



Subject: *Funding of Sportsplex Line of Credit*
To: Corporate and Residential Services Committee
Date Prepared: November 14, 2023
Related Motions: C21(212)
Prepared by: Wade Tattrie, CPA, CA, Director of Finance
Approved by: Kim Ramsay, CAO

Summary

Council approved the following motion in 2021 via C21(212):

Moved that Council establish a Municipal Operating Line of Credit of \$100,000 for managing the cash flows for operations of the Sportsplex under the direction of the Director of Finance pursuant to the MGA Section 84 and 88.

This line of credit has not been drawn upon until the fall of 2023. Currently this line of credit is provided by RBC. Another alternative is to fund this from the Operational Reserves of the municipality.

Financial Impact Statement

Using the municipal internal operating reserves instead of RBC will save several thousand dollars per year.

Recommendation

The recommended allocation of these funds is stated in below.

Recommended Motion

Move that Corporate and Residential Services Committee recommend that Council approve the use of municipal operational reserves to fund the \$100,000 line of credit (as per motion C21(212) for the East Hants Sportsplex.

Background

The \$100,000 line of credit was put in place to assist the East Hants Arena Association in managing the day-to-day operational cashflows of the Sportsplex. It has not been drawn upon until the fall of 2023. The full \$100,000 has now been drawn down. Currently RBC provides this line of credit. The Municipality of East Hants has very significant internal Operating Reserves it can use to provide this line of credit. By doing so this will save the EHAA several thousand dollars per year and it will be more operationally efficient for the municipal Finance staff to administer.

This interest charged to the EHAA account for this line of credit will be the opportunity cost of the funds. In other words - what the Municipality would have earned if the funds stayed in the municipal bank account. These charges will be calculated and billed quarterly to the EHAA account.

Alternatives

Council may advise staff to continue to use RBC to provide this line of credit.
