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| TO: | CHAIR AND MEMBERS FINANCE AND ADMINISTRATION COMMITTEE MEETING ON NOVEMBER 2, 2011 |
| FROM: | MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER |
| SUBJECT: | BY-LAW FOR THE AUTHORIZATION OF THE FINANCING AGREEMENT BETWEEN THE CORPORATION OF THE CITY OF LONDON AND THE ONTARIO INFRASTRUCTURE AND LANDS CORPORATION |

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| RECOMMENDATION |
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That, on the recommendation of the City Treasurer, Chief Financial Officer, the attached proposed By-Law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting of November 7, 2011 to authorize the Mayor and City Treasurer, Chief Financial Officer to enter in to the Financing Agreement between the Corporation of the City of London and the Ontario Infrastructure and Lands Corporation (OILC) for capital financing of \$52,809,914 (Schedule A), with the City Treasurer amending the Financing Schedule contained within, and authorizing the Mayor and City Treasurer, Chief Financial Officer to sign off on the interest rate offer (Schedule B) provided by OILC in late November.

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| PREVIOUS REPORTS PERTINENT TO THIS MATTER |
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2011 Debenture Issuance
(June 15, 2011 meeting of Finance and Administration Committee – Agenda Item # 8)

Amendment to Infrastructure Ontario Financing Application
(August 17, 2011 meeting of Financing & Administration Committee – Agenda Item # 3)

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| BACKGROUND |
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Municipal Council at its sessions on June 20, 2011 and August 29 and 30, 2011 approved the City's application to the Ontario Infrastructure and Lands Corporation (OILC) for capital financing of \$52,809,914. On October 12th, 2011, Civic Administration received correspondence that OILC approved the City's application, number 11028, for its requested financing through OILC.

To enter into the Financing Agreement a by-law authorizing the Mayor and the City Treasurer to enter into the agreement on behalf of the City is required. Once the Financing Agreement has been executed and put into place, Civic Administration will initiate the process to issue a debenture to OILC for \$52,809,914. At that time, OILC will provide the City with an "Interest Rate Offer" which is required to be signed off by the Mayor and the City Treasurer for the issuance process to proceed. Terms, in particular the lending rates and payment schedule will be then made available through the debenture by-law which will be tabled before Council on December 6, 2011. It should be noted, that rates on offer by OILC remain to be approximately 50 – 60 basis points lower than the rates the City would receive from the capital markets. Current financing rates on offer by OILC as of October 21, 2011 were 2.88% for a serial issuance over 10 years. Once all by-laws are in place, Civic Administration would take receipt of the proceeds (closing) from the debenture issuance as early as Thursday, December 15, 2011.

The By-Law (Appendix A) which is to be introduced to Municipal Council on Monday, November 7, 2011 will authorize the Mayor and City Treasurer to enter into the Financing Agreement and sign off on the interest rate offer provided by OILC (anticipated on November 29, 2011), as well as authorize the City Treasurer to sign off and amend the Financing Schedule of the Financing Agreement. The amendment to the Financing Schedule is to revise the anticipated debenture closing date from September 15, 2011 as originally anticipated to December 15, 2011.

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

APPENDIX A

Bill No.

By-law No.

A By-law to approve the Financing Agreement No. 11Lon3903611028FA for \$52,809,914 with the Ontario Infrastructure and Lands Corporation; and to authorize the Mayor and the City Treasurer to execute the Agreement, as amended, reflecting the Financing Schedule as amended by the City Treasurer and the sign off on the Interest Rate Offer by the Mayor and City Treasurer.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS the Corporation of the City of London submitted to the Ontario Infrastructure and Lands Corporation ("OILC") a loan application number 11028;

AND WHEREAS OILC has accepted and has approved the municipality's financing application;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The agreement to be entered into between The Corporation of the City of London and The Ontario Infrastructure and Lands Corporation, for the provision of \$52,809,914, attached as Schedule "A" to this By-law, is approved.
2. The Mayor and the City Treasurer are authorized to execute the agreement approved under section 1 above and to execute and deliver the interest rate offer ("Interest Rate Offer") attached as Schedule "B" upon receipt from OILC.
3. The City Treasurer is authorized to amend the Financing Schedule attached as Schedule "A" to the agreement approved under section 1 by revising the "Request Date" for Financing and to execute the same.
4. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council

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Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -