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| TO: | CHAIR AND MEMBERS FINANCE & ADMINISTRATION COMMITTEE MEETING ON OCTOBER 19, 2011 |
| FROM: | MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER |
| SUBJECT: | CITY OF LONDON'S CREDIT RATING |

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| RECOMMENDATION |
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It is recommended that this report **BE RECEIVED** for information.

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| BACKGROUND |
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On September 29, 2011, Moody's Investors Service published their credit analysis of the City of London. Consistent with years past, the City of London has maintained its Aaa credit rating. The Aaa rating has been with the City of London since 1977, marking the thirty-fifth consecutive year of this rating. This recent rating analysis reaffirms that the City of London's debt has the highest rating possible.

The rating process involved a review of the City of London's 2010 financial statements, 2011 approved budget and projections provided by the City, interviews with City staff, visits to London by Moody's staff in July, and independent research using a variety of other sources such as Statistics Canada, comparisons with other municipalities, and local media.

Moody's Analysis states:

"The Aaa debt rating assigned to the City of London (Canada) reflects a low debt profile supported by high reserve levels and a continued management approach classified by prudent, conservative fiscal planning."

"The City of London is rated at the high end of Canadian municipalities, whose ratings remain in a narrow range of Aaa – Aa2. When compared with other Canadian municipalities, London exhibits a lower debt burden, while the city's liquidity, as measured by the level of net cash and investments relative to debt and revenue, is considered healthy and in line with national rating peers, strengthening London's credit profile."

The report goes on to say:

"Given the history of prudent expenditure and debt management, relative stability of the local economy and high fund balances; it is unlikely that conditions could deteriorate by a large enough margin, in the near term to cause a downgrade. Nonetheless, a sustained loss of discipline, leading to a significant increase in debt, would apply downward pressure on the rating."

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| PREPARED BY: | RECOMMENDED BY: |
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| Larry Palarchio Director of Financial Planning & Policy | Martin Hayward City Treasurer, Chief Financial Officer |

Attach.