

Authority: Executive Committee Item 20.5,
as adopted by City of Toronto Council on June 6, 7 and 8, 2012
Enacted by Council: June 8, 2012

CITY OF TORONTO

BY-LAW No. 796-2012

**To delete the current Municipal Code Chapter 30, Debenture Committee and adopt a new
City of Toronto Municipal Code Chapter 30, Debenture and Other Borrowing.**

WHEREAS Council has amended the composition of the Debenture Committee and has approved the Deputy Mayor and the Budget Chair as officials who can sign agreements committing the City to borrow as alternatives to the Mayor; and

WHEREAS Council wishes to codify its borrowing authority by-laws in the City of Toronto Municipal Code;

The Council of the City of Toronto HEREBY ENACTS as follows:

1. City of Toronto Municipal Code Chapter 30, Debenture Committee, is repealed and replaced with Schedule "A" to this By-law.

ENACTED AND PASSED this 8th day of June, A.D. 2012.

FRANCES NUNZIATA,
Speaker

ULLI S. WATKISS,
City Clerk

(Corporate Seal)

SCHEDULE "A"

**Chapter 30
DEBENTURE AND OTHER BORROWING**

**ARTICLE I
General**

§ 30-1. Definitions.

As used in this article, the following terms shall have the meanings indicated:

CHIEF FINANCIAL OFFICER – The Deputy City Manager and Chief Financial Officer.

MAYOR'S ALTERNATE – One of the Deputy Mayor or the Chair of the Budget Committee.

**ARTICLE II
Delegated Borrowing Authority**

§ 30-2. Delegation and annual limit.

- A. The Mayor or the Mayor's Alternate, and the Chief Financial Officer are authorized to enter into an agreement or agreements with a purchaser or purchasers, during each of the years 2011, 2012, 2013 and 2014 for the issue, or the sale and issue, of debentures upon such terms and conditions including price or prices as they deem expedient to provide an amount not exceeding \$900,000,000.00 for the City's purposes, including purposes of the former Municipality of Metropolitan Toronto. For clarification and confirmation the debentures can be issued at any time in the year the agreement is entered into or thereafter without affecting the \$900,000,000.00 limit because the limit shall be reduced during the year the agreement is entered into by the amount of debentures specified in any such agreement regardless of the year in which the debentures are issued.
- B. The Mayor or the Mayor's Alternate, and the Chief Financial Officer are authorized to enter into an agreement or agreements with Infrastructure Ontario during 2012 for the issue of revenue bonds upon such terms and conditions including price as have been approved by Council and as they deem expedient to provide an amount not exceeding \$1,500,000.00 for the purposes of the Leaside Memorial Gardens Arena Expansion Project. For clarification and confirmation the revenue bonds can be issued at any time in the year the agreement is entered into or thereafter without affecting the \$1,500,000.00 limit because the limit shall be reduced during the year the agreement is entered into by the amount of the revenue bonds specified in any such agreement regardless of the year in which the revenue bonds are issued.

§ 30-3. Additional agreements.

Any agreement or agreements entered into under the authority contained in § 30-2 may provide that the debentures to be issued may be expressed and payable in lawful money of Canada and the Mayor or the Mayor's Alternate and the Chief Financial Officer are authorized to enter into

any additional agreements, as described in Ontario Regulation 610/06, to provide for the reduction of interest rate risk with respect to all or a portion of the interest payable under the debentures, to provide for the reduction of currency risk with regard to the entire amount of principal and interest payable under the debentures or to minimize the cost or risk associated with the debentures due to fluctuations in interest rates.

§ 30-4. Variable interest rate.

Any agreement or agreements entered into under the authority contained in § 30-2 may provide that the debentures to be issued, to the extent permitted by applicable law, may provide for a variable rate of interest, for the payment of other amounts, and may include any additional authorized agreements.

§ 30-5. Application to regulatory bodies.

The Mayor or the Mayor's Alternate and the Chief Financial Officer are authorized to apply on behalf of the City of Toronto to any regulatory body in Canada or outside Canada for any approvals required in connection with any such agreement or agreements or for the issue of debentures thereunder.

§ 30-6. Debenture Committee.

Where the Mayor or the Mayor's Alternate and the Chief Financial Officer have entered into an agreement or agreements in accordance with § 30-2, the Chief Financial Officer shall report the terms of the agreement to the Debenture Committee for approval.

§ 30-7. Report to Council for information.

Where the Mayor or the Mayor's Alternate and the Chief Financial Officer have entered into an agreement or agreements in accordance with § 30-2, the Chief Financial Officer shall report the terms of any such agreement approved by the Debenture Committee to City Council for information once every calendar year for Council's information.

**ARTICLE III
Debenture Committee**

§ 30-8. Establishment of Committee.

A Debenture Committee is established for the City of Toronto.

§ 30-9. Composition.

A. The Debenture Committee shall consist of five members composed of:

- (1) The Mayor;
- (2) The Deputy Mayor;

- (3) The Chair of the Budget Committee;
 - (4) The City Manager; and
 - (5) The Deputy City Manager and Chief Financial Officer.
- B. The Mayor shall be the Chair of the Debenture Committee, and the Chair of the Budget Committee shall be the Vice Chair of the Debenture Committee.

§ 30-10. Quorum.

The majority of committee members constitute a quorum.

