



REPORT

To: Chair and Directors

Report Number: FN-RHD-005

From: Teri Vetter, Chief Financial Officer

Date: October 21, 2020

Subject: Revenue Anticipation Borrowing Resolution No. 80

RECOMMENDATION: [Corporate Weighted]

That WHEREAS pursuant to Section 31 of the *Hospital District Act*, the Hospital Board may by resolution, borrow for purposes other than capital expenditures, by way of temporary loan, such sums as the Board may deem necessary to meet current operating expenditures for the year including the amount required for principal and interest falling due within the year upon any debt of the Board;

AND WHEREAS pursuant to Section 25 of the Act, member municipalities and the Province are not required to make payment from taxation revenues of amounts requisitioned by a District until August 1st, of each year;

AND WHEREAS estimated debt retirement and bank interest charges in the amount of \$1,500,000 must be paid before payment of such revenue is due;

NOW THEREFORE, BE IT RESOLVED that the Board of the Peace River Regional Hospital District borrow pursuant to Section 31 of the *Hospital District Act* a sum not exceeding \$1,500,000 for the purpose of paying the above mentioned debt retirement and bank interest charges.

BACKGROUND/RATIONALE:

Section 31 of the *Hospital District Act* permits the borrowing of funds for the purposes of operating expenditures for the year in anticipation of the receipt of the annual requisition on August 1st. This resolution permits the Regional Hospital District to continue operations until the requisition is received.

Regional Hospital Districts typically receive their requisition money from the Surveyor of Taxes and member municipalities annually on the first business day of August. During the period from January 1st to receiving its requisition, the Regional Hospital District uses surplus funds from the previous year to finance operations. If these funds were to be depleted, the Regional Hospital District would be required to interim borrow for operational needs until receipt of requisition funds. This situation has never occurred for the PRRHD.

ALTERNATIVE OPTIONS:

The Regional Hospital Board may choose not to authorize temporary borrowing and risk not having sufficient funds to repay debt that comes due prior to August 1, 2021.

STRATEGIC PLAN RELEVANCE:

☒ Not applicable

FINANCIAL CONSIDERATION(S):

The PRRHD will be authorized to borrow up to \$1,500,000 with this approval to fund ongoing operations until the tax requisition funds are received in August 2021. If the funds are necessary the PRRHD would incur interest expenses at the rate available at the time. All money so borrowed must be repaid within 9 months of the date of the borrowing as per Section 31 of the *Hospital District Act*.

COMMUNICATIONS CONSIDERATION(S):

If approved, a certified copy of the resolution will be forwarded to the Municipal Finance Authority and the PRRHD's bank for their records. This will provide the Finance Department the authority to undertake the borrowing, if necessary.

OTHER CONSIDERATION(S):

None.