



<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE FEBRUARY 29, 2016</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>2016 DEBENTURE ISSUE UPDATE</b>

<b>RECOMMENDATION</b>
-----------------------

It is recommended that;

1. the issue of instalment debentures for a total of \$27,000,000 **BE APPROVED**, noting the average all-in-rate is 2.30% over a 10-year term; and
2. the attached proposed by-Law **BE INTRODUCED** at the Municipal Council meeting of March 1, 2016, for three readings to authorize the borrowing upon instalment debentures in the aggregate principal amount of \$27,000,000 towards the cost of certain capital works of the Corporation of the City of London.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
--

2016 Debenture Issuance – (February 2, 2016 meeting of the Corporate Services Committee, Agenda Item 4)  
<http://sire.london.ca/agdocs.aspx?doctype=agenda&itemid=39600>

<b>BACKGROUND</b>
-------------------

Municipal Council at its session on February 16, 2016, 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 \$27,000,000.

On February 17, 2016, with TD Securities as lead fiscal agent, the City launched a debenture issue for \$27,000,000 that is set to close on March 7, 2016. The issue of instalment debentures is structured with coupon rates ranging from 1.20% to 2.70% from one to ten years and a **net all-in-rate of 2.30% (includes fiscal agency fees)** over the 10-year term.

The table below summarizes the City's debenture rates in the capital markets over the past 5 years.

Issuance Date	Amount of Issuance (\$)	Term (years)	All-in-rate (*) of borrowing	Type
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
9-May-14	30,000,000	10	2.96%	Serial
16-Mar-15	40,500,000	10	1.87%	Serial
* All-in-rate includes fees				



Included in the City's debentures of \$27,000,000 is \$7,000,000 that the City has issued on behalf of Elgin Area Primary Water Supply System. The City in its capacity as the Administering Municipality for Elgin Area Primary Water Supply System, in accordance with the Transfer Order issued by the Minister of the Environment (effective September 15, 2000), has authorization to issue debt on its behalf. The City's share of the debentures is approximately \$3.9 million.

**Attached By-Law**

The attached by-law, which is being introduced on Tuesday, March 1, 2016, will allow the Corporation of the City of London to borrow upon instalment 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 issue on March 7, 2016.

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 – Repayment schedule

**Financial Impact**

The financial impact of this debenture issue has been accommodated in the 2016 – 2019 multi-year operating budget.

**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 issues.

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

Attach.

Cc.: Anna Lisa Barbon, Director, Financial Services