

Subject: By-law to Authorize a \$250 Million Debenture Issue

File Number: ACS2025-FCS-FIN-0010

Report to Debenture Committee on 28 November 2025

**Submitted on November 26, 2025 by Isabelle Jasmin, Deputy City Treasurer,
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Ward: Citywide

**Objet : Règlement visant à autoriser l'émission d'obligations non garanties
totalisant 250 millions de dollars**

Numéro de dossier : ACS2025-FCS-FIN-0010

le 28 novembre 2025

Rapport présenté au Comité sur les débetures

**Soumis le 26 novembre 2025 par Isabelle Jasmin, Trésorière municipale adjointe,
Service des finances municipales, Direction générale des finances et des
services organisationnels**

**Personne ressource : Stevan Dostanic, Gestionnaire, Trésorerie, Service des
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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That the Debenture Committee enact a Debenture By-law substantially in the form attached as Document 1 to authorize the issuance of a debenture in the total principal amount of \$250 million.

RECOMMANDATION DU RAPPORT

Que le Comité sur les débentures adopte un *Règlement sur les débentures*, essentiellement sous la forme du document 1 ci-joint, en vue d'autoriser l'émission d'obligations non garanties pour un capital total de 250 millions de dollars.

BACKGROUND

Section 401(1) of the *Municipal Act, 2001*, as amended (the "Act") provides that a municipality may incur debt for municipal purposes and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt.

Section 408(2.1) of the Act provides that a municipality may issue a debenture or other financial instrument for long-term borrowing only to provide financing for capital work.

On December 9, 2020, Council delegated authority to the Debenture Committee to enact debenture by-laws to authorize the issuance of debentures where the capital work authority has been previously approved by Council.

On April 11, 2007, the City of Ottawa adopted a Capital Financing and Debt Policy (the "Policy") which was subsequently amended and which establishes the administrative framework and guidelines for issuing short and long-term debt.

The City Treasurer has, in accordance with Section 12 of Schedule "B" of the Delegation of Authority By-law, and pursuant to the Policy, authorized a debenture issue by entering into a letter agreement dated November 21, 2025 with the City's Banking Syndicate for the issue and sale of sinking fund debentures in the principal amount of \$250 million, on the credit of the City of Ottawa (the "November 21, 2025 Purchase Letter") for the capital works, payable at the time and bearing interest as hereinafter set forth. Debt financing was previously approved by Council for each of the capital work receiving financing from the proceeds of this debenture issue, as detailed in Schedule "A" to the debenture by-law attached as Document 1. The debt servicing associated with this debenture issue was approved by Council in the 2025 Budget. The transaction is scheduled to close on December 2, 2025. A debenture by-law must be enacted in order to successfully close the transaction.

DISCUSSION

Debenture By-law \$250 Million

In accordance with Delegation of Authority By-law No. 2025-69, the Treasurer executed the Agents Letter delivered by the National Bank Financial acting as the Lead Manager on behalf of the group of investment dealers (National Bank Financial, RBC, Scotia Bank, TD Bank, BMO, CIBC, and Laurentian Bank), offering to sell, as agents on behalf of the City of Ottawa, \$250 million aggregate principal amount of 4.60 per cent sinking fund debentures (the “Debentures”) to be dated December 2, 2025.

Details of the Debentures are as follows:

Settlement Date:	December 2, 2025
Deal size:	\$250 million
Maturity Date:	December 2, 2045
Rating:	Moody’s: Aaa S&P: AA+
Coupon:	4.60%
Spread to Ontario:	+18 basis points
Issue Price / Yield:	99.448 / 4.60% (after syndicate fees)
Proceeds:	\$248,620,000.00

The Debentures shall bear interest payable semi-annually on June 2 and December 2. The Debentures shall mature on December 2, 2045 (the “Maturity Date”).

The 2025 budget included the debt servicing attributed to this debenture issue and no new budget pressures occur as a result of this debenture issue. No Provincial or Council debt limits have been exceeded as a result of the debenture issue.

The Debenture structure provides for the refinancing of up to \$60.4 million of the \$250 million. The average life of capital works financed ranges between 20 and 30 years. Issuing a 20-year refinancing debenture facilitates the consolidation of projects with differing average lives into one transaction while maintaining flexibility. Specifically, this structure allows for the refinancing of a portion of capital works with a 30-year average life on or before the 20-year maturity date.

The advantages of combining and issuing 20-year refinancing debenture are:

- 1) It results in one larger debenture, which is more attractive to investors compared to multiple smaller issuances. This approach is also more efficient for the City, providing savings on legal and syndicate fees as well as reducing administrative

costs.

- 2) On the 20-year maturity date, the City will have the flexibility to refinance up to \$60.4 million of the Debenture for an additional term of up to ten years for the capital works with average life of 30 years or retire all or a portion of the debt if favorable budgets permit reducing or eliminating future debt servicing at that time.
- 3) Feedback from the City's banking underwriting group indicated that investor demand was strongest for the 20-year term, compared to any other term under consideration.

The new issue was very well received by Investors. The all-in effective yield for this Debenture issue of 4.604 per cent reflects an 18 basis points spread over the 20-year Ontario benchmark bond. The issue saw strong support from 35 domestic and international investors, with book 1.8 times oversubscribed. Strong investor interest enabled a 1 basis point tightening of the spread during the final pricing call, resulting in additional savings of approximately \$500,000 over the 20-year term.

The passing of this debenture by-law is a required step for completing the issuance of this Debenture. Following the enactment of the by-law, staff will complete the settlement of the debenture on December 2, 2025, whereby the National Bank Financial will deposit the debenture cash proceeds into the City's bank account followed by the City, through external legal counsel, delivering the debenture certificates to the Canadian Depository for Securities Limited, completing the transaction.

FINANCIAL IMPLICATIONS

The financial implications are outlined in this report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendation in this report. Section 401 of the *Municipal Act, 2001*, as amended, authorizes a municipality to incur debt for municipal purposes and to issue debentures in relation to debt. The City of Ottawa's Delegation of Authority By-law 2025-69, Schedule "B", Section 12 authorizes the Chief Financial Officer/City Treasurer to proceed with debt issue at any time for project debt previously approved by Council. Subsection 12(3) of By-law 2025-69 further authorizes the Chief Financial Officer/City Treasurer and City Manager to place the Debenture By-law directly on the agenda of the Debenture Committee for enactment.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report.

ACCESSIBILITY IMPACTS

Finance and Corporate Services adheres to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives. This report is administrative in nature and has no associated accessibility impacts.

DELEGATION OF AUTHORITY IMPLICATIONS

Delegated authority was exercised as set out under the Delegation of Authority By-law 2025-69, Section 12 of Schedule "B". The exercise of delegated authority shall be reported to Council at the earliest opportunity and is presented in Document 1.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report supports the current 2023-2026 Term of Council Priorities as well as the City's commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1 – Debenture By-law authorizing the issue of a \$250 million debenture

DISPOSITION

Once the debenture by-law has been enacted, Treasury staff will coordinate the execution of all required documentation and complete the final requirements to settle the debenture.