

## **APPENDIX “D”**

### **WDC debt financing 2008 to 2017**

In 2008, RMOW Council authorized a \$100 million loan from the Municipal Finance Authority (MFA) and an additional \$16 million in RMOW reserve funds to provide the WDC funding to develop the Athlete’s Village for the 2010 Olympics and post-Olympics, conversion of the Athlete’s Village to employee restricted housing.

The MFA makes available short term loans (maximum five year terms) under section 175 of the Community Charter. These loans must support spending that is capital in nature and they cannot be transferred to debenture or long term debt. In 2008, RMOW Council passed a resolution to authorize the debt for the project. The process of applying for a loan from the MFA includes 1) submitting reports from Council discussing the project, 2) securing a liability servicing limit certificate and 3) submitting a certificate of the Finance Officer certifying that they have read and understood the section of the Charter that governs borrowing processes. Debt servicing costs are a factor in calculating the municipality’s liability servicing limit at the time that a loan request is made.

The first advance of the MFA loan was extended to the WDC on July 2, 2008. At that time, Council voted to extend the duration of the MFA loan from three to five years. The WDC was not able to meet its initial loan deadline because of the depressed real estate market following the 2008 global economic crisis. For example, the WDC pulled from the market and later re-listed the market-priced townhouses at Riverbend at 15-percent below the original list price due to lagging sales.

In light of the circumstances around market lot proceeds, repayment of the MFA loan was prioritized at the RMOW level. Remaining balances due to MFA were paid from municipal reserves. An offsetting liability was created on the balance sheet of the WDC, in recognition that they would repay these final amounts from future market sales. The MFA loan was repaid in full by the end of 2012, leaving the \$16 million loan from RMOW reserves still outstanding. Sales proceeds continued to come in through 2017, at which point the business of WDC at this site was deemed to be largely concluded. In 2017, \$7.9 million in debt to the RMOW remained. Interest continues to accrue on this debt, a partial offset to the income that would otherwise have been generated by the funds had they remained in RMOW’s reserve accounts.