

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON APRIL 29, 2014</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>2014 DEBENTURE ISSUE UPDATE</b>

<b>RECOMMENDATION</b>
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It is recommended that;

1. the issue of a ten-year serial debenture for \$30,000,000 **BE APPROVED**, noting the average all-in-rate is 2.957%; and
2. the attached proposed By-Law D.-xxx-xxx **BE INTRODUCED** at the Municipal Council meeting of May 6, 2014, for three readings to authorize the borrowing upon serial debentures for a ten-year term for \$30,000,000 towards the cost of certain capital works of the Corporation of the City of London.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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2014 Debenture Issuance  
(April 8, 2014 meeting of the Corporate Services Committee, Agenda Item #2)

<b>BACKGROUND</b>
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Municipal Council at its session on April 15, 2014, authorized the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer to proceed with the issue of debentures to provide permanent financing for capital works in an amount not to exceed \$30 million.

On April 22, 2014, with the guidance of RBC Dominion Securities Inc., the City launched a debenture issue for \$30 million that is set to close on May 9, 2014. The issue is a ten-year serial debenture structured with coupon rates ranging from 1.20% to 3.45% and a net all-in-rate of 2.957% (includes fiscal agency fees).

The table below summarizes the City of London's debenture rates in the capital markets from 2003 to 2013.

Issuance Date	Amount of Issuance (\$)	Term (years)	All-in-rate (*) of borrowing	Type
19-Sep-03	46,205,000	10	4.81%	Serial
20-Sep-03	19,795,000	20	5.42%	Amortizer
30-Jun-04	21,000,000	10	5.11%	Serial
30-Jun-04	30,000,000	20	5.67%	Amortizer
26-Oct-07	38,000,000	10	4.99%	Serial
15-Dec-11	63,400,000	10	2.89%	Serial
24-Sep-12	70,000,000	10	2.82%	Serial
3-Sep-13	50,000,000	10	3.30%	Serial
* All-in-rate includes fees				

**By-Law D.-xxx-xxx**

By-law D.-xxx-xxx, which is being introduced on Tuesday, May 6, 2014, will allow the Corporation of the City of London to borrow upon serial debentures for the debenture term and amount identified above. It will also authorize the Mayor, City Treasurer, and City Clerk to execute all documents and other papers in the name of the Municipality in order to carry out the issue of the debentures and close the issuance on May 9, 2014.

The schedules that accompany the by-law provide the following:

- Schedule A – Listing of projects to be financed by debenture
- Schedule B – Debenture certificate and legal opinion provided by Borden Ladner Gervais
- Schedule C – Serial debenture schedule (repayment schedule)

**Financial Impact**

The financial impact of this debenture issuance has been included in the City’s 2015 operating budget, which will be submitted to Municipal Council in December 2014.

**Acknowledgements**

The attached proposed by-law was prepared with support from the law firm of Borden Ladner Gervais LLP (BLG) in Toronto, Ontario, consistent with prior City of London debenture issuances.

PREPARED BY:	REVIEWED BY:
<b>Annette Ripepi Manager of Financial Modelling, Forecasting &amp; Systems Control</b>	<b>Jason Senese Manager of Financial Planning &amp; Policy</b>
CONCURRED BY:	RECOMMENDED BY:
<b>Larry Palarchio Director of Financial Planning &amp; Policy</b>	<b>Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer</b>

Attach.  
Cc.: M. Turner, Deputy City Treasurer