

**Report to  
Rapport au:**

**Council  
Conseil**

**8 April 2020 / 8 avril 2020**

**Submitted on April 3, 2020  
Soumis le 3 avril 2020**

**Submitted by  
Soumis par:**

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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2020-FSD-FIN-0006**

**SUBJECT: CITY DEBENTURE ISSUANCE**

**OBJET: ÉMISSION DE DÉBENTURES DE LA VILLE**

#### **REPORT RECOMMENDATIONS**

**That City Council delegate the authority to the Mayor or his designate to execute and enact the necessary debenture by-laws associated with this report to authorize the issuance of debentures where the project debt authority has been approved by Council over the 2020 time period.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Conseil municipal délègue au maire ou à son représentant le pouvoir d'approuver et d'édicter les règlements nécessaires sur les débetures, associés au présent rapport et visant l'autorisation de l'émission de débetures, dans les cas où le Conseil a approuvé le pouvoir d'endettement durant 2020.**

### **EXECUTIVE SUMMARY**

Each year Council approves a capital budget which includes specific projects that are funded from a number of sources including long-term debt financing. These capital budgets constitute the appropriate authority for the use and issuance of long-term debt and the servicing costs associated with the debt. Debt funding for a project must be established before the actual implementation of the project begins; it cannot be subsequently added as a new source of financing to a project once the actual construction of the works or the purchase of the asset has commenced.

Council has authorized the City Treasurer under "Delegation of Authority By-law 2019-360" to proceed with one or more debt issues at any time during a calendar year during the term of Council provided that:

- a) the actual debt charges in the calendar year are within the Council approved operating budget for that year;
- b) Council has been advised of any resulting impact on budgets in future years; and
- c) the project debt authority has been previously approved by Council.

To issue debentures, the Treasurer and City Manager must place a debenture by-law on the agenda of the Finance and Economic Development Committee or City Council to enact the debenture by-law. The Treasurer is also required to provide an information report to Council upon conclusion of the placement and pricing of the debenture issue that identifies the details of the debenture issue and the projects to which the debenture funding was applied.

### **BACKGROUND**

In previous years, an interim delegation of authority was approved to bridge the summer period when there were no Council meetings scheduled for late July and August. Most recently, this occurred in 2017 and 2019, when Council approved that the Mayor or his designate be authorized to execute and enact the necessary by-laws over the July and August time frame should the opportunity arise to place a debenture issue into the

financial markets. This approval ensured that the City had the flexibility to take advantage of optimal market conditions and could issue a debenture within that time period.

## **DISCUSSION**

The City has plans to issue debt in 2020 as outlined in the 2020 budget approved by Council. Based on discussions with the City's financial agents, financial market conditions, as a result of the COVID-19 pandemic, are considered complex and will require a high degree of flexibility, market timing and coordination for the City to place a debenture issue into the marketplace during 2020.

Under normal conditions, the process for issuing debentures requires a report requesting Council to enact a by-law to authorize the issuance of the debentures. Due to the state of market conditions resulting from the pandemic, staff is recommending that the Mayor be authorized to approve and enact the necessary by-laws over the remainder of 2020, when required, without having to wait for the next Council meeting. This will provide staff with the flexibility to proactively coordinate with its financial agents to effectively launch a debt issue(s) to fulfill the 2020 budget mandate approved by Council.

The Treasurer is required to provide an information report to Council upon conclusion of the placement and pricing of the debenture issue that identifies the details of the debenture issue and the projects to which the debenture funding was applied.

If a debenture issue does occur over this time frame, an information report will be submitted to Council members at the earliest opportunity after such debt issue.

Any debenture issuance carried out subsequent to 2020 will be subject to standard practice and will be placed directly on the Agenda of the Finance and Economic Development Committee or City Council as authorized by Subsection 15(3) of the Delegation of Authority By-law.

## **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

## **CONSULTATION**

The public consultation process is not applicable.

**COMMENTS BY THE WARD COUNCILLOR(S)**

Not applicable.

**ADVISORY COMMITTEE(S) COMMENTS**

This section is not applicable.

**LEGAL IMPLICATIONS**

Section 401 of the Municipal Act, 2001, as amended, authorizes a municipality to incur debt for municipal purposes by borrowing money or in any other way, and further authorizes a municipality to issue debentures in relation to debt. The City of Ottawa's Delegation of Authority By-law 2019-280, Schedule "B", Sections 12 and 13 authorize the Chief Financial Officer/City Treasurer to proceed with debt issue and bank loans respectively. Subsection 12(3) of By-law 2019-280 further authorizes the Chief Financial Officer/City Treasurer and City Manager to place the debenture by-law associated with debt issued during the term of Council directly on the Agenda of Finance and Economic Development Committee or Council. As described in this Report, due to the COVID-19 pandemic market timing and coordination for the City to place a debenture issue into the marketplace during 2020 require a high degree of flexibility, and any debenture by-laws required for the remainder of the year will be executed and enacted by the Mayor or his designate and will be relied upon along with the by-law confirming the proceedings of the Council meeting of April 8, 2020 as authorization for debt issuance associated with this Report.

**RISK MANAGEMENT IMPLICATIONS**

There are no risk impediments implications.

**FINANCIAL IMPLICATIONS**

Financial implications are outlined in this report.

**ACCESSIBILITY IMPACTS**

There are no accessibility implications to receiving this report.

**TERM OF COUNCIL PRIORITIES**

This report supports the City's on-going commitment to financial sustainability and transparency.

**DISPOSITION**

This report and the confirming Council by-law of the April 8, 2020 meeting will confirm authorization by Council for debt issuance associated with this Report.