



MEMO / NOTE DE SERVICE

TO: Council

DESTINATAIRE : au Conseil

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DATE: May 17, 2019

17 mai 2019

FILE NUMBER: ACS2019-CSD-FIN-0011

SUBJECT: **Debenture By-law 2019-122**

OBJET : **Règlement municipal sur les débentures 2019-122**

PURPOSE

Information Report detailing the issuance of Debenture Bylaw 2019-122 as required in the delegation of authority by-law 2018-397.

BACKGROUND

In accordance with Section 12 of Schedule "B" of By-law No. 2018-379, the Delegation of Authority By-law, as amended, the City Treasurer issued a 20-year Sinking Fund debenture on April 30, 2019 in the total principal amount of \$150,000,000 at a yield to investors of 3.085%. The transaction closed on May 10, 2019. The Debenture By-law (2019-122) which was enacted by Council at the Council meeting held on May 8, 2019,

includes the associated projects, and is on file with the Office of the City Clerk and Solicitor. Debt financing had been previously authorized by Council for each project listed and receiving financing from the proceeds of this debenture issued as detailed in Schedule "A" to the Debenture By-law.

## DISCUSSION

Each year Council approves a capital budget which includes specific projects that are funded from a number of sources including the use of long-term debt financing. These capital budgets constitute the appropriate authority for the use and issuance of long-term 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 2018-397" Schedule "B" section 12, to proceed with one or more debt issues at any time during a calendar year during the term of Council associated with project debt authority that has been previously approved by Council, and to provide an information report to Council upon conclusion of the pricing of the debt issue that identifies the details of the debt issue.

On April 30, 2019, City staff, under the direction of the City Treasurer, issued a \$150 million Sinking Fund Debenture maturing on May 10, 2039 with a yield to investor of 3.085%. The debenture priced at Government of Canada bond levels plus 112 basis points was well received by investors and considered good value when compared to peer issuance levels.

Marian Simulik

General Manager and City Treasurer, Corporate Services Department

CC: Mark Martin, Treasury, Corporate Finance, Corporate Services Department