

THE CORPORATION OF THE DISTRICT OF BURNABY

REPORT NO. 75, 1966.

28 December 1966.

His Worship, the Reeve,  
and Members of the Council.

Gentlemen:

Your Manager reports as follows:

1. Re: Sale of Debentures.

A.

An unsolicited offer for the purchase of Burnaby Sewer Debentures has been received from a syndicate comprising:

Pemberton Securities Ltd.  
Royal Bank of Canada.  
Bell Gouinlock & Co.

Specifically, the offer is \$98.08 per \$100. of debentures for \$950,000. sewer debentures bearing an interest rate of 6 3/4% and maturing 15th February 1969-1987. The cost to the Municipality would be 7.02%.

The actual issue would be for \$1,000,000. of which the 1967 maturity of \$50,000. principal would be withheld from sale.

A condition of the offer is that the issue be on a straight serial basis instead of the modified serial basis usually employed by the Municipality. On a straight serial basis, \$50,000. of the principal would be retired annually compared with the usual method of equalizing principal and interest payments over the life-time of an issue. The effect of a straight serial would be to increase the carrying charges in the early years and reduce them in the terminal years, with a net effect of a saving in total interest payments.

An issue of Sewer Debentures was selected by the syndicate and this falls within the definition of Health and Welfare for approval by the Inspector of Municipalities. Mr. Brown has been advised of the possibility of this offer being received. These would be the first sewer debentures issued in the Municipality's name for some years on the public market. Other issues have been made through the G. V. S. & D. D. and the Municipal Development and Loan Fund.

It is also the first time in recent years that the Municipality has been forced to look at an interest cost of 7.02%. Actually this rate compares very favourably with costs to other municipalities in recent months. This may or may not be indicative of an improvement in the market.

The acquisition of this sum now would be quite timely and it is recommended that the offer of the syndicate of Pemberton Securities Ltd., Royal Bank of Canada and Bell, Gouinlock & Co. of:

\$98.08 per \$100. of debentures for \$950,000. - 6 3/4% Sewer Bonds maturing 1969 to 1987 be accepted, subject to the following conditions:

1. That the bid will remain firm until 10 a.m. Thursday, 29th December 1966.
2. That delivery be on or about 15th February 1967.
3. That the purpose of the borrowing be for sewers.
4. That the debentures be a liability of the District of Burnaby at large.
5. That each debenture have the certification of the Inspector of Municipalities for the Province of British Columbia as to validity.
6. That no other District of Burnaby debentures be offered for sale before 31st January 1967 without the consent of the syndicate.

The above conditions are all acceptable.

(continued...)

(Item 1....re sale of debentures....continued)

B.

Since Burnaby's unfinanced investment in sewer construction is well in excess of the amount of this issue, it is suggested that the proceeds be considered as return of working capital. This would make it possible for Council to select any future works program without being confined to the construction of sewers.

It is respectfully suggested that, when the legalities of the proposed sale are completed, Council consider a modest resumption of sanitary sewer construction and the completion of presently-approved Local Improvement works.

Such a programme could be:

(1) Estimate net funds available	-		\$ 980,260.
(2) (a) Required for completion of Phase I Local Improvements less Bell Avenue	-	\$ 419,290.	
(b) Required for Sidewalks on Gilpin and Buckingham	-	26,600.	
(3) (a) Required for sewer projects:			
Area #20	-	\$ 177,000.	
Area #21	-	263,000.	440,000.
(b) Engineering and Inspection of above		26,400.	
(c) Dry sewer required for Alpha Local Improvement		12,000.	924,290.
(4) Balance available for allocation	-	-	\$ 55,970.

2. Re: Tenders for Sanitary Sewer Construction - 10th Avenue - Sullivan - Hunter Projects.

Sealed tenders were called for the above work and opened by the Purchasing Agent at 3.00 p.m. Friday, 23 December 1966, in the presence of Mr. V. D. Kennedy, Mr. R. J. Constable, and representatives of the firms bidding.

The scope of the work called for bids on the supply and installation of:

- A. - approximately 777 lineal feet of 6" and 8" Diameter sanitary sewers.
- B. - Approximately 38 manholes.
- C. - Approximately 120 house connections.

Submitted herewith is a tabulation of the nine tenders received.

The low net bidder (after allowance is made of 50% recovery on Winter Works labour) is by Clayton Contracting Ltd. and Hoymac Contractors Ltd.

It is recommended that the tender of Clayton Contracting Ltd. and Hoymac Contractors Ltd. be accepted.

Respectfully submitted,



H. W. Balfour,  
MUNICIPAL MANAGER.

HB:eb  
Attach.