§ 30-11. Term of appointment.

The committee members serve by virtue of their positions and until their successors are appointed.

§ 30-12. Delegation and responsibilities.

- A. The authority to make final decisions with respect to the following matters, to the extent that the authority has not already been delegated, is delegated to the Debenture Committee:
- (1) The authority, for the purposes of the City, to borrow money or provide long-term financing for any capital work by issuing debentures, issuing revenue bonds, and entering into bank loan agreements in accordance with such terms and conditions as are set out in any agreement for the issue, or issue and sale of such debentures, the issue of such revenue bonds or the entering into of such bank loan agreements entered into by the Mayor or the Mayor's Alternate and the Chief Financial Officer in accordance with Article II of this Chapter, all in accordance with the City's Financing of Capital Works Policy and Goals and with all legislative requirements; and
 - (2) the authority to pass the requisite borrowing by-laws to authorize the issue of any debentures, the issue of any revenue bonds and the entering into of any bank loan agreements approved in accordance with § 30-12A(1) and to authorize any one or more City officers to do all things and execute all other documents, instruments and agreements in order to give effect to the issue of any debentures, the issue of any revenue bonds and the entering into of any bank loan agreements; and
 - (3) the authority to pass the requisite by-law(s) to enter into new arrangements with CDS Clearing and Depository Services Inc. ("CDS") to ensure that CDS accepts new issues of debentures and revenue bonds and maintains existing debentures and revenue bonds as book entry only securities in the CDS system and to authorize any one or more City officers to do all things and execute all other documents, instruments and agreements in order to give effect to the arrangements with CDS; and

- (4) the authority to pass a by-law to authorize the issue of replacement debenture certificates and revenue bonds on such terms and conditions as the Debenture Committee deems appropriate, including a bond of indemnity as a condition of the issue of replacement debenture certificates and revenue bonds, before the City passes the by-law(s) to authorize the new arrangements with CDS.
- B. City Council cannot exercise authority in respect of the matters delegated to the Debenture Committee pursuant to § 30-12A.
- C. The Chair and Vice Chair of the Debenture Committee are authorized to sign all borrowing by-laws passed by the Debenture Committee.

§ 30-13. Procedures.

- A. The Debenture Committee shall meet at the call of the Chair.
- B. The Debenture Committee shall be subject to Chapter 27, Council Procedures, as applicable, including the notice and open meeting requirements.

§ 30-14. Staff support.

The City Clerk provides meeting management support to the Debenture Committee.

ARTICLE IV

Temporary Borrowing Authority for Current Expenditures

§ 30-15. Delegation.

Subject to § 30-16, in each of the years 2011, 2012, 2013 and 2014, the Mayor or the Mayor's Alternate and the Chief Financial Officer are hereby authorized to temporarily borrow to meet the current expenditures of the City of Toronto for the year until such time as the taxes are collected, including the amounts required for the following:

- A. Reserve, sinking and retirement funds;
- B. Principal and interest falling due within the year upon any debt of the City of Toronto, including any debt incurred by any former area municipality and by the former municipality called The Municipality of Metropolitan Toronto;
- C. School purposes;
- D. Other purposes for which the City of Toronto is required by law to provide for; and
- E. The amount of principal and interest payable by a person or a municipality primarily liable for a debt, if the City of Toronto has guaranteed the debt and the debt is in default.

§ 30-16. Limits.

- A. In each of the years 2011, 2012, 2013 and 2014, the total amount borrowed under § 30-15 at any one time plus any outstanding amounts of principal borrowed and accrued interest may not exceed:
- (1) from January 1 to September 30 of the year, 50 per cent of the total estimated revenues of the City as set out in the budget adopted or readopted for the year;
 - (2) from October 1 to December 31 of the year, 25 per cent of the total estimated revenues of the City as set out in the budget adopted or readopted for the year; and
 - (3) \$300,000,000.00.
- B. Until the budget is adopted in a year, the limits set out in § 30-16A(1) shall be temporarily calculated using the estimated revenues set out in the budget adopted or readopted for the previous year.
- C. Estimated revenues in §§ 30-16A(1) and (2) do not include revenues derivable or derived from the following:
- (1) arrears of taxes, fees or charges; or
 - (2) a payment from a reserve or a reserve fund of the City, whether or not the payment is for a capital purpose.

ARTICLE V**Temporary Borrowing Authority for Capital Works or Permanent Improvements****§ 30-17. Delegation and limits.**

- A. For the years 2011, 2012, 2013 and 2014, when Council has approved a capital work or permanent improvement to be financed in whole or in part by issuing debentures or entering bank loan agreements, authority is granted to the Mayor or the Mayor's Alternate and the Chief Financial Officer to:
- (1) obtain from a bank or person temporary advances from time to time to meet expenditures in connection with the purposes authorized provided that temporary advances in respect of each such purpose shall at no time exceed the gross expenditure approved for such purpose;
 - (2) borrow temporarily in respect of such purposes an annual aggregate amount not to exceed Three Hundred Million Dollars (\$300,000,000.00), pending the sale and issuance of debentures or the entering into of bank loan agreements; and
 - (3) to enter into any agreements necessary to give effect to the foregoing.

- B. The proceeds of all borrowing under Subsection A shall be applied only for the purposes for which the debentures are to be issued or the bank loan agreements are entered into.