

MINUTES OF THE REGULAR MEETING OF COUNCIL, HELD IN THE COUNCIL CHAMBER AND ELECTRONICALLY (HYBRID) FROM CITY HALL, 141 WEST 14TH STREET, NORTH VANCOUVER, BC, ON **MONDAY, FEBRUARY 28, 2022**

APPROVAL OF AGENDA

Moved by Councillor Bell, seconded by Councillor Girard

1. THAT the Regular Agenda of February 28, 2022 be amended by adding the following items:
 - Item #18 – “Amendment to Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909”;
 - Item #19 – “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022 No. 8909” – Rescind Third Reading; and
 - Item #20 – “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022 No. 8909” – Amend Third Reading and Third Reading, as Amended.

CARRIED UNANIMOUSLY

REPORT

18. Amendment to Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909 – File: 05-1705-01-0001/2022

Report: Chief Financial Officer, February 25, 2022

Moved by Councillor Girard, seconded by Councillor Bell

PURSUANT to the report of the Chief Financial Officer, dated February 25, 2022, entitled “Amendment to Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909”:

THAT third reading of “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909” be rescinded;

THAT the bylaw be amended throughout by deleting the amount of “\$117,000,000” and replacing it with the amount of “\$109,000,000”;

AND THAT “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909” be given third reading, as amended.

CARRIED UNANIMOUSLY

MINUTES OF THE REGULAR MEETING OF COUNCIL, HELD IN THE COUNCIL CHAMBER AND ELECTRONICALLY (HYBRID) FROM CITY HALL, 141 WEST 14TH STREET, NORTH VANCOUVER, BC, ON **MONDAY, FEBRUARY 28, 2022**

BYLAW – RESCIND THIRD READING

19. “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909”

Moved by Councillor Girard, seconded by Councillor Bell

THAT third reading of “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909” be rescinded.

CARRIED UNANIMOUSLY

BYLAW – AMEND THIRD READING AND THIRD READING, AS AMENDED

20. “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909”

Moved by Councillor Girard, seconded by Councillor Bell

THAT third reading of “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909” be amended by deleting the amount of “\$117,000,000” throughout and replacing it with the amount of “\$109,000,000”;

AND THAT “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909” be given third reading, as amended.

CARRIED UNANIMOUSLY



-		
Department Manager	Director	CAO

The Corporation of **THE CITY OF NORTH VANCOUVER**
FINANCE DEPARTMENT

REPORT

To: Mayor Linda Buchanan and Members of Council

From: Larry Sawrenko, Chief Financial Officer

Subject: AMENDMENT TO HARRY JEROME COMMUNITY RECREATION
CENTRE LOAN AUTHORIZATION BYLAW, 2022, NO. 8909

Date: February 25, 2022 File No: 05-1705-01-0001/2022

The following is a suggested recommendation only. Refer to Council Minutes for adopted resolution.

RECOMMENDATION

PURSUANT to the report of the Chief Financial Officer, dated February 25, 2022, entitled "Amendment to Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909":

THAT third reading of "Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909" be rescinded.

THAT the bylaw be amended throughout by deleting the amount of "\$117,000,000" and replacing it with the amount of "\$109,000,000";

AND THAT "Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909" be given third reading, as amended.

ATTACHMENTS

1. "Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909" (CityDocs [2137782](#))

BACKGROUND

The Harry Jerome Community Recreation Centre ("HJCRC") project received Council approval to proceed at the Regular Council meeting of April 12, 2021.

The HJCRC project was planned to be significantly funded upfront through the disposition of the Harry Jerome Neighbourhood Lands (“HJNL”). In addition to funding from land disposition, the HJCRC project is also funded through a dedicated levy. On November 19, 2021, the City terminated its Offer to Lease for the second phase of the HJNL as a result of the developer not meeting a key contractual term of the agreement. As such, the land transaction scheduled for phase two did not take place.

A revised HJCRC Financial Strategy, which included Municipal Finance Authority (“MFA”) borrowing of \$117M, was endorsed by Council and “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909” received first three readings at the Regular Council meeting of January 31, 2022.

DISCUSSION

Following “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909” receiving first three readings, the bylaw was forwarded to the Ministry of Municipal Affairs for review and approval by the Inspector of Municipalities. The bylaw and supporting documentation have now been reviewed by Ministry staff who, on February 25, 2022, indicated that they are not able to recommend approval of the \$117M in borrowing, but that \$109M is supportable – a difference of \$8M. This reduction in borrowing capacity is primarily driven by an increase in the MFA’s indicative lending rate versus that assumed at the time of the development of the HJCRC Financial Strategy. The increase in the cost of borrowing decreases the amount that can be borrowed within the City’s Ascent-Free Zone.

With the reduction in supportable borrowing, \$8M in alternate funding must be found in order for the HJCRC project to proceed as planned. City staff have identified initial opportunities to close the gap, as noted in the table below:

Source	\$ 000’s
Additional Internal Borrowing – TSLP*	5,500
General Operating Capital Reserve**	2,000
Parking Reserve***	500
	8,000

* With an additional \$5.5M of internal borrowing, reserve balances remain above \$20M maintaining a financial “safety net”

** Available funding identified during 2021 financial year end closing not currently allocated to projects

***Funding restricted to the off-street parking component of the project (Further analysis of these costs underway)

Some other opportunities not yet fully explored include:

- Additional transfer from unappropriated equity, while maintaining minimum balance of 5% of revenues to handle emergencies
- Additional use of Parks Development Cost Charge’s

It is still recommended that short-term variable rate financing though the MFA be sought. This approach will provide the flexibility to draw funds only as required and allow for debt repayment at any time without penalty. The current MFA interest rate for short-term floating rate debt is 1.15%. Five years after the initial draw, short-term

borrowing must be repaid in full, either refinanced with long-term borrowing or repaid from other sources (i.e. from land sale proceeds, etc).

