider Borrowing Bylaw No. 8795 which conforms to the general terms and conditions of the transaction, and specifically authorizes a \$1,127,181 ten-year loan from the Federation of Canadian Municipalities Green Municipal Fund; and
  - 2) that the General Manager, Corporate Services Department, the City Solicitor, and the City Treasurer be instructed to take all such steps to execute and sign further documentation as may be necessary to complete the loan transaction.

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**BACKGROUND**

At its meeting held on December 15, 2008, City Council authorized borrowing up to \$1.2 million from the Federation of Canadian Municipalities (FCM) Green Municipal Fund to finance the incremental costs for the purchase of four Hybrid diesel buses.

**REPORT**

The Hybrid bus loan will be amortized over a ten-year term with principal and interest to be repaid on a semi-annual basis. The borrowing rate will be determined by the closing, mid-market yield of the Government of Canada ten-year bond in effect on the business day preceding the disbursement date less 1.5%. Loan proceeds are expected to be disbursed to the City on October 1, 2009, conditional upon FCM receiving all the required loan documentation on or before September 15, 2009. The loan will begin accruing interest from the date the funds are disbursed to the City.

City Council should be aware that this specific borrowing bylaw does not include the actual interest rate and repayment terms for the Hybrid bus loan. Rather, the borrowing bylaw will include an estimated interest rate and accompanying repayment schedule that will reflect your Administration's "worst-case" scenario for interest rates. The loan interest rate and repayment schedule is expected to be finalized in late September. Upon receiving the official loan terms from FCM, your Administration will submit a report to City Council that will recommend that this borrowing bylaw be amended to reflect the actual terms and conditions of the loan.

For this specific loan, your Administration acknowledges that the FCM interest rate will be very favourable relative to borrowing costs derived from alternative sources of financing (i.e. debenture issuance, bankers' acceptance loan/interest rate swap). Based upon the current, ten-year Government of Canada Bond yield of 3.50%, the FCM borrowing rate would be fixed at approximately 2.00%. In comparison, a ten-year, serial debenture issue would likely result in an all-in-borrowing cost in the range of 3.75% to 4.00% in current markets.

The schedule below provides a range of borrowing costs and repayment terms that could be potentially assigned to the Hybrid bus loan:

<b>INTEREST RATE SCENARIOS</b>	<b>TEN-YEAR CANADA BOND YIELD</b>	<b>FCM LOAN RATE</b>	<b>SEMI-ANNUAL LOAN PAYMENT</b>	<b>TOTAL LOAN INTEREST (10 YEARS)</b>
Current Interest Rate Levels	3.50%	2.00%	\$62,463	\$122,080
Optimistic: 0.50% decline	3.00%	1.50%	\$60,902	\$90,865
Pessimistic: 0.75% increase	4.25%	2.75%	\$64,847	\$169,765

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**PUBLIC NOTICE**

A Public Notice Hearing was held for this project at the City Council meeting held on January 12, 2009.

**ATTACHMENT**

1. Borrowing Bylaw No. 8795.

*Moved by Councillor Penner, Seconded by Councillor Dubois,*

- 1) *that City Council consider Borrowing Bylaw No. 8795 which conforms to the general terms and conditions of the transaction, and specifically authorizes a \$1,127,181 ten-year loan from the Federation of Canadian Municipalities Green Municipal Fund; and*
- 2) *that the General Manager, Corporate Services Department, the City Solicitor, and the City Treasurer be instructed to take all such steps to execute and sign further documentation as may be necessary to complete the loan transaction.*

*CARRIED.*

**INTRODUCTION AND CONSIDERATION OF BYLAWS**

**Bylaw 8795**

Moved by Councillor Neault, Seconded by Councillor Dubois,

THAT permission be granted to introduce Bylaw No. 8795, being “A bylaw of The City of Saskatoon to raise by way of term loan the sum of One Million One Hundred Twenty Seven Thousand One Hundred Eight One (\$1,127,181.00) Dollars to pay a portion of the cost to purchase hybrid buses for use by Saskatoon Transit in the City of Saskatoon.”, and to give same its first reading.

CARRIED.

The bylaw was then read a first time.

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Moved by Councillor Neault, Seconded by Councillor Paulsen,  
THAT Bylaw No. 8795 be now read a second time.

CARRIED.

The bylaw was then read a second time.

Moved by Councillor Neault, Seconded by Councillor Hill,

THAT Council go into Committee of the Whole to consider Bylaw No. 8795.

CARRIED.

Council went into Committee of the Whole with Councillor Neault in the Chair.

Committee arose.

Councillor Neault, Chair of the Committee of the Whole, made the following report:

That while in Committee of the Whole, Bylaw No. 8795 was considered clause by clause and approved.

Moved by Councillor Neault, Seconded by Councillor Lorje,

THAT the report of the Committee of the Whole be adopted.

CARRIED.

Moved by Councillor Neault, Seconded by Councillor Penner,

THAT permission be granted to have Bylaw No. 8795 read a third time at this meeting.

CARRIED UNANIMOUSLY.

Moved by Councillor Neault, Seconded by Councillor Pringle,

THAT Bylaw No. 8795 be now read a third time, that the bylaw be passed and the Mayor and the City Clerk be authorized to sign same and attach the corporate seal thereto.

CARRIED.

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*Moved by Councillor Neault,*

*THAT the meeting stand adjourned.*

*CARRIED.*

*The meeting adjourned at 4:02 p.m.*

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Mayor

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City Clerk