

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE SPECIAL MEETING ON AUGUST 26, 2013
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2013 DEBENTURE ISSUE UPDATE

RECOMMENDATION

It is recommended that;

1. the issue of a ten-year serial debenture for \$50,000,000 **BE APPROVED**, noting the average all-in-rate is 3.299%; and
2. the attached proposed By-Law D.-768-283 **BE INTRODUCED** at the Municipal Council meeting of August 27, 2013, for three readings to authorize the borrowing upon serial debentures for a ten-year term for \$50,000,000 towards the cost of certain capital works of the Corporation of the City of London.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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2013 Debenture Issuance
(May 28, 2013 meeting of the Corporate Services Committee, Agenda Item #4)

BACKGROUND

Municipal Council at its session on May 28, 2013, 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 \$50 million.

On August 14, 2013, under the direction of The Toronto-Dominion Bank, the City launched a debenture issue for \$50 million that is set to close on September 3, 2013. The issue is a ten-year serial debenture structured with coupon rates ranging from 1.35% to 3.80% and a net all-in-rate of 3.299% (includes fiscal agency fees).

The table below summarizes the City of London's debenture rates in the capital markets from 2002 to 2012.

Issuance Date	Amount of Issuance (\$)	Term (years)	All-in-rate (*) of borrowing
23-Sep-02	75,000,000	10	5.06%
19-Sep-03	46,205,000	10	4.81%
30-Jun-04	21,000,000	10	5.11%
26-Oct-07	38,000,000	10	4.99%
15-Dec-11	63,400,000	10	2.89%
24-Sep-12	70,000,000	10	2.82%
* All-in-rate includes fees			

Included in the City's debentures of \$50 million is \$1.5 million that City has issued on behalf of Huron Primary Water Supply Systems. The City in its capacity as the Administering Municipality for Huron Primary Water Supply Systems, 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 \$1.3 million.

By-Law D.-768-283

By-law D.-768-283, which is being introduced on Tuesday, August 27, 2013, 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 September 3, 2013.

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 2014 operating budget, which will be submitted to Municipal Council in December 2013.

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:
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CONCURRED BY:	RECOMMENDED BY:
Larry Palarchio Director of Financial Planning & Policy	Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

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