First three readings of the revised “Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909” is one of many steps in securing the required debt financing. The steps to obtain MFA-administered short-term borrowing remain as shown below:

Steps	Duration
Loan Authorization (“LA”) Bylaw, first 3 readings	*
Ministry Review/approval of LA Bylaw	6-8 weeks*
Council considers LA Bylaw for final adoption	
Temporary Borrowing (“TB”) Bylaw, first 3 readings	
Council considers TB Bylaw for final adoption	
LA Bylaw, Quashing Period	1 month
Ministry granting of Certificate of Approval	2-4 weeks
MFA review/approval	1-2 weeks
Closing	

*Currently underway

There has been no change in the currently targeted closing of mid-June 2022.

After first three readings of the Loan Authorization Bylaw, as amended, it will be forwarded to the Ministry for further review and approval.

FINANCIAL IMPLICATIONS

The 2022-2031 Preliminary Capital Plan will be updated to include changes to the HJCRC loan amount and strategies to close the \$8M funding gap as part of the process to finalize the 2022-2031 Final Capital Plan. Should the full \$109 million of short-term debt be drawn, the annual debt servicing costs would be approximately \$1.2 million.

The full HJCRC Financial Strategy will also be updated in parallel with the ongoing tendering of the HJCRC and Silver Harbour projects, and associated value engineering work. A fully updated HJCRC Financial Strategy will be presented to Council when considering final appropriations for the projects and the awarding of tender contracts, expected to take place in mid June 2022.

INTER-DEPARTMENTAL IMPLICATIONS

Responsible City departments have been consulted regarding the funding requirements and timing of the project.

STRATEGIC PLAN, OCP OR POLICY IMPLICATIONS

The securing of debt financing supports the replacement of the HJCRC, which supports Council's vision to be the Healthiest Small City in the World and multiple objectives of the OCP, including:

- Goal 5.2, support, enhance and maintain recreation as a vital aspect of a healthy community, and
- Goal 5.3, provide a variety of public spaces for community engagement and stewardship.

RESPECTFULLY SUBMITTED:



Larry Sawrenko
Chief Financial Officer

THE CORPORATION OF THE CITY OF NORTH VANCOUVER

BYLAW NO. 8909

A Bylaw to authorize the borrowing of ~~\$117,000,000~~109,000,000 for the purpose of the design and construction of a new Harry Jerome Community Recreation Centre

WHEREAS it is deemed desirable to construct a new Harry Jerome Community Recreation Centre;

AND WHEREAS the estimated cost of constructing the new Harry Jerome Community Recreation Centre, including expenses incidental thereto, is the sum of One Hundred and Eighty Six million, Eight Hundred Thousand dollars (\$186,800,000) of which the sum of One Hundred and ~~NineSeventeen~~ million dollars (~~\$117,000,000~~109,000,000) is the amount of debt intended to be borrowed by this Bylaw;

NOW THEREFORE the Council of The Corporation of the City of North Vancouver, in open meeting assembled, enacts as follows:

1. This Bylaw shall be known and cited for all purposes as **“Harry Jerome Community Recreation Centre Loan Authorization Bylaw, 2022, No. 8909”**.
2. The Council is hereby empowered and authorized to undertake and carry out, or cause to be carried out, the construction of a new Harry Jerome Community Recreation Centre, generally in accordance with general plans on file in the municipal office and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - A. To borrow on the credit of the Municipality a sum not exceeding One Hundred and ~~Seventeen-Nine~~ million dollars (~~\$117,000,000~~109,000,000);
 - B. To acquire all such real property, easements, rights-of-way, licences, rights or authorities as may be requisite or desirable for or in connection with the construction of the said Harry Jerome Community Recreation Centre.

3. The maximum term for which debentures may be issued to secure the debt created by this Bylaw is 30 years.

READ a first time on the 31st day of January, 2022.

READ a second time on the 31st day of January, 2022.

READ a third time on the 31st day of January, 2022.

RESCINDED third reading on the <> day of <>, 2022.

READ a third time, as amended, on the <> day of <>, 2022.

APPROVED by the Inspector of Municipalities on the <> day of <>, 2022.

ADOPTED on the <> day of <>, 2022.

MAYOR

CORPORATE OFFICER

THE CORPORATION OF THE CITY OF NORTH VANCOUVER

BYLAW NO. 8909

A Bylaw to authorize the borrowing of \$109,000,000 for the purpose of the design and construction of a new Harry Jerome Community Recreation Centre

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AND WHEREAS the estimated cost of constructing the new Harry Jerome Community Recreation Centre, including expenses incidental thereto, is the sum of One Hundred and Eighty Six million, Eight Hundred Thousand dollars (\$186,800,000) of which the sum of One Hundred and Nine million dollars (\$109,000,000) is the amount of debt intended to be borrowed by this Bylaw;

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 - A. To borrow on the credit of the Municipality a sum not exceeding One Hundred and Nine million dollars (\$109,000,000);
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MAYOR

CORPORATE OFFICER