



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

Oversight Committee

Council Chamber
9909 Franklin Avenue, Fort McMurray

Thursday, September 17, 2015
4:00 p.m.

Agenda

Call to Order

1. Adoption of the Agenda

New and Unfinished Business

2. Appointment of Chair and Vice Chair
3. Wood Buffalo Housing and Development Corporation re: Approval of Financing Terms and Conditions for Siltstone Place and Venture Terrace
4. Governance Discussion
5. Next Meeting Date
(Proposed date is October 22, 2015)

Adjournment

Attachment:
Committee Mandate

Excerpt from Standing Council Committees
Bylaw No. 15/019:

Oversight Committee Mandate

21. The mandate of the Oversight Committee is:

- (a) to exercise policy and governance oversight over:
 - (i) not-for-profit corporations in respect of which the Municipality is the sole member or the Municipality and the Chief Administrative Officer are the only members,
 - (ii) for-profit corporations controlled by the Municipality, and
 - (iii) Council committees established under other bylaws;
- (b) to develop and maintain, in collaboration with the Chief Administrative Officer, a set of indicators to measure progress toward achievement of the goals set out in the Strategic Plan; and
- (c) to review the Council Action Log on at least a quarterly basis and make recommendations to Council on prioritization of outstanding and not yet completed items.

22. The Oversight Committee may deal with any specific matter the Committee considers important to the fulfilment out of its mandate including receiving reports, updates and other information from the senior administration of any corporation or from the chair of any committee referenced in clause 21(a).



Council Meeting Presentation Request

Completed requests to make a public presentation must be received by 12:00 noon on the Wednesday immediately prior to the scheduled meeting. **Presentations are a maximum of 5 minutes in duration.**

<i>Presentation Information</i>	
Preferred Date of Presentation	Tuesday, September 22, 2015
Name of Presenter(s)	Randy Stefanizyn, Chair Bryan Lutes, President/CEO
Organization Represented	Wood Buffalo Housing & Development Corporation
Topic	Approval of Financing Terms & Conditions for Siltstone Place & Venture Terrace
Please List Specific Points/Concerns	
Action Being Requested of Council	Receive as information only.
Are you providing any supporting documentation (ie: Powerpoint)?	Yes – will be provided on or before September 15, 2015.
<p>If yes, the documentation <u>must</u> accompany this request, as handouts will not be distributed at the meeting. To ensure that your documents meet minimum standards, please see presentation guidelines on the next page.</p> <p>Supporting documents may be e-mailed to Legislative.Assistants@woodbuffalo.ab.ca.</p>	

As per Procedure Bylaw No. 14/025, a request to make a presentation may be referred or denied.



Wood Buffalo Housing & Development Corporation

BRIEFING NOTE TO COUNCIL

**ISSUE: APPROVAL OF THE TERMS AND CONDITIONS FOR FINANCING
SILTSTONE RIDGE AND VENTURE TERRACE**

BACKGROUND:

Wood Buffalo Housing & Development Corporation (WBHDC) was authorized by Council Resolution of April 10, 2012 (Attachment 3) to enter into construction and long term financing for the Siltstone Ridge project.

The Operating Protocol Principles require that the terms and conditions of financing be approved by Council

CURRENT ISSUES REQUIRING APPROVAL OF COUNCIL

WBHDC needs Council to approve by resolution the following for Siltstone Ridge:

1. THAT Council approve the terms and conditions of the Siltstone Ridge long term financing as detailed in Attachment 1.

The current mortgage on the Venture Terrace rental project is due for renewal. The Operating Protocol Principles require that the terms and conditions of financing be approved by Council.

WBHDC needs Council to approve by resolution the following for Venture Terrace:

1. THAT Council approve the terms and conditions of the Venture Terrace long term financing renewal as detailed in Attachment 2.

RECOMMENDATION

THAT Council approve the terms and conditions of financing for Siltstone Ridge and Venture Terrace, as per the attached term sheets.

SUBMITTED BY: Bryan Lutes
DATE: September 2015



Wood Buffalo Housing and Development Corporation

Mortgage Renewal Terms

Siltstone Ridge

The Siltstone Ridge construction loan is a temporary financing facility which needs to be converted to a long term takeout mortgage. The mortgage is CMHC insured.

Principal Amount	Not to exceed \$33,700,000.00
Mortgage Term	Not to exceed 10 years
Mortgage Type	Closed
Mortgage Rate	Fixed
Interest Rate	on the best commercial terms that WBHDC is able to negotiate
Amortization Period	Not to exceed 25 years



Wood Buffalo Housing and Development Corporation

Mortgage Renewal Terms

Venture Terrace

The Venture Terrace mortgage will mature on January 1st, 2016 at which time the balance outstanding will be \$3,374,980.25. The current mortgage is CMHC insured.

