

10. Re: Long Term Borrowing Interest Rates

At the Municipal Council meeting held on June 11, 1973, Alderman Mercier noted that interest rates had again gone up and he inquired as to whether or not on our behalf the Greater Vancouver Regional District would be proceeding with the borrowing that we have recently authorized.

Council on May 22, 1973 authorized passage of security issuing by-laws to finance \$343,000 in local improvement street lighting works and \$1,482,000 to finance local improvement street works. Application will be made to the Greater Vancouver Regional District to finance the \$1,825,000 involved. We do not have an indication of what the effective rate of interest will be several months from now when financing actually takes place.

The Greater Vancouver Regional District simply do not know when financing will take place as it is entirely dependent upon existing market conditions.

We do know that on June 1, 1973 the Municipal Finance Authority marketed \$12,776,126.00 in debentures. The effective rate of interest was 8.19%. Burnaby's share of that issue was \$1,730,000 to finance sanitary sewers.

Additional financing which is being arranged under the Federal Provincial Employment Loans Program, is \$942,000 for Parks' purposes and \$1,000,000 for the Municipal Hall extension. Interest rates for these borrowings will be at a rate not exceeding the current rate payable under Section 113(2) of the Canada Pension Plan. \$835,000 borrowed in May 1973, being part of the \$942,000, had an effective interest rate of 7.2%.

This is for the information of Council.