Principal Amount	Not to exceed \$3,400,000.00
Mortgage Term	Not to exceed 10 years
Mortgage Type	Closed
Mortgage Rate	Fixed
Interest Rate	on the best commercial terms that WBHDC is able to negotiate
Amortization Period	Not to exceed 25 years



REGIONAL MUNICIPALITY
OF **WOOD BUFFALO**

OFFICE OF THE MAYOR
MELISSA BLAKE

April 17, 2012

Bryan Lutes, President
Wood Buffalo Housing and Development Corporation
9011-9915 Franklin Avenue
Fort McMurray, AB T9H 2K4

Dear Mr. Lutes:

Thank you for your presentation at the regular Council meeting on April 10, 2012 regarding the Siltstone Ridge, Stone Creek Subdivision, Parcel 'F' Project.

Your participation is appreciated. Following your presentation, as business arising, Council unanimously passed the following resolution.

- THAT the Wood Buffalo Housing and Development Corporation be authorized to enter into a construction and long-term take out mortgage for Siltstone Ridge, as detailed in Attachment 1 (Briefing Note to Board of Directors, dated February 22, 2012); and
- THAT the financial information contained in Attachment 1 remain confidential, pursuant to section 16 of the Freedom of Information and Protection of Privacy Act, until such time as the business risk is removed.

Once again, thank you for your presentation.

Sincerely,

Melissa Blake
MAYOR

APR 20 2012

APPROVED at a meeting of the
Board of Directors on February 29,
2012.



ARIANNA JOHNSON, Secretary



Wood Buffalo Housing & Development Corporation

BRIEFING NOTE TO BOARD OF DIRECTORS

ISSUE: Siltstone Ridge, Stone Creek Subdivision Parcel "F"

BACKGROUND:

The Corporate underlying Strategic Goal is to create "access to housing" for our designated community.

DISCUSSION:

1. Project Description

This project is the construction of three apartment buildings and 35 townhouses in the Stone Creek subdivision (Parcel F) on a 7.51 acre lot. The Corporation, through an affordable land grant from the province, owns the land. The project will be added to Wood Buffalo Housing & Development Corporation's rental pool.

2. Project Economics

The economics of the project are as follows:

- i) Land:
 - a. the land was granted to the Corporation for the sum of \$1.00 in 2011;
 - b. The estimate value of this parcel at time of transfer is \$16,000,000;
 - c. The Corporation will complete the project in 2013.

- ii) Buildings:
 - a. Site will include all services, paving and landscape requirements;
 - b. Rental units will be transferred to Family Housing when completed;
 - c. The unit mix will include:
 - (a) 14 – 635 sq. ft. one bedroom units;
 - (b) 58 – 850 sq. ft. two bedroom units;
 - (c) 68 – 1000 sq. ft. 3 bedroom units;
 - (d) 35 – 1100 sq. ft. townhouse units.

3. Project Costs

1.	Land (costs of servicing the site)	\$ 318,000
2.	Development (soft) Site Costs	\$ 7,910,000
3.	Est. construction costs (including contingency)	<u>\$51,722,000</u>
	TOTAL Project Costs	\$59,950,000

4. Project Financing

The project is predicated upon a total capital cost not to exceed \$59,950,000. The Province has provided grant funding of \$150,000/door for a total of \$26,250,000.

Construction financing not to exceed \$36,400,000. The construction loan will be converted to a long term mortgage not to exceed \$33,700,000 at the completion of the project. All funds will be sourced using a competitive market approach.

5. Construction

Construction will take approximately 18 months to complete from the starting date, estimated to be May, 2012.

RECOMMENDATIONS:

1. **That the Board of Directors** approves the commencement of Siltstone Ridge located on Parcel F subject to:
 - a. Receipt of an acceptable construction financing not to exceed \$36,400,000 and a long term takeout financing not to exceed \$33,700,000;
 - b. Receipt of a Construction Tender within the proposed capital budget for the Project.

AND

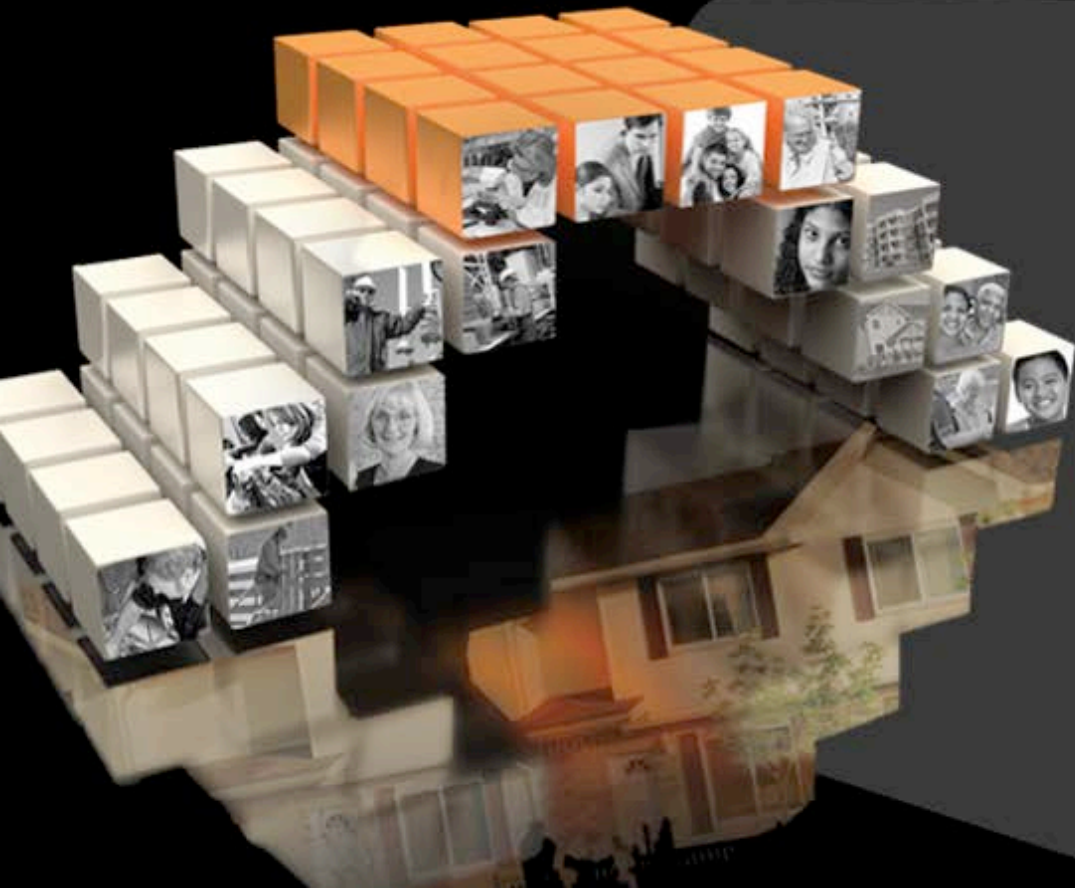
2. **That the Board of Directors** authorize the signature of the Construction Contracts and loan documents when received by the appropriate signatories and seal as applicable.

AND

3. **That the Board of Directors** direct the President to present to Council to seek permission to borrow
 - a. For construction not to exceed \$36,400,000;
 - b. For long term take out mortgage not to exceed \$33,700,000.

SUBMITTED BY: David Peters

DATE: February 22nd, 2012



2016 BUDGET
2017/18
PROJECTIONS



2016 BUDGET

2017/18 PROJECTIONS

Economic Outlook

- Oil prices expected to remain low in 2016 gradually increasing in 2017 & 2018
- GDP expected to decline in 2015, stabilizing in 2016
- Interest rates are expected to remain low in 2016 with June CPI Alberta at 1.7%
- Alberta economy expected to slow as new oil & gas development is put on hold
- Cost increases are expected to moderate in RMWB
- Market vacancy rates are expected to rise into 2016 resulting in lower rents
- Demand for affordable housing will continue, with increases in 2017 & 2018



2016 BUDGET

2017/18 PROJECTIONS

Highlights

- Weighted average WBHDC rents are 13.7% below Spring 2015 CMHC rates
- No development projects are anticipated in 2016, 2017 or 2018
- 1368 units total: 1218 Gap, 54 Lodges, 96 Community Housing
- Siltstone Project completed in Q4 2015
- No cash subsidy is required from the Regional Municipality of Wood Buffalo



2016 BUDGET

2017/18 PROJECTIONS

Operating Statement (000's)

	2016	2017	2018
Operating Revenue			
Rental Revenue	\$19,260	\$21,303	\$23,927
Other Revenue	12,277	12,314	12,473
Total Operating Revenues	31,537	33,617	36,400
Total Operating Expenses	36,213	36,281	36,625
Operating Deficit	(\$4,676)	(\$2,664)	(\$225)
Add Amortization	4,414	4,425	4,441
Less Loan Repayments	(3,683)	(3,928)	(4,061)
Less Capital Expenditures	(786)	(325)	(251)
Less Capital Maintenance Reserves	(1,050)	(1,320)	(1,525)
Add Board Apportionment from Reserves	6,000	4,000	2,000
Residual Cash	\$219	\$188	\$379